



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

SUMMARY EVALUATION REPORT

FOR

IMPLEMENTATION EVALUATION OF THE OPERATIONAL CAPITAL PROGRAMME (OPSCAP)

AUGUST 2023

**National Department of Human Settlements
Chief Directorate: Monitoring and Evaluation**

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List of Acronyms

Acronym	Meaning
APP	Annual Performance Plan
AR	Annual Reports
ADB	Asian Development Bank
BEPPS	Built Environment Performance Plans
BNG	Breaking New Ground
CAHF	Centre for Affordable Housing Finance
COGTA	Cooperative Government and Traditional Affairs
CSP	Cities Support Programme
DORA	Division of Revenue Act
DPME	Department of Planning Monitoring and Evaluation
EPMO	Enterprise Project Management Office
GPF	Gauteng Partnership Fund
GTAC	Government Technical and Advisory Center
HDA	Housing Development Agency
HSDG	Human Settlements Development Grant
IDP	Integrated Development Plan

<i>IP</i>	Implementation Protocol
<i>IRDP</i>	Integrated Residential Development Programme
<i>ISUPG</i>	Informal Settlements Upgrading Programme Grant
<i>IUDF</i>	Integrated Urban Development Framework
<i>IUDG</i>	Integrated Urban Development Grant
<i>JDA</i>	Johannesburg Development Agency
<i>KZN</i>	Kwa Zulu-Natal
<i>LGSETA</i>	Local Government Sector Education and Training Authority
<i>MFMA</i>	Municipal Finance Management Act
<i>MEC</i>	Member of Executive Council
<i>MIG</i>	Municipal Infrastructure Grant
<i>MinMEC</i>	Ministers and Members of Executive Councils Meeting
<i>MTEF</i>	Medium Term Expenditure Framework
<i>MTSF</i>	Medium Term Strategic Framework
<i>NDHS</i>	National Department of Human Settlements
<i>NEPF</i>	National Evaluation Policy Framework
<i>OECD</i>	Organisation for Economic Cooperation and Development
<i>PDHS</i>	Provincial Department of Human Settlements
<i>PFMA</i>	Public Finance Management Act
<i>PMG</i>	Parliamentary Monitoring Group
<i>PMI</i>	Project Management Institute
<i>PMT</i>	Project Management Team
<i>PMU</i>	Project Management Unit
<i>PSC</i>	Project Steering Committee
<i>PPP</i>	Public Private Partnerships
<i>PSP</i>	Professional Service Provider
<i>OPSCAP</i>	Operational Capital Programme
<i>SACPCMP</i>	South African Council for the Project and Construction Management Profession
<i>SDBIP</i>	Service Delivery Budget and Implementation Plans
<i>SP</i>	Strategic Plan
<i>TOR</i>	Terms of Reference
<i>UNO</i>	United Nations Organisation
<i>UNAI</i>	United Nations Academic Impact
<i>UNDP</i>	United Nations Development Programme
<i>USDG</i>	Urban Settlements Development Grant

1. INTRODUCTION

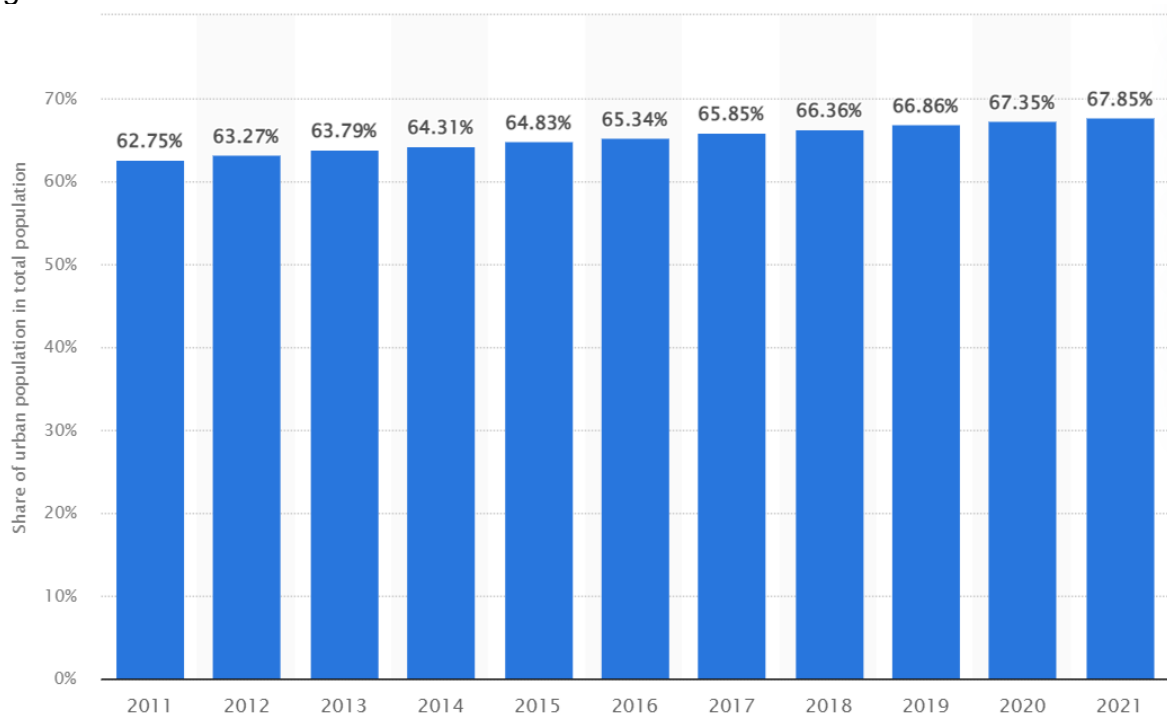
1.1 Introduction

The Operational Capital Programme (OPSCAP) was introduced in 2010 with an intention to provide operating capital for the implementation of human settlements programmes and projects using the Human Settlements Development Grant and the Urban Settlements Development Grant which are allocated to Provinces and Metropolitan Municipalities respectively (The Housing Code, 2009). The Programme prescribes a percentage of up to 5% and 3% respectively of the Grants' funding towards human settlements projects to be used to build capacity for the implementation of the projects. In November 2022, the National Department of Human Settlements (NDHS), which has oversight over the Programme appointed a professional service provider to carry out an implementation evaluation of OPSCAP.

In the period prior to the introduction of OPSCAP in 2010, it was acknowledged that the rates of delivery of housing units were decreasing and that there was fiscal pressure of the national housing programme on the state's coffers. In spite of the progress being made, the supply could not keep up with the increasing housing backlogs. There was also an incidence of housing projects remaining incomplete during this period - for example there was a discrepancy of 500 000 housing units delivered between 1994 and 2009, which was been attributed to projects failing primarily due to capacity constraints (Tissington, 2010).

Additionally, like much of the developing world, South Africa has been experiencing rapid urbanization in recent decades as depicted in figure 1 below. The United Nations estimates that by 2030 just over 70% of South Africa's population will live in urban areas, and that by 2050 the levels will have reached 80%. Rapid urbanization in South Africa has given rise to the proliferation of informal settlements, service delivery problems, and pressure on basic social amenities, poverty and widening levels of inequality (PMG, 2016). By 2014 there were over 2700 informal settlements throughout the country with an estimated 1,2 million households inhabiting them (CSP, 2016).

Figure 1: Rate of urbanisation in the last decade



Source (O'Neill,2022)

In response to this crisis, a range of programmes have been introduced in order to proactively respond to these challenges and address the spatial inequalities that have been exacerbated by this situation. One such programme, introduced by the National Treasury was the Cities Support Programme (CSP) whose objective is to provide assistance to cities to sustainably strengthen their capacity to provide basic services within integrated human settlements. The Programme supports the eight metros with human settlements programmes, amongst others, within the following parameters as stipulated by the USDG:

- The acquisition of land for human settlement development.
- Planning and design of infrastructure required for integrated human settlement developments.
- The capital cost of constructing bulk and connector infrastructure.
- The capital cost for the provision of internal municipal reticulation services for integrated human settlement developments.

An evaluation of the CSP found evidence of levels of change in vision and leadership to drive spatial restructuring of human settlements in the metros, and a strengthening

of high level political and administrative support for the planning and implementation of effective spatial transformation projects. The CSP is also acknowledged to have played a significant role in supporting the metros' capability to plan and manage urban spatial transformation through the Built Environment Performance Plan (DPME, 2018)

The USDG may not be used for the construction of houses and or other dwellings, neither may it be used to finance housing provision (NDHS, 2014). The introduction of the USDG also acknowledged the complexity of urban development and the need for specialized skills to tackle service delivery challenges that are unique to metropolitan cities. As such, it was envisaged that OPSCAP would build capacity and sustain operational costs associated with the implementation of the human settlements programme within the above-mentioned parameters for the metros. OPSCAP would enable the achievement of the Government's priority housing development goals by providing funding for the appointment of external expertise by the Metropolitan Municipalities as well as the Provincial Human Settlements Departments (within the HSDG). This would assist them to scale up delivery on the National Housing Programmes particularly on the following programmes:

The OPSCAP component of the HSDG would provide implementation support within the following priority human settlement programmes.

- The Informal Settlement Upgrading Programme.
- Projects that promote integration and the creation of a non-racial society.
- The provision of primary social and economic amenities.
- The unblocking of stalled projects.

To date OPSCAP has been implemented in all the 9 Provinces as well as the 8 metropolitan municipalities. An evaluation of the USDG found that the OPSCAP component of the grant generally addressed the commonly cited shortcoming of the lack of project management capacity to ensure that capital projects are delivered to the agreed standards within budget and on time (NDHS, 2016). Both Provinces and Metros employed varied approaches not only in the way they utilized the OPSCAP budget but also in the percentage amounts. For example, in the City of Cape Town, OPSCAP has been used to fund the employment of additional project managers. In metros such as Buffalo City and Ekurhuleni, OPSCAP has been used to fund the

establishment of project management units to support and build the Municipality's technical capacity. In the KZN PDHS on the other hand, OPSCAP has been used to fund contract positions in the housing department. There are Provinces such as the Northwest and KZN where a portion of the OPSCAP budget is allocated to the HDA for project management support. A brief overview of the programme's performance and outputs to date in various sites will also form part of the evaluation literature review.

1.2 Problem Statement

Housing demand in South Africa has grown exponentially and housing delivery efforts have been far outpaced by the rising demand (The Fuller Center for Housing, 2014). The provision of housing subsidies though necessary, has proved to be financially unsustainable for the Government. The introduction of The Comprehensive Plan for the Development of Integrated Sustainable Human Settlements (also referred to as "Breaking New Ground" or BNG) Housing Policy initiative recognized these factors and sought new ways of addressing housing delivery that would sustain the National Housing Programme in the long run without putting increasing pressure on the fiscus. In addition, the following constraints to housing delivery were identified:

- Lack of institutional and sector capacity to deliver housing particularly at local government level.
- The lack of appropriate land for housing development.
- Increasing and changing nature of the demand for housing.
- The lack of uniformity in the application of policy in different provinces and regions and the resultant and inadequate enforcement of policy directives at local level (partly due to uneven capacity) has had an impact on delivery (The Comprehensive Plan, 2004).

1.3 Purpose and Scope of the Evaluation

The purpose of the evaluation was to assess the implementation of OPSCAP in both Provincial Human Settlements Departments and Metropolitan Municipalities to ascertain how the Programme was functioning and the mechanisms to strengthen it. In order to achieve this, the evaluation would embark on the following which would

ultimately give an understanding as to what the immediate effects, the overall impacts as well as the outcomes of this intervention have been:

- (i) An analysis of the environment within which OPSCAP is being implemented.
- (ii) An analysis of the effectiveness and cost efficiency of OPSCAP intervention.
- (iii) Measurement of the degree to which the Programme has had an effect on the human settlements sector.

The evaluation parameters were set in line with the following pre-defined evaluation questions to which the evaluation must respond to.

Table 1: Evaluation Questions

Evaluation Aspect	Evaluation Question
Theoretical Framework	Does theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?
Programme Structure and Design	Is the OPSCAP being implemented according to the design?
Institutional Arrangements	What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?
Resource Efficiency and Value for Money	Are resources used efficiently? Is value for money being obtained?
Monitoring and Evaluation	Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?

Source: OPSCAP Evaluation ToR, NDHS, 2022

1.4 Evaluation Criteria

According to the Organisation for Economic Cooperation and Development (OECD), evaluation criteria are the standards or principles used in evaluation as the basis for evaluative judgement with the purpose of supporting consistent, high-quality evaluation within a common framework by providing a standardised framework with which to assess the OPSCAP intervention (OECD, 2021). The criteria are a cornerstone of evaluation practice, encouraging analysis of effectiveness and results (NEPF, 2019).

Table 2: NEPF Evaluation Criteria

Evaluation Criteria	Key Question	Description
Relevance	Is the intervention doing the right thing?	The extent to which the OPSCAP objectives and design respond to the needs of the institutions/ partners, beneficiaries, policies and priorities, and continue to do so if circumstances change.
Coherence	How well does the intervention fit?	The compatibility of the OPSCAP with other interventions in the country, sector or institution. The extent to which other interventions (particularly policies) support or undermine the OPSCAP, and vice versa.
Effectiveness	Is the intervention achieving its objectives?	The extent to which the OPSCAP achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups. Analysis of effectiveness involves taking account of the relative importance of the objectives or results.
Efficiency	How well are resources being used?	The extent to which the OPSCAP delivers, or is likely to deliver, results in an economic and timely way. "Economic" is understood as the conversion of inputs (funds, expertise, natural resources, time, etc.) into outputs, outcomes, and impacts, in the most cost-effective way possible, as compared to feasible alternatives in the context. "Timely" delivery is within the intended timeframe, or a timeframe reasonably adjusted to the demands of the evolving context.
Impact	What difference does the intervention make?	The extent to which OPSCAP has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects. Impact addresses the ultimate significance and potentially transformative effects of the intervention.
Sustainability	Will the benefits last?	The extent to which the net benefits of OPSCAP continue or are likely to continue. This includes an examination of the financial, economic, social, environmental, and institutional capacities of the systems needed to sustain net benefits over time.

Source: NEPF, 2019

1.5 Significance of Study

Evidence from the reviewed literature points to the conclusion that there is a gap with regard to studies on operational capital programmes. OPSCAP has remained static as there has been no objective input to its implementation and impact that can determine how sustainable and impactful it is. Previous studies that have been done have focused on the USDG and HSDG outputs from which OPSCAP is derived. Such studies make no mention of OPSCAP's impact in influencing human settlements outcomes. In addition, various unconditional and conditional grants, such as the Municipal Infrastructure Grant (MIG), Informal Settlements Upgrading Partnership Grant (ISUPG) and the Integrated Urban Development Grant (IUDG) funding to Municipalities also contain a component of operational capital funding prescribed

between 0.5% and 5%, similar to OPSCAP and the study results can benefit of use in this case. Considering the above, the evaluation study of OPSCAP is significant in the following ways:

- It is expected that the evaluation study will make significant findings that will provide decision-makers with valuable insight into the efficacy and implementation of grant-based operational capital initiatives and in so doing improve the design of such programmes.
- The evaluation is also important to policy makers as it will elucidate how the programme is being implemented, detailing the deviations and attempt to explain why such deviations occur. This may contribute to policy reform and strengthening of performance for the human settlements programme.
- Improving accountability and strengthening accountability.
- Generate new knowledge / evidence on the implementation of such programmes which will contribute to more effective decision making.

2. EVALUATION METHODOLOGY

The evaluation study used a mixed-methods approach (combining the use of qualitative and quantitative data collection and analysis methods) considering the fact that the objective was to gain a deeper understanding of the key informants' perceptions on scale, scope, relevance, efficiency and implementation of OPSCAP in Human Settlements delivery. The evaluation aspects were guided by the Terms of Reference (ToR) as shown in Table 3.

Table 3: Evaluation Criteria

Evaluation Aspect/ Criteria	Purpose	Method/Activities	Target Group	Sampling Technique
Theoretical Framework	<ul style="list-style-type: none"> ✓ Appropriateness of OPSCAP in responding to human settlement challenges ✓ Application of the frameworks ✓ Comprehension and usability of the frameworks ✓ Conceptualization of the frameworks 	<ul style="list-style-type: none"> ✓ Analysis of general and key documents ✓ Key informant interviews using semi-structured open-ended questionnaires. ✓ Validation workshops 	NDHS	Purposive
Programme Structure and Design	<ul style="list-style-type: none"> ✓ Compliance with programme prescripts ✓ Systems in place ✓ Capacity and relevancy of the team 	<ul style="list-style-type: none"> ✓ Analysis of annual and quarterly reports & other key documents ✓ Key informant interviews using semi-structured open-ended questionnaires. 	NDHS PDHS Metros Service providers	Purposive & Snowball
Institutional Arrangements	<ul style="list-style-type: none"> ✓ Relevancy and conversancy with the programme ✓ Proper structures in place ✓ Capacity within the institution ✓ M&E arrangements ✓ Accountability 	<ul style="list-style-type: none"> ✓ Interviews using semi-structured open-ended questionnaires. ✓ Validation workshop ✓ Institutional structure/organogram ✓ Documentation analysis 	NDHS PDHS Metros Service providers	Purposive & Snowball
Resource Efficiency and Value for Money	<ul style="list-style-type: none"> ✓ Programme outputs since inception ✓ Resource allocation Versus the task at hand ✓ Resources utilization yielding results 	<ul style="list-style-type: none"> ✓ Analysis of Business Plans, Strategic plans, APP and SDBIPs & other key documents ✓ Assess value for money and return on investment. ✓ Interviews using semi-structured open-ended questionnaires 	NDHS PDHS Metros Service providers	Purposive & Snowball
Monitoring and Evaluation Framework	<ul style="list-style-type: none"> ✓ Appropriateness of programme TOC and programme reporting ✓ Clear outline to ensure achievements of the programme objective 	<ul style="list-style-type: none"> ✓ Analysis of annual performance plans, SDBIPS & other key documents ✓ Interviews using semi-structured open-ended questionnaires. 	NDHS PDHS Metros Service providers	Purposive & Snowball

Source: Author Compilation; Evaluation of OPSCAP ToR

2.1 Evaluation Design and Strategy

Evaluation design refers to the road map, procedures, and strategy to be followed during the evaluation exercise to find answers to the evaluation questions. In this evaluation, a case study approach was used to gain a deeper understanding on how the Programme interventions in the Provinces and Metropolitan Municipalities are impacting human settlements' delivery and achieving the Programmes' outcomes of an upskilled public service project delivery team. This approach also allowed a comparison of the implementation of the programme among the Provinces as well as the Metropolitan Municipalities. Table 4 illustrates the selected case studies where OPSCAP is being implemented as per ToR.

Table 4 Selected case studies

No	Human Settlements Provincial office	No	Metropolitan Municipalities
1	Eastern Cape	1	City of Johannesburg
2	Free State	2	City of Cape Town
3	Gauteng	3	City of Ekurhuleni
4	KwaZulu Natal	4	City of Tshwane
5	Limpopo	5	eThekweni Metropolitan Municipality
6	Mpumalanga	6	Mangaung Metropolitan Municipality
7	Northern Cape	7	Nelson Mandela Bay Metropolitan Municipality
8	North West	8	Buffalo City Metropolitan Municipality
9	Western Cape		

Source: OPSCAP ToR

2.2 Evaluation Methods

The evaluation adopted both quantitative and qualitative (triangulation) research design methods in terms of data collection and analysis. In achieving these, the study employed basic descriptive statistical measures (quantitative analysis) and participatory retrospective research design (qualitative approach) respectively. Evaluation outcomes from the study were presented in charts and tables in some cases.

A desktop literature review of pertinent programme documents/publications (as provided) was also carried out, using content analysis methodology. The participatory evaluation design approach was used - in the qualitative method, so as to actively involve programme stakeholders in the evaluation process. The participatory

evaluation approach was selected because it offered the advantage of improving accuracy and relevance in that the Programme participants offered a more accurate and detailed view of the programme and its performance. Because of their day-to-day exposure to the programme, they intrinsically understand the programme at a deeper level. Also, they are conversant with the aspects of the programme that do not fit or work well. As such, the evaluation team was able to see the programme from the perspective of the participants. The OPSCAP participatory evaluation approach involved the In-depth interviews (IDI) and Focus Group Discussions (FGD) with key informants (respondents/stakeholders) from the Provinces and Metros, who were sampled utilizing combination of purposeful and snowballing methods.

2.3 Evaluation Sample Design and Sampling Methods

A combination of purposeful and snowballing sampling methods was employed in the evaluation. The purposeful sampling technique was adopted in the selection of key informants to be interviewed. The purposeful sampling techniques is widely used in qualitative research for the identification and selection of information-rich cases related to the phenomenon of interest (Palinkas, *et al* 2015). This involves identifying and selecting individuals or groups of individuals that are especially knowledgeable about or experienced with a phenomenon of interest (Cresswell & Plano Clark, 2011). The snowballing technique was used in the identification and selection of relevant key informants who may have been unknown at the onset. This was based on input from the purposeful sample. The evaluation time scope covered a period of four (4) months with respondents spread across nine (9) Provinces as well as the eight (8) Metropolitan Municipalities being sampled.

2.3.1 Interviews and Focus Group Discussions

The qualitative data collection primarily involved In-depth interviews (IDI) and Focus Group Discussions (FGDs) with key stakeholders (respondents) from the units in Table 5 in the Provinces and Metros.

Table 5: Metros and Provinces departments that participated in the evaluation

No	Department	Unit/Directorate
1	Grant Management	Rental Asset and Property Management
2	Infrastructure Planning	Integrated Human Settlements Planning and Policy Coordination
3	Programme Management Office/ Unit	Human Settlements Programme Managers
4	Finance Unit	Human Settlements Planning and Technical Services
5	Engineering Services and Quality Assurance	Programme Management Unit / Programme Support

Source: Author compilation

The IDI study is an approach which gives room for detailed information gathering on subject(s) of interest, while the FGD gives room for an issue to be properly zeroed in or further assessed. Both approaches present the advantage of giving room for issues to be properly assessed and come to a logical conclusion. Discussions with the key informants in the Provinces and Metros were done both physically (face-to face) and virtually (web interview).

These included the following:

- (i) Semi-structured questionnaire (Data collection instruments, evaluation matrix and methodology) with a combination of open-ended (and direct) questions covering the necessary themes (subject matter) needed to capture the evaluation set objectives were employed. The data collection instrument was structured into three sections, covering the National Department of Human Settlements Officials, Provincial Department of Human Settlements and Metropolitan Municipality officials and the Project Management Service Providers sections).
- (ii) The first and second section of the instrument were further structured into different themes to give room for flow, proper inquiry and harnessing of information. Specifically, the interviews were guided by interlinked elements and themes covering theoretical frameworks, institutional arrangements, programme performance and programme outputs at Provincial & Metro level since inception, SOPs, legislative prescripts, and performance indicators of OPSCAP.
- (iii) The interview questions were carefully formulated using existing OPSCAP literature, designed to capture both qualitative and quantitative responses. The interviews were

conducted within the parameters of the stated ethical considerations. All interviews with key informants were recorded and transcribed verbatim.

2.3.2 Document Reviews

A desktop literature review of pertinent programme documents/publications (as provided) was carried out, using content analysis methodology. The review and analysis of various documents provided valuable and useful historical and current information about OPSCAP and its implementation to date. The desktop review provided contextual background information to the evaluation problem and assisted in the formulation of research and interview questions and the selection of study subjects. To some extent, the documents provided valuable information on the implementation of OPSCAP in the Provinces and Metros.

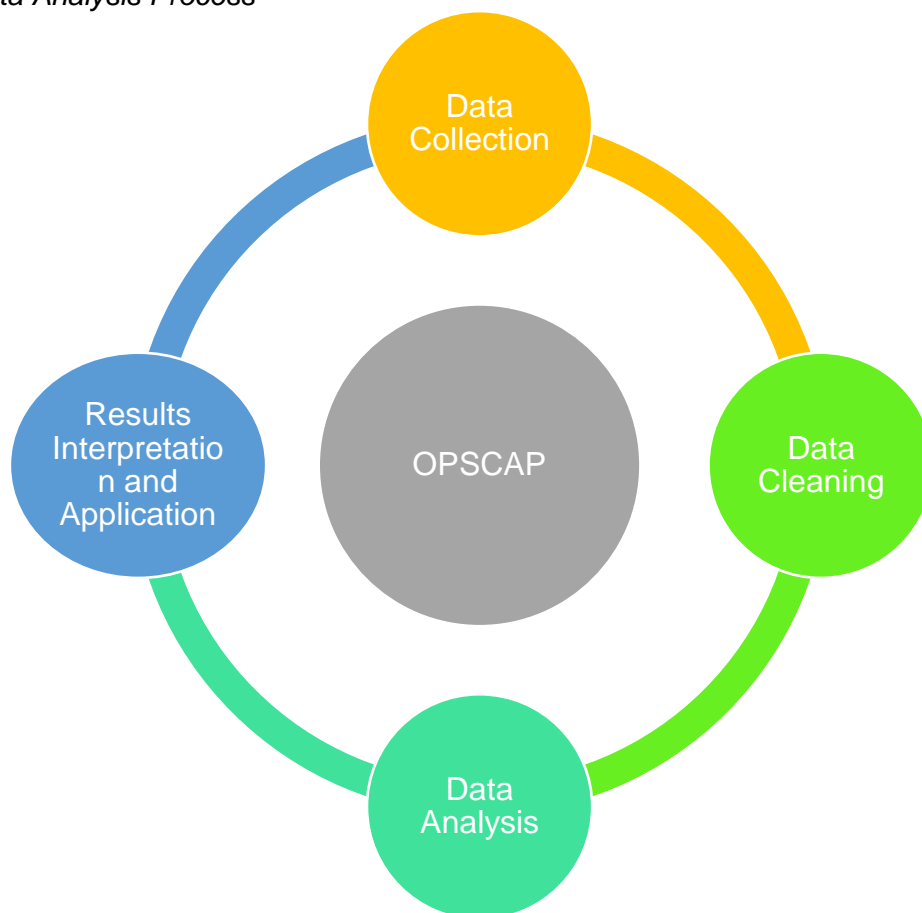
Among others, the review of the programme documents included the following documents:

- Legislative and Policy Frameworks
- SPs, APPs, BEPPs, SDBIPs, IDPs
- National documents
- Quarterly and annual reports
- Provincial documents (SOPs)
- Business Plans
- Annual Reports

2.4 Data Analytical Framework

Data was collected, analysed and processed in line with the data analytical framework. After data collection using the various instruments, data cleaning was conducted using various techniques including transcribing, exclusion of unnecessary data and filling the missing data. The data cleaning process was followed by data analysis, thereafter, interpretation and application of results followed so as to create meaning for decision makers in the OPSCAP to make some policy interventions to improve the program.

Figure 2 Data Analysis Process



Source: Author compilation

In line with the selected methodology, the data collected was inductively analyzed taking into account the evaluation objectives. This meant that data was collected, themes, issues or theories were explored from that data. An article in the American Journal of evaluation highlights the advantage of this approach in that it provides a simple, straightforward approach for deriving findings linked to focused evaluation questions (Thomas, 2006). The capturing and processing of data was done using Microsoft Word and Excel.

The analysis of the raw data identified gaps where there was missing information, which was further investigated with the relevant informants through follow-up interviews done telephonically and emails.

(i) Data capturing

Interviews were audio-recorded and transcribed. Table 6 describes the critical data collection elements for primary data considered in this report.

Table 6: Critical data capturing elements

No	Element	Description
1	Semi-structured open-ended Questionnaire Construction	<ul style="list-style-type: none"> ✚ A semi-structured open-ended questionnaire was designed that covers the evaluation questions amongst other issues. ✚ The Evaluation Team found this questionnaire to be the most convenient tool due to the nature of the sample under study which includes designers and managers of the OPSCAP. ✚ The questionnaire used in this study was tailored for each target key /primary informants. The semi-structured open-ended questionnaire gave the respondents an opportunity to give their opinions on the matter.
2	Training of Data Collectors/Enumerators	<ul style="list-style-type: none"> ✚ Data collectors/enumerators assisted with collection of quantitative and qualitative data from the primary informants using the semi-structured open-ended questionnaire. ✚ An online data collection training exercise was arranged, where the aim, objectives, sampling methodology and all other enumeration related activities will be communicated to the data collectors/enumerators. ✚ Ongoing information sharing sessions were also done where the team shared their experiences in a bid to improve the quality of the data collected from the respondents
3	Management of the Evaluation	<ul style="list-style-type: none"> ✚ The evaluation team provided monthly status reports on the data collection to the Client. ✚ The Client contacted the various stakeholders to inform them of the evaluation and request their participation.

Source: Author compilation

(ii) Data analysis

Qualitative data collected from interviews and secondary data sources was analysed using the content analysis methodology which is inductive in nature as already described above. Descriptive statistics was used to present quantitative data where it was available.

Content analysis involves sampling, devising analytical categories, defining the unit of analysis, conducting coding, and undertaking quantitative analysis. With respect to document analysis and interview transcripts analytical categories were developed based on:

- (i) Scope of purpose of the research topic.
- (ii) The need to be exhaustive.
- (iii) Mutually exclusiveness.

- (iv) Independence and,
- (v) Developed from a single classification.

2.5 Limitations of the Evaluation Study

The most notable limitation encountered during the data collection process was the predominating perception of OPSCAP as a budget item rather than a programme. This affected the way in which many of the respondents responded to questionnaire which was formulated using best practice for programme evaluation. This was countered to some degree by probing follow-up questions which were unscripted. To some degree, this affected data quality and consistency.

Other challenges with data collection encountered include the following:

- Some documentation did not carry sufficient data / information.
- Slowness by respondents/ participants to provide quantitative and other supporting documentation to validate interview data.
- Respondents' hesitancy to respond to certain questions fully and rather referring the questions to other officials or promising to verify later or providing reticent, vague responses to pertinent questions in spite of probing follow-ups.
- Reluctance to facilitate interviews with additional stakeholders, particularly with external PMUs/ Service Providers contracted by the institutions using OPSCAP.
- It proved challenging to obtain reliable OPSCAP expenditure data in cases where financial reporting was reported inclusive of the entire USDG/ HSDG.
- The evaluation required the assessment of the OPSCAP programme's performance since inception in 2010. There was no high-quality documentation available for all the Provinces and Municipalities especially during the early years of the Programme.

3. EVALUATION FINDINGS AND ANALYSIS

3.1.1 Introduction

This section presents the results and findings from the extensive data collection exercise described above. The section touches on the following, amongst others.

- A discussion of how the PDHS and Metros are utilizing OPSCAP including an analysis of how the PDHS and Metros understand, interpret, apply, and utilise OPSCAP.
- A discussion of the constraints that are being experienced by the institutions who are the recipients of OPSCAP.
- Whether OPSCAP is providing value for money for its recipients and stakeholders.
- Whether the programme is having an impact on the human settlements sector including in the various institutions in which it is being applied and implemented.

3.1.2 Understanding and Utilisation of OPSCAP

3.1.2.1 Understanding of OPSCAP by Metros and PDHS

There is an understanding by the Provinces and Metros that OPSCAP is one of the programmes in the Housing Code introduced to assist with professional resource capacity issues in the implementation of human settlements programmes that are funded by the HSDG and later, the USDG. As the focus of the NDHS shifted from housing to providing sustainable human settlements, there was a recognition that the Provincial Departments and Metros were ill-equipped in terms of the skills that are requisite when planning for and implementing human settlement programmes and projects.

Each financial year, the Provinces and Metros are required to quantify the additional capacity projected for each of the departmental housing programmes and projects to be funded utilising OPSCAP. This forms part of the business plan for projects to be funded by the HSDG/ USDG for the financial year. The business plan is then submitted to the NDHS after approval by the MEC in the case of Provinces and the Council in the Metros. The allocation towards OPSCAP should be within the stipulated 5% of the HSDG for the Provinces and 3% of the USDG for the Metros.

In addition to the business plans, the Provinces are now also required to submit a motivation to the NDHS to justify their projected allocation towards OPSCAP for approval in line with the policy. The submission of motivations appears to have had the impact of guiding the Provinces in terms of what OPSCAP can be utilised for. In general, these submissions now tend to be in line with policy because the NDHS provides oversight and guidance on this by returning submissions that are not in line with policy for changes to be made. Once the departments have amended and aligned their submissions with policy has been done, the NDHS approve the submission signs off on them. The grant is then transferred to the Provinces in tranches in line with the DORA framework.

3.1.2.2 Utilisation of OPSCAP by Provincial Departments of Human Settlements

As per the policy intent, OPSCAP utilisation in most of the Provinces is generally centred on the uses described in Table 7. The majority of Provinces as depicted are utilising OPSCAP to appoint external technical expertise to support programme implementation. In addition, the OPSCAP prescribed percentage is split between the service providers and HDA. The HDA has signed an implementation protocol – the Medium-Term Operation Support Plan (MTO) and provides the Provinces with implementation support in the following, amongst others:

- Land assembly for human settlements projects.
- Implementation support for specified and other identified priority projects.
- Catalytic projects.
- Revitalisation of distressed mining towns.
- Informal settlements upgrading support.
- Priority human settlements and housing development areas (PHSHDAs).

Gauteng Province is unique in that it utilises the services of its wholly owned implementing agent, the Gauteng Partnership Fund, which is paid a programme management fee from OPSCAP. The Western Cape and KZN Provinces are the two (2) Provinces that are utilising OPSCAP to fund the appointment of additional staff on contract so as to augment the Departments' delivery capacity.

Table 7: OPSCAP general utilisation in Provinces

General Use	Province
Appointment of external service providers/ PRTs/ Implementing Agent	Northern Cape Limpopo Mpumalanga North West Gauteng
Appointment of Contract Staff	Western Cape KwaZulu Natal
HDA land assembly support and project management support (MTOPI) (generally 1% of the 5% OPSCAP)	Limpopo KwaZulu Natal Gauteng Free State Northern Cape Eastern Cape Western Cape North West

Source: Author compilation

It was observed though that in spite of the final motivations/ submissions being closely aligned to the OPSCAP policy intent, an analysis of expenditure patterns reveals that in some instances OPSCAP was additionally utilised for other uses outside of the policy guide as described in Table 8.

Table 8: Additional uses of OPSCAP by Provinces

Additional uses of OPSCAP by both Provinces and Metros	
Municipal accreditation support	Property valuation
Township establishments	Records management and warehousing
Deeds searches and physical verification	Occupational health and safety
Title deeds registration	Funding rental tribunals
Beneficiary management	Research
NHBRC enrolments	Scanning, filing, and archiving of forms
Projects	Project evaluation
Geotechnical studies	Architectural services
Legal services	Civil engineering designs
Material quality testing	Land acquisition
FLISP subsidies	Internship and experiential programs
Master plans and development planning	Site Clearing
Travelling and accommodation	Security services

Source: Author compilation

The lack of clarity amongst the respondents as to what is allowable or permissible under OPSCAP was noted amongst several respondents (in both provinces and metros). The units or directorates in the institutions that are responsible for the implementation grant (HSDG/OPSCAP) allocation tend to have a broader

interpretation of what can be deemed allowable or permissible under OPSCAP. The respondents expressed a sense of frustration from what they perceive as an extremely narrow and impractical interpretation and application of OPSCAP by the NDHS. Provinces such as Gauteng reiterated that OPSCAP needs to also fund information Technology (IT) systems and technology that contribute to and enhance project management efficiency in the implementation of human settlements projects. Some like Free State were of the view that OPSCAP needs to fund internal PMUs.

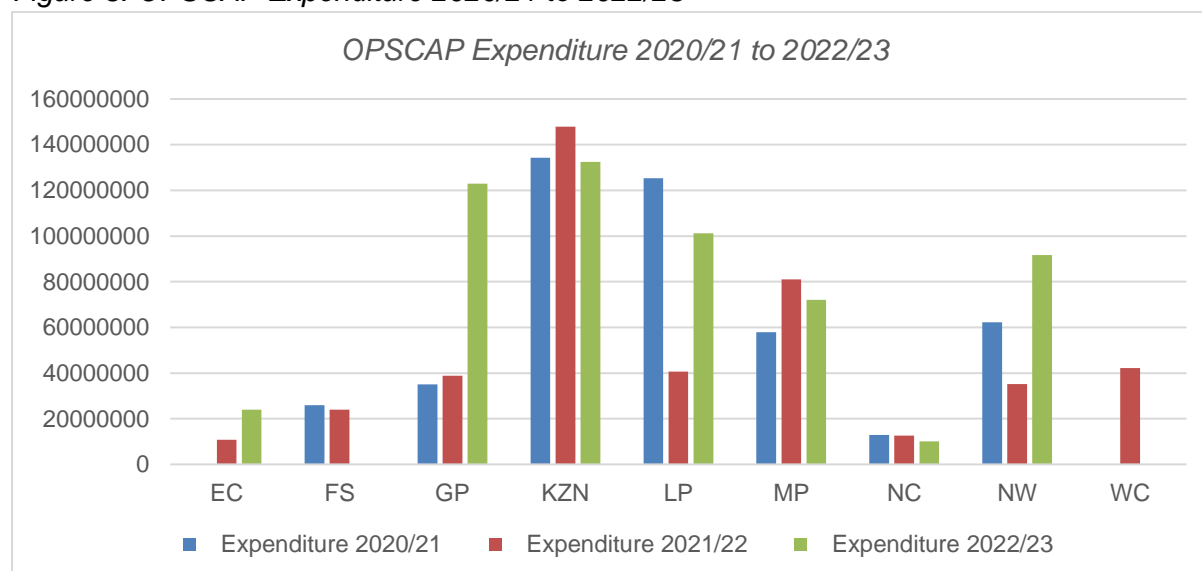
3.1.2.2.1 OPSCAP Expenditure by PDHS

Table 9: OPSCAP Expenditure by PDHS 2020 - 2022

Province	Expenditure 2020/21	Expenditure 2021/22	Expenditure 2022/23
EC	-	R10 774 000,00	R23 902 528,00
FS	R25 948 093,00	R23 900 451,00	R0,00
GP	R34 999 598,90	R38 836 970,27	R122 929 518,98
KZN	R134 287 733,01	R147 856 257,21	R132 455 136,65
LP	R125 235 157,80	R40 660 686,57	R101 221 270,60
MP	R57 809 410,40	R81 063 676,38	R72 082 921,21
NC	R12 941 962,52	R12 666 038,10	R10 036 856,54
NW	R62 263 773,75	R35 226 121,96	R91 598 704,09
WC	-	R 42 141 000,00	-

Source: HSS and Provincial Reports

Figure 3: OPSCAP Expenditure 2020/21 to 2022/23



Source: HSS and Provincial Reports

Table 9 and Figure 3 depicts expenditure of OPSCAP by the Provinces over the previous 3 financial years. The OPSCAP budget amount is based on the 5% of the

HSDG, meaning that Provinces with a lower allocation of the HSDG receive less and vice versa. Provinces re-iterated the current state of economic situation leading to a decrease in the HSDG allocation has negatively impacted meeting human settlements demands. Northern Cape, whose HSDG allocation is narrower pointed out that OPSCAP was barely enough to cover the identified needs.

3.1.2.3 Utilisation of OPSCAP by Metropolitan Municipalities

The understanding and interpretation of OPSCAP by the Metros was generally consistent with the purpose for which it is intended as outlined in the official guideline document. This is with the exception of Mangaung where it appears OPSCAP has been rather arbitrarily used to fund projects that the Metro was unable to fund with their USDG and internal revenue. However, the application and use thereof varied from Metro to Metro in the ways described in Table 10.

Table 10: Utilisation of OPSCAP by Metros

Utilisation of OPSCAP by Metros	Metro
Establishment of a PMU within the Metro	Buffalo City
Appointment of Contract Staff	City of Ekurhuleni City of Cape Town
Appointment of Professional Service Providers	Nelson Mandela Bay
Funding the Human Settlements Unit within the Metro	City of Tshwane
Youth brigades	City of Ekurhuleni
Title deed registrations, relocations, land purchases, training, project management	Mangaung
Does not use OPSCAP	City of Joburg

Source: Author's compilation

As depicted in Table 10, in most Metros, OPSCAP is generally used to pay for additional technical staff employed on a contractual basis by the Metros. The technical staff is employed directly as is the case in the Ekurhuleni and Cape Town Metros, or as part of an independent unit or directorate within the Metro as is the case in Buffalo City and Tshwane Metros. Mangaung appears to be the only Metro where OPSCAP is utilised for various other activities such as relocations, land purchases, title deed registrations etc. There was no information available relating to OPSCAP use by

eThekweni Metro. City of Johannesburg on the other hand does not make use of OPSCAP and the entire USDG capital grant is dedicated to funding capital projects.

The sentiment by most of the Metro respondents was that the 3% of the USDG is inadequate. This is particularly true for Metros like Buffalo City and City of Tshwane that funded entire units utilising OPSCAP. These Metros have been adversely affected by the splitting of the USDG and the ISUPG into two separate grants. This is so because, according to policy, OPSCAP can only be funded from one Grant i.e., USDG, although the same professional resources are used on ISUPG programmes. Other respondents, like the City of Ekurhuleni are of the view that OPSCAP was too restrictive. Also, it even caused additional costs related to office and equipment, legal services, etc.

Unlike with the HSDG-based OPSCAP budget, the Metros are permitted by the guideline to employ technical capacity within the Municipality in line with an official, approved organogram. Metros such as BCMM, EMM, City of Tshwane, have gone this route based on a proposed, unapproved organogram. The inherent contradiction with this requirement is that the organogram can only be approved for staff that can be remunerated from the Metros' regular operational budget.

In addition, because of the conditional nature of the Grant, the OPSCAP funded staff can only be contracted on a contractual basis ranging from 1 to 5-year contracts. However, there is a problem of rapid staff turnover amongst these contract staff as they will continue to seek permanent employment. Metros like Ekurhuleni have in some instances been able to absorb the contract employees where funding became available for additional staff, thus further reducing reliance on OPSCAP over time.

3.1.2.4 Skills Transfer in Provincial Departments of Human Settlements

Regarding skills transfer, particularly in the Provinces, there appeared to be no formal process in place to manage and measure it in the Provinces. It was highlighted that the Terms of Reference of the sourced external professional service providers did require that there be skills transfer to departmental officials. Even though many surmised that this was taking place, there were no measurements or reporting done on it for verification.

In Provinces such as Northern Cape, the respondents were of the view that Departmental officials had been able to gradually take on more responsibilities. The Department expressed its intention to wean itself off depending on external service providers over the coming financial years. Provinces like Limpopo had measures in place in which the external service provider, PRTs provide support for the professional registration of interns. There was a danger identified by the respondents that the PDHS had become too reliant on external service providers without a credible skills transfer strategy in place to ensure sustainability in the coming years.

3.1.2.5 Skills Transfer in Metropolitan Municipalities

With regards to the Metros, the guideline requires them to actively report on a pre-developed capacity building plan each financial year. This aspect appears to have been neglected and there is no formal approach to the process of skills development or capacity building that is linked to OPSCAP.

3.1.3 Legal and Policy Framework for OPSCAP

3.1.3.1 National Department of Human Settlements

As far as the NDHS officials are concerned, the policy intent of OPSCAP is clear. Its sole objective is providing funding for technical skills which the Provinces and Metros would need to implement human settlements programmes. It has been the observation by the NDHS that Provinces have interpreted this to encompass any type of skill that is unavailable within the Department.

3.1.3.2 Provinces and Metros

Respondents were of the view that the legal and policy framework for OPSCAP was insufficient to ensure that the Programme is implemented seamlessly. The grant frameworks legislate the prescribed OPSCAP percentage. However, there is no mechanism in place to ensure that the Provinces and Metros spend within the stipulated framework. Furthermore, the policy itself, as articulated in the Housing Code appears to be misunderstood by Provinces because of possibly, lack of clarity on how it should be interpreted and applied. Equally, the guideline for the USDG prescribed 3% OPSCAP portion appears to be unclear to the Metros with some not even being aware of its existence. Respondents highlighted that in addition to the policy,

implementation guidelines must be drawn up which discuss in detail what may or may not be funded using OPSCAP.

3.1.4 Monitoring and Reporting on OPSCAP

Evidence from the interviews suggests that OPSCAP is not treated as a standalone programme by both the PDHS and Metros. It is rather, merely a budget component of the HSDG and USDG respectively. As such none of the Provinces and Metros have a standalone reporting framework for OPSCAP but rather report it in line with the requirements of the HSDG and USDG frameworks respectively.

The monitoring of the USDG is undertaken by following the theoretical principles of monitoring public and development sector policies, programmes and projects. The monitoring activities are provided for and guided by the provisions of the 2019 – 2024 Monitoring, Evaluation, Impact Assessment (MEIA) Policy and Framework.

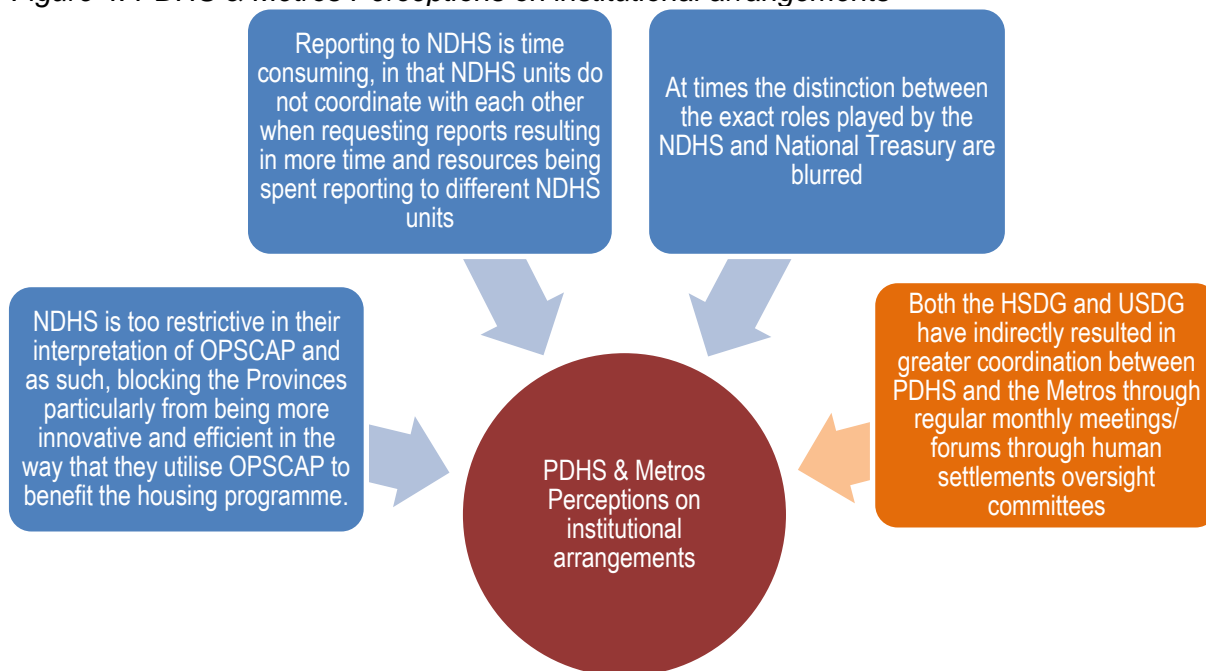
In addition, none of the Provinces or Metros have developed a Standard Operating Procedure (SOP) for OPSCAP. The Provinces utilise the Housing Code as the guideline document and the grant framework when implementing OPSCAP. It was evident that the Metros seemed to be barely aware of the existing OPSCAP guideline for the USDG with officials remarking that they had once seen it but were not sure what it is articulating. Reporting on OPSCAP is based solely on expenditure and is done once a month and quarterly in line with the HSDG and USDG frameworks to the NDHS and NT.

In spite of the fact that the OPSCAP USDG guidelines require the Metros to prepare a capacity building plan against which it is reported on, it appeared all the Metros utilising OPSCAP were not aware of this reporting requirement specifically in relation to OPSCAP.

3.1.5 Institutional Arrangements

The institutional framework for OPSCAP appears to be closely aligned to that of the HSDG and the USDG frameworks. The interviewees appeared to be satisfied with the institutional arrangements that are in place. Figure 4 illustrates both positive and negative perceptions that the Metros and Provinces have on the OPSCAP institutional arrangements.

Figure 4: PDHS & Metros Perceptions on institutional arrangements



Source: Author compilation

3.1.5.1 Main OPSCAP Stakeholders

Table 11 depicts the institutions that were identified as the main stakeholders by both PDHS and Metros. The Metros' stakeholders form part of the structures/ forums that have oversight on human settlements within the Metros.

Table 11: PDHS and Metros OPSCAP main stakeholders

Provincial Departments Human Settlements	Metropolitan Municipalities
NDHS	NDHS, and
National Treasury	PDHS
Municipalities	National Treasury
HDA	-

Source: Author compilation

Besides the stipulations contained in the Grant frameworks, relationships with stakeholders were guided by the IGR protocols. In addition, provinces have an MTOP with the HDA which defines the roles and responsibilities of each party regarding the HDA's contribution to the Provincial housing programmes.

3.1.6 Identified Challenges and Recommendations

Table 12 and Table 13 below highlights the challenges that were highlighted by the various respondents in the Provinces and Metros, respectively. The tables also highlight the specific recommendations made by the institutions.

Table 12: Provincial Departments: Identified Challenges/ Recommendations

Province	OPSCAP Challenges/ Issues	Provincial Recommendations
Eastern Cape	<ul style="list-style-type: none"> - OPSCAP within the Department is not utilized to optimally, and Department still operates with limited skills to implement human settlements programmes. - It appeared that the department decide where to direct OPSCAP funds as long as motivation can be made and get approved, regardless of that activity being outside the HSDG/OPSCAP guidelines. - Capacity building and skills transfer is not being prioritized by the Department and the implication is that the Department will continue to rely on service providers even on issues that can be executed by internal staff. - Other issues and challenges pertaining to implementation of OPSCAP will be established and will be addressed during interview meeting. 	<ul style="list-style-type: none"> - The NDHS to ensure that all institutions utilizing OPSCAP allocation should interpret HSDG/OPSCAP guideline to ensure same understanding in its implementation. - The Department to ensure utilization of OPSCAP allocation to invest on capacity building and ensure that internal staff benefit from the external resources procured (skills transfer). This will ensure sustainability in the implementation of human settlements programmes in the future.
Free State	<ul style="list-style-type: none"> - The decreasing of HSDG over the years is impacting negatively on the planning and utilization of funds effectively. The OPSCAP allocation has been lessor and the institutions find it expensive to afford to procure capacity as well as competing in the market for quality technical skills required. - The limitations and inflexibility of the OPSCAP utilization by department has the negative impact in the achievement of some human settlements' targets. 	<ul style="list-style-type: none"> - Review OPSCAP guideline to allow flexibility to utilize OPSCAP allocation for pressing affecting human settlements delivery. - NDHS to ensure conceptualization and interpretation of OPSCAP policy guide is at the same level for institution implementing OPSCAP to avoid variations currently taking place. - NDHS to explore more on various entities which will partner with Departments and ensure that skills transfer from within is increased.
Gauteng	<ul style="list-style-type: none"> • OPSCAP should be able to acquire systems such as software that are required in the delivery of human settlements. • Limited budget and escalating costs may make the Programme unsustainable. • Skills transfer component does not always take place at the desired level in spite of that being a stated requirement in the Terms of Reference of the Service Provider. • GPF is unable to certify the projects it manages for payment, and this must be done by departmental officials who were not involved in the projects. 	<ul style="list-style-type: none"> • Relevant project management systems should be procured using OPSCAP. • Sliding scale calculation of OPSCAP can be applied to avoid OPSCAP funds being utilised for other uses.

Province	OPSCAP Challenges/ Issues	Provincial Recommendations
KZN	<ul style="list-style-type: none"> • The Department identified the issue in relation to interpretation of prescripts by respective institutions on guiding the implementation has an influence towards the implementation OPSCAP allocation. • The decreasing of HSDG allocation over the years impacting negatively on the planning and utilization of funds effectively. The OPSCAP allocation has been lesser. As a result, institutions find it expensive to afford the sourcing capacity as well as competing in the market quality technical skills required. • The inflexibility of the OPSCAP utilization by respective institutions has the negative impact in the achievement of some human of human settlements targets as departments are experiencing multiple challenges that require immediate interventions. 	<ul style="list-style-type: none"> - The guideline may need to be reviewed to allow flexibility by departments to utilize OPSCAP allocation for pressing affecting human settlements delivery such as municipal accreditation in KZN. - Increase OPSCAP allocation in consideration of economic challenges leading to decreasing of HSDG allocation over the years. - OPSCAP guidelines must be reviewed to allow flexibility within the institution/department to retain certain percentage of technical skills acquired through the programme particularly in the built environment.
Limpopo	<ul style="list-style-type: none"> • The set percentage of 5% for OPSCAP seems to not be enough for the Limpopo province. The Capacity that is needed is more than what the Department has budgeted for. • The department indicated how the institutions that are to provide capacity are not capacitated themselves and that becomes a challenge in implementing OPSCAP. 	<ul style="list-style-type: none"> • The capacity that is needed is more than what the province has budgeted for. It is recommended that the capacity needs to increase as well as come up with regulation on how this capacity is going to be planned.
Mpumalanga	<ul style="list-style-type: none"> • The 5% cap that is there is not enough for the full implementation of the entire human settlements' programmes. • The grant is very limiting in the sense that the programme cannot fund GIS, research projects and issues of NHBRC because of the guidelines. • OPSCAP cannot finance or fund the assets like purchasing of vehicles to support inspectors to be able to inspect houses. • There is no monitoring and evaluation framework specifically for OPSCAP. • Shortage on capacity or skills especially housing inspectors in the Department for quality houses. 	<ul style="list-style-type: none"> • The MPDHS is proposing that the funding arrangement should be flexible to allow the Department the opportunity to propose or motivate for the activities that suits their needs such as the purchasing of vehicles to allow officials to go around doing building inspections for quality houses. • The 5% capped allocation needs to be looked at or rather the Department be allowed to propose the amount needed out of OPSCAP. • OPSCAP should cater for supporting initiatives such as research, or GIS which assist in accessing accurate information which will also assist in the implementation of human settlement programmes and or specific projects.

Province	OPSCAP Challenges/ Issues	Provincial Recommendations
Northern Cape	<ul style="list-style-type: none"> • The Department is trying to reduce reliance on external expertise which tends to be problematic in the long run. This can only be done through appointing officials to do the work but this process is often affected by delays and lack of funding. • The limitation of 5% in the Northern Cape is inadequate because the HSDG allocation ranges from approximately R 270 million each financial year. 5% of this translates to R 13,5 million which is inadequate. Increasing the allocation also has the undesired effect of reducing the allocation towards capital projects. 	<ul style="list-style-type: none"> • The MPDHS proposes initiatives such as automating the grant processes as the process is manual and human dependent. • Appointment of key personnel and avoiding over-reliance on external service providers. • Requirements of OPSCAP should not be one size fits all so 5% for the NC is too little. The Department is of the opinion that OPSCAP must be allocated over and above the baseline for some Departments, with a sliding scale applied.
North West	<ul style="list-style-type: none"> • OPSCAP should be able to acquire systems such as software that are required in the delivery of human settlements and not just rely on the systems of the service provider whose term is limited. • Limited budget and escalating costs may make the Programme unsustainable. • Technical professional resources are very expensive to acquire even via OPSCAP. • Skills transfer component does not always take place at the desired level in spite of that being a stated requirement in the Terms of Reference of the Service Provider. • The Department is unable to retain technical professional staff / capacity and as a result there is a high staff turnover. 	<ul style="list-style-type: none"> • Appointment of key personnel and avoid over-reliance on external service providers so as to build permanent internal capacity. This will ensure continuity in the implementation of human settlements programmes. • Relevant IT systems and software should be procured using OPSCAP. • Increasing of the OPSCAP percentage in order to procure additional resources.
Western Cape	<ul style="list-style-type: none"> - Several institutional gaps such as the lack of coordination and collaboration between different levels of government and departments responsible for housing delivery. This has led to duplication of efforts and inefficient use of resources, as well as delays in the delivery of housing projects. - The limited capacity and resources within municipalities to implement housing programmes effectively. 	<ul style="list-style-type: none"> - Increase funding: insufficient funding has been a major challenge in the implementation of the OPSCAP programme. There is need for the NDHS reviews of the funding mechanism. - Enhance stakeholder engagement: There is a need for improved communication and collaboration between the NDHS, PDHS and

Province	OPSCAP Challenges/ Issues	Provincial Recommendations
	<ul style="list-style-type: none"> - The lack of adequate funding for housing programmes, which has impacted the delivery of human settlements programmes in the province. - The implementation of the OPSCAP programme in the WCDHS has also been impacted by changing priorities which has affected the stability and consistency of housing policies and programmes. 	<ul style="list-style-type: none"> - municipalities implementing OPSCAP for information sharing and best practices. - Improve the monitoring and evaluation system - there is need for a more comprehensive system to measure the impact of the programme by incorporating more quantitative and qualitative data into the monitoring and evaluation process. - Increase efficiency in project implementation by increasing the number of skilled personnel involved in the programme.

Source: Author compilation

Table 13: Metros: Identified Challenges/ Recommendations

Metro	OPSCAP Challenges/ Issues	Metro Recommendations
Buffalo City	<ul style="list-style-type: none"> - The split between USDG and USPG has resulted in the 3% operational capital being severely reduced and inadequate to cover the EPMO costs. - The OPSCAP budget is inadequate for the full needs. There is always a deficit of approximately R 10 million in the EPMO budget. - Technical professionals that are skilled tend to be costly in terms of competitive market salary requirements. - There is a skills deficit as the Metro does not have funds to hire additional staff. - There is a growing demand for the Metro's services, but resources are shrinking. 	<ul style="list-style-type: none"> - The OPSCAP guideline may need to be reviewed to allow flexibility by Metros to utilize OPSCAP allocation on other pressing human settlements delivery needs. - The policy intent of OPSCAP is to strictly fund technical resources, the NDHS must step up on its oversight and guidance role in terms of addressing ancillary costs related to such resources.
Cape Town	<ul style="list-style-type: none"> - Negative changes include the difficulty in attracting skilled workers on short-term contracts and limitations on the percentage that can be used. - The non-permanent nature of capacity creation may be a gap or risk area, and potential challenges that may affect program sustainability include changes in government policies and funding constraints. 	<ul style="list-style-type: none"> - Improve monitoring and evaluation to ensure that the budget allocation is aligned with the intended outcomes for human settlements provision in the CTMM. - Making the guidelines more focused on the full value chain of the projects and supporting ancillary actions. - A system funding core permanent technical capacity could help sustain the implementation of human settlement programs, as

	<ul style="list-style-type: none"> - The interviews revealed that the current guidelines are too focused on project management and technical aspects and do not adequately address the need for other support aspects. 	<p>continuity is essential in projects that have long lifecycles, such as larger housing projects. Increase flexibility in funding: The Metro suggested that having a range between 3-5% could provide more flexibility in funding. The Metro should consider this suggestion to allow for variations in capacity needs, especially during changes in policies and approaches in the housing space. However, necessary approvals will have to be adhered to.</p> <ul style="list-style-type: none"> - The guidelines should recognize that the capacity should be more permanent and that there should be more flexibility on the percentage that can be used. It is further suggested that sometimes there might need to step outside the percentage for a year or two, especially when starting big projects.
<p>Ekurhuleni</p>	<ul style="list-style-type: none"> - OPSCAP does not accommodate the appointment of supporting staff that can assist the technical expertise such as drivers, secretaries etc. The Metro is of the opinion that the guidelines for OPSCAP must be reviewed by the NDHS to cater for the following: <ul style="list-style-type: none"> - support staff to assist the technical staff appointed using OPSCAP. - all employee related costs for all employees/ project managers funded using OPSCAP. - Uncertainty of funding – It is difficult to plan for beyond a three-year period when hiring employees because the funds are not guaranteed. In spite of the funds being gazetted at times in the following MTREF the funds may be reduced because of circumstances outside the Metro’s control. In such instances the Metro is forced to divert funds from elsewhere to meet these obligations. - Lack of platform with NDHS so as to obtain assistance with addressing faced in relation to OPSCAP in particular. - OPSCAP funding is not ring-fenced but rather constitutes a percentage of the USDG. As a result, when USDG funds are moved away due to non- 	<ul style="list-style-type: none"> - Review of the guidelines which have become obsolete. - OPSCAP funded employees’ duties and responsibilities cannot be limited to USDG-related projects. The Programme needs to support the entire value chain including land identification, acquisition, and planning for project pipelines.

	<p>performance this affects the contractual obligations that have already been entered into in line with OPSCAP to fund capacity.</p>	
eThekweni	<ul style="list-style-type: none"> - The analysis derived from the Metro's documents (IDP, BEPPs, Annual report and SDBIPS) are explicit in relation to OPSCAP utilization. Although the aspect of capacity constraints in the human Settlements Unit has been raised, it is not clear where and how the OPSACP fund is being used to address those challenges. - Procuring professional skills (engineers in particular) has become costly and OPSCAP allocation appears to be smaller. 	<ul style="list-style-type: none"> - The ETHMM to ensure articulation in the portion of OPSCAP utilization in line with guidelines. - The ETHMM to clearly outline challenges in relation to capacity constraints and the plan to address such to ensure delivery of human settlements programmes. - The ETHMM to ensure compliance with the utilization of the USDG/OPSCAP funding in line with guidelines.
Johannesburg	<ul style="list-style-type: none"> - N/A 	<ul style="list-style-type: none"> - Workshop with all the Metros which breaks down the entire programme to the officials responsible for implementation.
Mangaung	<ul style="list-style-type: none"> - Interpretation of prescripts by respective institutions on guiding the implementation has an influence towards the implementation OPSCAP allocation. - National Department has not been able to detect variation made by Metros in the utilization of OPSCAP. It is as if Metros have freedom in terms of how and where the OPSCAP can be directed to. In such instances the Metro is forced to divert funds from elsewhere to meet these obligations. - The restriction attached to OPSCAP utilization to institutions has the negative impact in the achievement of other human settlements targets as Metros are experiencing multiple challenges that require immediate interventions. 	<ul style="list-style-type: none"> - The guideline may need to be reviewed to allow consider gaps identified by Metro to utilize OPSCAP allocation for pressing affecting human settlements delivery. - NDHS to monitor the application and implementation of OPSCAP allocation by various Metros and advice accordingly. Most of the cities are likely to be directing OPSCAP allocation where it is not prescribed leaving the gaps in terms of building capacity.
Nelson Mandela	<ul style="list-style-type: none"> - Interpretation of prescripts by respective institutions has an influence towards the implementation OPSCAP allocation. - The inflexibility of the OPSCAP utilization by respective institution has the negative impact in the achievement of some of human settlements targets as Metros are experiencing multiple challenges that require immediate interventions. 	<ul style="list-style-type: none"> - Institutions in the local government are not operating in the same environment and faced with different and myriad of challenges in relation to human settlements delivery. Therefore, OPSCAP guideline may need to be reviewed to allow flexibility by Metros to utilize OPSCAP allocation on other pressing human settlements delivery needs.

	<ul style="list-style-type: none"> - Annual decreasing of funding – the decrease in the overall USDG allocation impact on the portion of OPSACP allocation, and it affects the budgeting as consultants’ fees are not decreasing. 	<ul style="list-style-type: none"> - This proposal is influenced by the fact that cities are different and are facing enormous challenges that require immediate intervention.
Tshwane	<ul style="list-style-type: none"> - The decreasing of USDG over the year impacted negatively on the planning and utilization of funds effectively. The OPSCAP allocation has been lessor and the institutions find it expensive to afford the sourcing capacity as well as competing in the market quality technical skills required. - The inflexibility of the OPSCAP utilization by respective institution has the negative impact in the achievement of some human of human settlements targets as metro s are experience multiple challenges that require immediate interventions. 	<ul style="list-style-type: none"> - The funds should be revised to a higher percentage to allow the city to achieve more projects on the business plan and acquire adequate internal capacity to help in human settlement service delivery. - Human settlement should come up with a clearer policy guideline which indicated the activities the metro should fund using OPSCAP. - The city should include performance indicators specifically designed for OPSCAP and should fit its stated purpose of ensuring that the resources allocated are being used efficiently and effectively.

Source: Author compilation

3.1.7 Evaluation Criteria Responsiveness

Table 14 describes the extent of responsiveness that OPSCAP has to the NEPF evaluation criteria.

Table 14: Evaluation criteria extent of responsiveness

Evaluation Criteria	OPSCAP Responsiveness
Relevance	<p>In general, OPSCAP can be considered relevant in both its design and its implementation. This is because OPSCAP responds to the need for professional technical resources needed by the Provinces and Metros to successfully implement their housing programmes and projects and fulfil the USDG/ HSDG outcomes thereof. However, the Provinces and Metros that are utilising OPSCAP highlighted the inadequacy of the funds.</p> <p>In terms of its implementation OPSCAP is relevant in the Provinces and Metros that are implementing it, however institutions such as Mangaung Metro do not utilise the fund in line with the implementation guide. To a lesser extent, OPSCAP is also utilised for uses that are outside the policy intent of the Programme – this is particularly the case in the Provincial Departments.</p>
Coherence	<p>OPSCAP is coherent in that it is compatible with other human settlements sector interventions and provides much needed support to these interventions and programmes. It is designed to support the achievement of HSDG and the USDG outcomes in the Provinces and Metros. Institutions such as Joburg Metro that do not utilise the USDG have designed their own systems to fund operation capital. In institutions where the intervention is not bringing the anticipated results, this has been a result of the perceived ambiguity of the purpose of the intervention rather than the intervention itself.</p>
Effectiveness	<p>Results have been varied amongst the Province and Metros. OPSCAP has been very effective in achieving its intended objectives in some institutions, whilst in some cases it has not. This is particularly the case in Provincial Departments where the objective of OPSCAP to create in the long term, a skilled internal workforce instead of relying on external service providers has not been realised. In some instances, the effectiveness of the programme has been limited by its incorrect implementation (Mangaung) and its design (Tshwane, Buffalo City)</p>
Efficiency	<p>The extent to which OPSCAP can be deemed efficient in its utilisation of resources varies with the institutions implementing the programme. Metros such as Buffalo City, Tshwane, Ekurhuleni & Cape Town are more efficient in their utilisation of the funds in that they generally conform to the guideline in using OPSCAP to achieve their USDG outcomes. In Provinces, when considering the extent to which the Programme's objectives have assisted the recipients to achieve their HSDG outcomes there is efficiency to some extent in spite of that some Provinces also employ OPSCAP to fund other uses (e.g., GP, MP, LP).</p>
Impact	<p>The OPSCAP intervention has been impactful with both intended and unintended effects resulting from its implementation. Both Provinces and Metros have been able to achieve their HSDG and USDG outcomes over the years save for a few. Grant expenditure has</p>

Evaluation Criteria	OPSCAP Responsiveness
	improved tremendously for some institutions particularly where implementation has been done correctly.
Sustainability	The extent to which OPSCAP has been sustainable varies across institutions. In some the benefits of OPSCAP are likely to continue as they build permanent capacity. In some instances, however, institutions have become too dependent on external capacity.

Source: Author Compilation

3.1.8 Evaluation Aspects Conclusions

Does the theoretical framework that informs OPSCAP provide an appropriate response to human settlements challenges?

OPSCAP is an appropriate response to the human settlement challenge of shortage of technical skills required for the implementation of human settlements programmes. However, the OPSCAP budget is merely an operational support mechanism, which although vital, does not constitute a silver bullet in addressing other broader human settlements challenges on its own. It was evident from the respondents that human settlements challenges are often complex and at times addressing the lack of professional skills is not enough. OPSCAP is a supplementary operational budget and is part of a network of programmes and activities which must be correctly implemented in order for OPSCAP to truly be effective.

Ekurhuleni Metro cited its experience with unrests in the community that causes stoppages/ blockages in the implementation of human settlements projects which in turn has a ripple effect on the Metro’s ability to complete their projects and spend their USDG allocations.

OPSCAP is an innovative response to providing operational capital for large scale capital grants and follows best practice as demonstrated in the Literature Review. However, because of the fact that this percentage is not based on the value of physical human settlements projects but rather on the Grant itself there may be need to tighten the parameters to ensure that there is no duplication of services during actual project implementation.

The grant design is deemed appropriate, although all the respondents were adamant that OPSCAP prescribed percentages were grossly inadequate for the purpose.

However, in many instances funds were being diverted to other uses. In addition, there appears to be a duplication of resources in instances where external service providers and Departmental project managers are doing the same tasks continually without any skills transfer taking place or a plan in place for the institution to eventually take over these functions.

Is the OPSCAP being implemented according to the design?

The initiation of OPSCAP was intended to ease the capacity constraints for the Provinces and Metros. Also, in the long term to allow the institutions to develop the required capacity internally. It is clear that this has not been the case, particularly with PDHS. In most instances, external service providers have merely become an extension of the provincial departments, a situation which has been worsened by the delays in filling of vacancies within the Departments. In fact, some of the respondents highlighted that the institutions had become too dependent on external service providers resulting in the Departments' core services now being outsourced. The capacity building element of the OPSCAP has not materialised and departments are still too dependent on external service providers in spite of several years in which they have implemented the programme. There is need to relook at this OPSCAP component to ensure that Provinces and Metros build internal capacity to run their own projects.

It was evident from the discussions that the policy needs to provide further guidelines in addition to what is contained in the Housing Code to remove the ambiguity in the understanding and interpretation of how OPSCAP can be used. NDHS respondents emphasized that the Provinces already had funding for operational expenses and stricter guidelines would ensure that OPSCAP use remains solely for procuring project implementation expertise. If any other operational expenses are to be funded with OPSCAP, then the new guidelines must be precise on what these expenses are and must not leave it open to arbitrary interpretation.

The ambiguous view of OPSCAP's policy intent by the respondents has led to OPSCAP being viewed, in addition to providing technical capacity, as a readily accessible fund that can be used whenever the Provinces and Metros experience any kind of funding shortfalls in the pursuit of achieving their human settlements outputs.

What are the institutional issues/gaps that are coming to light as this programme is being implemented and how is it affecting delivery of the Human Settlements Programmes?

The NDHS has oversight over the OPSCAP Programme. The fact that Provinces and Metros have varying interpretations and applications in terms of what OPSCAP can be utilised for points to the fact that there is a gap that the NDHS must address with respect to OPSCAP:

- Do the OPSCAP recipients understand the policy intent of OPSCAP?
 - Additional guidelines may be required to address this aspect? Due to staff turnovers in the institutions, there may even be need to regularly workshop both the policy itself as well as the guidelines to ensure a uniform understanding. The policy intent of OPSCAP must be effectively communicated, not just to the human settlements division but finance and HR divisions so that there is an understanding that OPSCAP is tied to human settlements projects.
- The lack of funding for certain obligations related to human settlements programmes.
 - This includes particularly the procurement of security detail to protect completed projects or project related expenses, emergencies, and disasters. NDHS must provide clear guidance on these unique expenses.
- The policy was developed in 2010 and has never been updated or revised and has therefore, not kept up with changes in the external environment. This includes the funding of new and efficient software and automated systems that can greatly improve efficiency of project management in human settlements.

Other gaps noted relate to the fact that there is no way of ensuring that OPSCAP funds are utilised exactly as defined in the approved business plan and accompanying motivation. The fact that OPSCAP funds can be seamlessly directed elsewhere makes the entire process inefficient. The Human Settlements Directorates within the Province and Metros must oversee OPSCAP funds and ensure that they are utilised in line with the policy provisions.

Are resources used efficiently? Is value for money being obtained?

Objectively measuring the value for money provided by OPSCAP is impossible since full data on allocations and expenditure and breakdown of uses was not available. However, strictly using the rudimentary measure of how the external capacity sourced using OPSCAP has been instrumental in assisting the Metros and Provinces to develop plans, and pipeline projects to be implemented, managing expenditure etc, on both the HSDG and the USDG shows that there is value for money from OPSCAP.

In addition, efficiency and value for money is intrinsically linked to programme design and application thereof. It is evident that the Provinces and Metros have not always strictly utilised OPSCAP for its intended purpose and in line with the policy intent. In that sense, it may be arguable that resources are being used efficiently and value for money is being obtained. Nevertheless, the establishment of necessary parameters will go a long way in addressing these misgivings.

Are the performance indicators for the OPSCAP suitable for its stated purpose and how is it captured in the performance monitoring frameworks of the various spheres of government?

The indicators that the Provinces and Metros report on for OPSCAP are expenditure. This is inadequate. There is need to link OPSCAP expenditure to the housing project and programme activities that it is supporting. This will assist the NDHS to monitor the types of expenses that OPSCAP is being used for, particularly if they are not in line with the policy. The focus of the reporting framework is on the USDG and HSDG programmes and projects and OPSCAP is treated as a component of that.

3.1.9 Conclusion

OPSCAP appears to be quite relevant in its contribution to the human settlements programme in both Provinces and the Metros in that these institutions have come to rely on it to provide the operational capital required to procure the services of professional expertise to assist with project identification and management of human settlements programmes. All the respondents from the Provinces and Metros were in agreement with the fact that the support from OPSCAP has been helpful in ensuring that spending of grant allocation is realized and successfully implement human

settlements programmes by achieving their annual targets and increasing expenditure.

There is a general sentiment from the PDHS and the Metros that OPSCAP gives exceptional value for money. OPSCAP enables these institutions to have sufficient capacity to develop project business plans, implement human settlement projects successfully in line with the outcomes of the HSDG. However, the over reliance on external sourced expertise by these institutions leaves much to be desired. There is not much of monitoring in terms of whether the PDHS and the Metros will be able to sustainably implement human settlements programmes in future with limited or no assistance from the service providers.

Furthermore, respondents were of the view that OPSCAP needs to be clear and specific in terms of what can be funded from it. There needs to be better communication from NDHS to achieve this. Others felt that it was necessary to customise it to accommodate the conditions of individual Provinces and Metros. All were adamant that they were utilising OPSCAP as prescribed by the Housing Code and were not deviating in any way, in spite of evidence from some expenditure documents showing variations. It is vital that NDHS undertakes a workshopping exercise to clarify the intent and purpose of OPSCAP. Additionally, the Department must publish a detailed and specific guideline for the utilisation of OPSCAP in line with the Housing Code.

4. CONCLUSION AND RECOMMENDATIONS

OPSCAP is a vital cog that is propelling the human settlements programmes throughout. It contributes to the initiation and conceptualization of HSDG and USDG human settlements projects in both Provinces and Metros and thereafter their development. It is evident from the analysis of the interview results that the application of OPSCAP in the Provinces and Metros is not always consistent across board and in alignment with the provisions of the guidelines and frameworks. OPSCAP has never really been viewed as a Programme in the strictest sense of the word and has been seen as a line item in the budget that is dedicated to operational costs. This appears to have strengthened the view that as an operational budget, OPSCAP can therefore be used to fund any operational expenses as long as they are, in some way related to human settlements. The general recommendations in Table 15 can be made over and above the specific ones given by the individual Provinces and Metros.

Table 15: General Recommendations

Recommendations
(i) There is a need to set specific parameters that define the type of expenditure that can be allowed and not allowed by OPSCAP. NDHS must additionally develop an OPSCAP oriented implementation guideline/strict measures to guide the recipients to ensure effectively and optimal utilization of OPSCAP.
(ii) The NDHS must ensure that the enforcement of OPSCAP policy and guidelines is prioritized, in an endeavor to improve the level of alignment by recipients of the funds. Regular workshopping of the OPSCAP policy and guidelines with key stakeholders to ensure common and consistent understanding of the Programme.
(iii) The NDHS to introduce an OPSCAP champion/office to play a role of a coordinator/contact point amongst stakeholders (departments/Metros) to enhance /strengthen channels of communication and advisory
(iv) Formalization of the skills transfer process by NDHS to enable Departments particularly to build and retain capacity obtained through OPSCAP in a sustainable manner.
(v) OPSCAP motivations by Department & Metros must ensure that requested funds are linked to specific projects that are part of the project pipeline together with supporting documentation.
(vi) Provincial Departments and Metros to be encouraged (in the form of circular) to establish internal monitoring and evaluation committee (oversight committee) linked/aligned to CFOs office for control measures.
(vii) The NDHS to develop mandatory OPSCAP customized indicators to be adopted and implemented to ensure that provincial department and Metros are evaluated and monitored on.

Source: Author Compilation