

**THE IMPLEMENTATION OF THE PROCUREMENT POLICY WITH REFERENCE TO  
THE RECONSTRUCTION AND DEVELOPMENT HOUSING PROGRAMME IN  
LIMPOPO PROVINCE**

by

**MATLOKO JAN MAGORO**

25416571

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Study leader:

**Prof.P.A. BRYNARD**

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## ACRONYMS

ANC	African National Congress
BBBEE	Broad Based Black Economic Empowerment
DLGH	Department of Local Government and Housing
GWM&E	Government Wide Monitoring and Evaluation System
HDIs	Historically Disadvantaged Individuals
IDP	Integrated Development Planning
LED	Local Economic Development
MDGs	Millennium Development Goals
MEC	Member of Executive Committee
M&E	Monitoring and Evaluation
PFMA	Public Finance Management Act
PGDS	Provincial Growth Development Strategy
PHP	Peoples Housing Process
PPPFA	Preferential Procurement Policy Framework Act
SMMEs	Small Micro Medium Enterprises
SWOT	Strength, weakness, opportunity and threats
UN	United Nations
UNUDHR	United Nation's Universal Declaration on Human Rights

## **ABSTRACT**

This study examines the implementation of the procurement policy with reference to the reconstruction and development housing programme (RDP) in Limpopo Province. The research objective of this study is to assess the institutional capacity of the Department of Local Government and Housing (DLGH) in Limpopo Province in implementing the procurement policy in relation to the reconstruction and development housing programme. Further, the monitoring and evaluation mechanisms determined by the Department of Local Government and Housing to oversee the implementation of the procurement policy with reference to the RDP houses.

In realising the research objectives of this study, the qualitative research methodology was adopted as the study seeks to understand the situation in its naturalistic form. Therefore, pre-determined interview questions were used to interview those who interact directly or indirectly with the implementation of the procurement policy with reference to the RDP houses. The purpose was to solicit relevant information and subjective experience from the agents of procurement policy implementation as well as the beneficiaries of the RDP houses. Not forgetting that qualitative research, studies phenomenon in its natural occurrence and it avoids simplifying, rather, it observes a subject on its multifaceted form. The data collected through interviews was useful in providing relevant policy information of which was unknown and instrumental for this study's investigation.

The study of Public Administration is regarded as the management of public programmes and as such that is possible through public policy, organising, finance, human resource, work standard and procedure, and control measures. It is therefore, indispensable for the Department of Local Government and Housing in Limpopo Province to embody these functions of public management. Thus this study focused on the institutional capacity in terms of procurement policy implementation, focusing on whether the Department of Local Government and Housing has sufficient resources such as human capital, equipments and material in implementing the procurement policy.

An empirical study was conducted to collect insights and subjective experiences from those who constantly interact with the implementation of the procurement policy concerning the effectiveness and success of the procurement policy with reference to the RDP houses. The interview questions were directed to prospective members of the DLGH those responsible for procuring, implementing and those affected (beneficiaries). From the findings, the study proved that the Department of Local Government and Housing in Limpopo is confronted with many challenges as far as the implementation of the procurement policy with reference to the RDP houses is concerned. The study has suggested recommendations for the improvement of the institutional capacity of the Department of Local Government and Housing in implementing the procurement policy with reference to the RDP houses.

## **CHAPTER ONE**

### **OUTLINE AND INTRODUCTION TO THE STUDY**

#### **1. INTRODUCTION**

The Government of South Africa at the wake of independence it was faced with a challenge of providing housing for the people. In addressing this change it adopted the programme of the Reconstruction and Development Programme as a key towards realisation of its objectives of the developmental state. In addition, the South African Government crafted many legislative measures, one of those was a Green Paper on the Public Sector Procurement, 1997 as a platform to level the grounds for the reforms. The purpose of these reforms was to address the injustices and imbalances of the past in order to provide opportunities to those who were previously excluded in the mainstream of the economy.

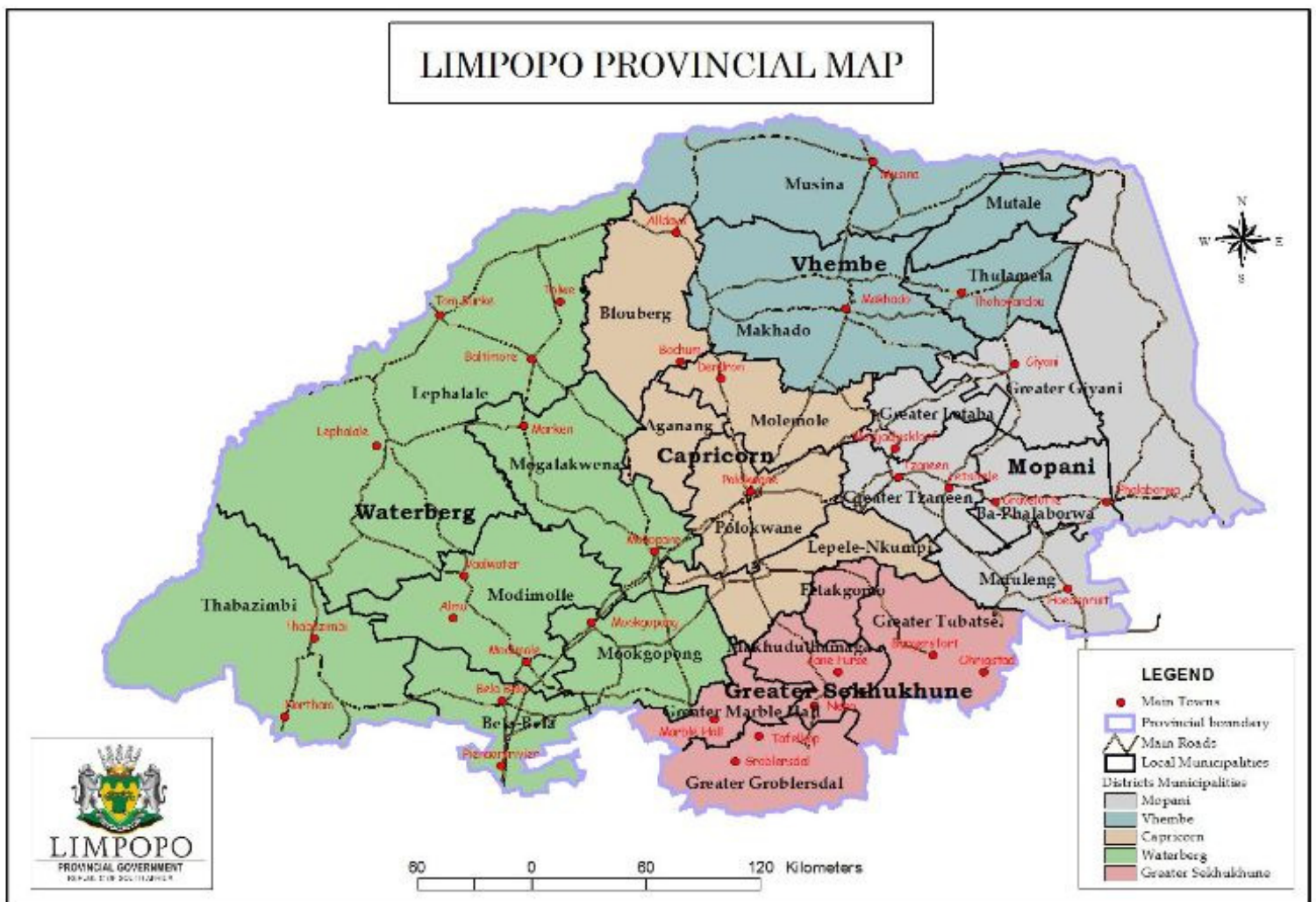
South Africa is confronted with the serious challenges of the housing backlog, yet each fiscal year there is an increase of budget for the Departments of Housing. Taking into account the immeasurable amount of work the government has to do for its citizens, it becomes unbearable to do all the work by itself or as an engineer. Therefore government use procurement to acquire goods and services from the outside suppliers. However, the use of the preferential procurement policy as a policy tool to achieve the socio-economic responsibility has brought many problems for the government. The implementation of the preferential procurement policy with reference to the Reconstruction and Development Programme (herein being referred as RDP) housing programme has caused serious problems for poor people. Some of the root causes of these challenges are attributed to the inability of the government departments in the implementation stage.

This study seeks to address the institutional capacity of the Department of Local Government and Housing in Limpopo Province in the implementation of the procurement policy with reference to the RDP housing programme. Further the effectiveness of the monitoring and evaluation mechanisms that are in place to ensure

well coordinated implementation of the procurement policy in relation to the RDP housing Programme. In the beginning of this study, a brief overview of the geographical location of Limpopo province is provided and also looking at its contribution to the economy of South Africa.

## 2. GEOGRAPHIC LOCATION OF LIMPOPO PROVINCE

Figure 1/1: Limpopo Provincial Map



Source: Limpopo Provincial Government, 2009

Limpopo Province is one of the South Africa's nine provinces and has a wide climatic variation. Polokwane, capital city of Limpopo province offers pleasant climate for most of the year. It has a year-round sunshine and is hot in the summer months (October-March), averaging 27 degrees Celsius. Winter is a sunny season of chilly mornings, warm middays, dry afternoons and cool to cold nights. The lowveld, for example, the Phalaborwa area, can be as hot as 45 degrees Celsius during summer (Department of Local Government and Housing, 2009: 1).

The population of Limpopo consists of the following several ethnic groups distinguished by culture, language and race, namely, the Sepedi: approximately 57 per cent, the Tsonga: approximately 23 per cent, the Venda: approximately 12 per cent, Afrikaner: approximately 2.6 per cent and the English: approximately half a per cent (Department of Local Government and Housing, 2009: 1). Limpopo Province is a tourist attraction destination and is endowed with plenty natural resources, fauna and flora, provincial reserves and many private game parks as well as Kruger National Park is located in the Province and is in proportion to the size of Israel.

Limpopo Province is divided into five Districts, which are Capricorn District, Waterberg District, Vhembe District, Mopani District, and Greater Sekhukhune District. These Districts are evidently shown on the above provincial map (Department of Local Government and Housing, 2009: 1). In the context of this study, the main focus will be on Polokwane in the Provincial Department of Local Government and Housing under the Capricorn District. In Limpopo Province, the Department of Local Government and is accredited as the developer of housing units in contrary to local government municipalities. Therefore, this study addresses the implementation of the procurement policy with reference to reconstruction and development housing programme by the Department of Local Government and Housing in Limpopo Province.

### **3. BACKGROUND OF THE PROCUREMENT POLICY WITH REFERENCE TO RDP HOUSING PROGRAMME IN LIMPOPO PROVINCE**

Procurement policy may be regarded as a process that creates, manages and fulfils contracts (Watermeyer, 2003:11). Governments make considerable use of contracts to acquire goods and services such as office equipment, computer systems, military equipments, advertising and construction services (to mention a few), from the private sector or businesses. These contracts are accurately being referred to as the public sector procurement contracts. The sphere within which public sector procurement operates could largely be regarded as business with regard to the manner in which the state obtains goods and services from the private sector. It should be borne in mind that the public procurement has a potential bearing on other aspects, such as social, political, and economic implications. Therefore, it becomes necessary to state the duties and responsibilities of both parties involved in the transaction of public procurement. Thus, Rogerson (2004: 180), referred to the procurement as a tool through which a client acquires services from a service provider with procurement documents defining the roles and responsibilities of both parties. A client in this context is the government as it is obtaining goods and services from the service providers.

### **4. THE PROCUREMENT POLICY IN THE PUBLIC SECTOR IN SOUTH AFRICA**

The South African Government has embarked upon a reform process on the public sector procurement system, which was released in November 1995, bringing about a ten-point plan. Whereby the plan included the improvement of access to tendering information; the development of tendering advice centre; broadening of a participation base for small contracts; the waiving of security requirement on certain construction contracts; the unbundling of large projects into smaller projects; the promotion of early payment cycles by government; the development of preference system for small, medium and micro enterprises (SMMEs) owned by historically disadvantaged

individuals (HDIs); the simplification of tender submission requirements; the appointment of procurement ombudsman; and the classification of building and engineering contracts (Bolton, 2003: 626). In April 1997, a Green Paper on Public Sector Procurement, 1997 was released that contained all the principles of the ten-point plan and extended to include a proposal for the drafting of an Affirmative Procurement Policy (Green Paper on Public Sector Procurement, 1997). The essential ingredients of an Affirmative Procurement Policy are the use of the targeted procurement to achieve socio-economic objectives. Addressing socio-economic issues is invariably corresponding with direct social policy objectives such as to foster job creation, to promote fair labour conditions, to promote the use of local labour. The purpose of these objectives is to prevent discrimination against the minority groups, to protect the environment, to encourage quality opportunity between men and women, and finally, the promotion of an increased utilization of the disabled in employment (Bolton 2003: 621).

In February 2000, the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) was promulgated to include an enhanced participation of historically disadvantaged individuals (HDIs) and small micro and medium enterprises (SMMEs) in the public sector procurement system [Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)]. Later following that year in August 2001, the Preferential Procurement Regulations were promulgated to provide substance to the provisions of the Procurement Act (Preferential Procurement Regulations, 2001). The above provisional measures were undertaken to address the legacies of black economic disempowerment under the apartheid era. In the past, discrimination, unfair practices, and marginalisation of people have led to exclusion of people from the mainstream of the economy and participation in the public sector procurement system. Bolton (2003: 620), argued that in the past public procurement system favoured large and well established business and it was very difficult for newly established business to enter the system. These encapsulates the reasons of why the government in the post-apartheid



era has advocated an excessive form of reforms as a mechanism of redressing the imbalances of the past and offer the previously disempowered people the economic privileges of this country.

## **5. THE IMPLEMENTATION OF THE PREFERENTIAL PROCUREMENT POLICY IN SOUTH AFRICA**

In this context it is critical to have a clear understanding of the objectives of the preferential procurement policy in South Africa. The understanding of the objectives of the procurement policy is prelude to the adjudication of whether the policy is effective and successful or not. Therefore in order to understand the effectiveness, efficiency and success of the procurement policy is in essence to apprehend its objectives. Another crucial element is to conceive the framework of the implementation of the procurement policy in South Africa. This is the framework that is used to implement the procurement policy in South Africa.

### **5.1. OBJECTIVES OF THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK**

The primary objective of the procurement policy is that the procurement system is to be fair, equitable, transparent, competitive and cost effective. Whereas, the second objective encapsulates that the procurement policy may provide for: categories of preference in the allocation of contracts; and the protection or advancement of persons, or categories of persons disadvantaged by unfair discrimination (Constitution of the Republic of South Africa, 1996). The Constitution of South Africa provide the provision for the aforesaid objectives of the procurement policy under Section 217(1) and Section 217(2) respectively, stating that when an organ of the state in national, provincial or local sphere of government, or any other institution identified in national legislature,

contracts for goods and services, it must do so in accordance with a system that is fair, equitable, transparent, competitive and cost effective.

## **5.2. FRAMEWORK FOR IMPLEMENTATION OF THE PROCUREMENT POLICY IN SOUTH AFRICA**

Watermeyer (2003: 16) summarised the Preferential Procurement Policy Framework Act, 2000 (Act no 5 of 2000) as follows:

For contracts with a rand value above a prescribed amount, a maximum of 10 points may be allocated for specific goals provided that the lowest acceptable tender scores 90 points for price. For contracts with a rand value equal to or below a prescribed amount, a maximum of 20 points may be allocated for specific goals provided that the lowest acceptable tender scores 80 points for price. Any other acceptable tender which is high in price must score fewer points on a pro-rata basis, calculated on their tender price in relation to the lowest acceptable tender in accordance with a prescribed formula. The contract must be awarded to the tenderer who scores the highest points unless objectives criteria in addition to that pertaining to specific goals justify the award to another tenderer.

The framework states that specific goals may include:

Contracting with person, or categories of people, historically disadvantaged by unfair discrimination on the basis of race, gender or disability. Implementing the Programme of the Reconstruction and Development Programme as published in Government Gazette no 16085 dated 23 November 1994.

South Africa is confronted with a critical housing backlog which increasingly threatens the basic human right to shelter. The inception of the government procurement as an instrument of socio-economic responsibilities has brought many challenges to the housing provision (Sisulu 2004: 1). The preferential procurement policy is used as a

policy tool in the delivery of the RDP housing programme in Limpopo Province. Some of challenges of the RDP housing programme backlog are attributed to the use of the procurement policy as a vehicle for addressing socio-economic issues. However, the manner in which the procurement policy is applied is at the beneficiary of those who won the constructing contracts as opposed to the citizens. Therefore, this study seeks to inquest on the utilisation of the preferential procurement policy with reference to the RDP housing programme in Limpopo. The purpose of the study is to evaluate the effectiveness, efficiency and success of the use of the procurement policy in the public sector as well as the realisation of the socio-economic objectives.

It is requested by the Preferential Procurement Policy Framework Act, 2000 (Act no 5 of 2000) that any organ of the state must determine its preferential procurement policy and implement it within the framework prescribed by this Act [Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)]. The preferential procurement policy in the Department of Human Settlement in Limpopo Province is as follows:

The background of the appointment of contractors for the 2008/09 financial year in the Limpopo Provincial Department of Local Government and Housing is based on Section 217 of the Constitution of the Republic of South Africa, 1996, thereby stipulating that when an organ of the state in National, Provincial or Local sphere of Government, or any other institution identified in National Legislation, contracts goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective. In the Department of Local Government and Housing, the Housing code, as amended in 2007, provides the following guidelines with regard to procurement; interface between organs of the state and suppliers, procurement compliance and choosing an appropriate contracting strategy. When implementing those guidelines must be consistent with the Housing code; Public Finance Management Act, 1999 (Act 1 of 1999); Preferential Procurement Policy Framework

Act, 2000 (Act 5 of 200) constitutional requirement (the Constitution of the Republic of South Africa, 1996) and various prescripts as applicable to the municipal and or provincial government especially relating to letter tenders and tenders to be published in the tender bulletin as well as public newspaper (Rampedi 2008: 3).

Furthermore, guidelines for appointment of service providers (contractors) are presented as follows; the Senior General Manager appoints the Evaluation team or committee to assess the proposals by contractors and make submission to Departmental Allocation Committee; the Evaluation team comprises of at least three people and not more than five, with at least one General Manager and two Senior Managers; it assess submissions by contractors and recommend to the Departmental Allocation Committee for consideration and qualification into the approved departmental database; the Departmental Allocation Committee makes recommendation to the Head of Department for approval of contractors for implementing projects in the 2008/09 (Rampedi 2008: 4).

## **6. MOTIVATION OF RESEARCH**

Since the inception of the democratic system in South Africa in 1994, there has been a delivery of 1 966 519 million of new subsidised houses between 1994 and March 2005, further 115 175 sites serviced and 137 659 houses built between April 2005 and 2006. However, the housing backlog has continued to grow (Department of Housing 2005/06: 26). The Limpopo Department of Local Government and Housing (DLGH) is no exception in that is confronted with challenges of housing backlog.

The budget of the Department of Housing is increasing each year since 1994. For instance, the budget for 2004/05 was R4.8 billion, 2005/06 was R5, 172, 083, 000 and in 2006/2007 was R5, 483, 928, 000. The Limpopo Department of Local Government

and Housing (DLGH) in the financial year of 2006/07 was allocated 3.6% or 834 million of which R521 million was a conditional grant for housing and informal settlement (Mashamba 2006). Ironically, the Reconstruction and Development Programme (RDP) houses remain unfinished. An introduction of government procurement as a tool of socio economic responsibility has brought challenges to housing provisions (Sisulu 2004: 1).

Mashamba (2006), highlighted that in Limpopo at the end of December 2005 additional 2 878 houses have been completed while 15 200 houses were under construction. In fact, the houses that are still under construction some of them have been abandoned by contractors. The RDP houses backlog in Limpopo province poses a serious threat to the basic right to shelter. It is disturbing to see the delivery of housing to the poor lagging far behind since they are the most vulnerable. The use of the procurement policy as an instrument of socio-economic development has brought many problems to the delivery of RDP houses. Seemingly, the problems of RDP houses backlog are attributed to the procurement policy processes and this has affected the DLGH adversely.

The guidelines concerning the appointment of contractors are clear and adhered to by the Evaluation Team and Departmental Allocation Committee in the Limpopo DLGH. However, the biggest challenges erupt after the contractors are chosen to carry out housing projects, as it appears to be that areas where RDP houses are built are not properly inspected as some are in ditches and trenches.

Therefore, this implies that the monitoring and evaluation mechanisms that are in place are defective. Because based on the procurement compliance the following are required; developer (provincial department) to plan, compile project description; professionals to design and establish township, design and monitor installation of services; contractors to construct services and housing units (Rampedi 2005: 3).

The Task Team report set by MEC to purposively probe out the corrupt practices in the department was initiated by the Limpopo Department of Local Government and Housing in 2005, indicates that they were payments made to developers for houses which were either not built at all or were not complete or were complete but with poor quality (Mahlangu 2005: 54). When the government is procuring goods and services it makes payment only after services were rendered or goods produced, in this case after houses were built. How does the policy breaks down to allow payments for houses incomplete or complete with poor quality? This shows that there are no progress reports from the developers on their progress or frequent site inspection of the houses that are in progress of construction. Therefore, official involved in the process of procurement and payments approval are not adhering to the procurement compliance, thus why human errors are very high and cost the department millions of rands.

## **7. THE LIMITATIONS OF THIS STUDY**

### **7.1. Time**

The issue of time affected this study in variety of ways. Firstly, the time in which the permission for conducting research was due to be granted, it was the time whereby there was incoming of the new administration of President Jacob Zuma. Therefore, this delayed the time for commencement of the study, since the head of the department in the Department of Local Government and Housing was yet to be appointed. Not forgetting that the letter for requesting permission to conduct research has to be authorised by the head of the department or senior person.

Secondly, the time was very limited and the study had to collect all the necessary policy- relevant information within a short period of time. Lastly, timing for conducting research was wrong, particularly looking at the type of people to be interviewed. It was

in November 2009 when the interview schedules took place. Some of the senior members were unreachable as they were outside the province for meetings and others were having overseas trips to undertake and as such they could not be reached.

## **7.2. Information**

This study was partly restrained by low availability of information. For instance, some of the members serving in the Evaluation Team as well as those in the Departmental Allocation Committee refused to all be interviewed, stating that one individual will be representative of the whole committee. This was very unjust to the study bearing in mind that the study seeks to solicit as many information as possible from possibly all the members selected for the purpose of this study.

## **7.3. Type of respondents**

The kind of people to be interviewed in this study contributed significantly to the set back of this study. Majority of people interviewed were those in senior positions and such people are constantly busy and unavailable and hard to get hold of.

## **7.4. Un-co-operative respondents**

It must be mentioned that these study focused on four set of respondents to be interviewed in order to have balanced information and to avoid bias. The contractors were willing to contribute to this study but owing to their internal difficulties such as resources and e-mail problems, they were unresponsive.

## 7.5. Scope

The issue of reconstruction and development houses is a major concern in the entire South Africa. It is in the interest of this study, if it was possible to cover all the nine South African provinces. So the scope of the study was exclusively limited to Limpopo Province and it is an ideal to provide comparative perspective on the provision of reconstruction and development in other provincial departments of Local Government and Housing.

## 8. THE RESEARCH OBJECTIVES OF THE STUDY

This research seeks to assess the institutional capacity within the section of procurement and supply chain management in the Department of Local Government and Housing in Limpopo Province on the basis of the implementation of government procurement policy and monitoring mechanisms and coordination. It will focus on the monitoring, coordination, site inspection and supervision that have been put in place for surveillance of the delivery of RDP houses. This research also seeks to identify problems and challenges plaguing the implementation of the procurement policy and supply chain management procedure in the Department of Local Government and Housing in Limpopo Province. Thereafter, suggests strategies and solutions in dealing with those challenges encountered in the implementation stage.

## 9. SIGNIFICANCE OF RESEARCH

This research unveils factors of concern, which adversely impact on the process of implementing preferential procurement. Having perceived the problem and considering the amount of knowledge and wisdom that has been accumulated, then the research



with no doubt will devise solutions and measures necessary to combat the pathologies of policy implementation. The research will contribute to literature on policy implementation by improving the current model to become more responsive and effective.

## 10. CLARIFICATION OF CONCEPTS AND TERMS

This section clarifies the concepts that are used throughout the course of this research study. This is conducted mainly to ensure that the readers interpret and understand the concepts the way the researcher meant to be articulating. In avoiding circumstances of confusion and misinterpretation, thus this section was created to provide clarity on the concepts that are used throughout this dissertation.

### **Public Administration and public administration**

Public Administration refers to a discipline in which the phenomenon of public administration is studied (Marini 2000: 3). As the academic discipline, is essentially the study of various processes and specific functional activities by the institutions that must function within a particular environment to improve the general welfare of society by providing goods and services to it (Du Toit and Van Der Waldt, 1999: 49).

Public administration as an activity is concerned with government institutions that are entrusted with the responsibility of producing certain goods and/ or services to society. Public administration as an activity refers to the work done by officials within the total spectrum of government institution to enable different government institutions to achieve their objectives at three levels of government (Du Toit and Van Der Waldt, 1999: 10). Again public administration as an activity utilizes resources in order to deliver services

to the society and as such it adheres to the rules of administrative law. Section 195 (1) (b) of the constitution of the Republic of South Africa (1996), states that the efficient, economic and effective use of resources must be promoted.

According to Venter (1998: 115) public administration as a process refers to a process by which the entire state apparatus is organized, managed, administered and controlled. Du Toit, Van Der Waldt, Bayat and Cheminais (1998:39) highlighted that it is through the process of public administration that the management corps in both the public and private sectors is able to manage the way in which the exploitation and utilization of resources are executed. Thus, from the above line of reasoning disclosed that in the implementation of procurement policy and supply chain management procedure, public administration is involved in the substance of policy as well as in the implementation of policy decisions (Marini, 2000: 4).

## **THE SOUTH AFRICAN PUBLIC SERVICE**

The South African Public Service has been structured to provide effective administration in national departments and provincial administration. The Public Service in South Africa is composed of employees who are employed within or outside the Republic of South Africa (Public Service Act, 1994 (Section 5 and 7)).

Section 7 of the Public Service Act, 1994 states that national departments, provincial administration and departments are established for the purposes of the administration of public service. Each department shall have a head of the department, who as an officer will be incumbent of the post for on the fixed establishment. And each department is entrusted with the responsibility for the efficient management and administration of his or her department, including the effective utilization of public employees, the uphold of discipline, the promotion of sound labour relations and proper use of state property.

The Limpopo DLGH is a Public Service provincial administration since it was established for the purposes of public administration and it merits the above mentioned characteristics. Public administration is concerned with the production of goods and rendering services to the people and in the meantime ensuring effective utilisation of state resources. The Limpopo DLGH is in charge of the public service on the basis of municipal administration (Local government) and housing provisions. Therefore, the provincial administration of DLGH in Limpopo is guided by the principles and guidelines of the Public Service Act, 1994.

## **LIMPOPO DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**

The Limpopo DLGH was established to oversee the matters of housing and local government in the province. The DLGH constitutes two in one, which are the Department of Local Government and Housing. Further under the programmes of local government are the municipalities organized in their categories. The vision of the DLGH is to ensure sustainable developmental local governance and integrated human settlement (DLGH 2006: 4)

According to DLGH (2006: 4) is mandated to establish, support and monitor sustainable developmental local governance through;

- Coordinated and integrated development planning in all spheres of government
- Coordinated and targeted capacity building programmes
- The creation of an environment within which housing development takes place
- Coordination of disaster management

In order to achieve its mandate and vision as mentioned in previous paragraphs, the DLGH has to have sufficient capacity on the basis of planning; particularly its Integrated Development Programmes (IDPs), that in turn informs the department's budget, financing and policy analysis skills. Furthermore, for the DLGH to be able to implement the procurement policy and supply chain management in terms of RDP houses, it needs skilled human resource in the division of supply chain management and also implementation skills (policy analysis).

The DLGH has four main developmental programmes, which have sub-programmes and sub-sub programmes that have been strategically designed to meet its goals and objectives, namely, administration, housing, local government administration, development and planning (DLGH 2006: 12). The budget programmes and sub programmes as gazette by the Minister of Finance provide structuring of the DLGH. Therefore, from the budget programmes and sub-programmes under the sub-sub programmes, it could be concluded that the supply chain management is responsible for the implementation of the procurement policy.

The Budget Programme and Sub-Programmes as Gazetted by the Minister of Finance as follows:

PROGRAMME	SUB-PROGRAMME	SUB-SUB-PROGRAMME	----
1. Administration	1.1 MEC'S OFFICE 1.2 Corporate	1.2.1 Office of the HOD 1.2.2 MEC	



	Services	Support 1.2.3 Human Resource Management 1.2.4 Legal Services and Labour Relations 1.2.5 Organisational Transformation 1.2.6 Finance 1.2.7 Supply Chain Management
2. Housing	2.1 Housing Planning and Research	2.1.1 Policy 2.1.2 Planning 2.1.3 Research 2.1.4 Municipal Support
	2.2 Housing Performance/Subsidy Programme	2.2.1 Individual 2.2.2 Project Linked 2.2.3 PHP 2.2.4 Institutional 2.2.5 Hostels



	2.3 Urban Renewal and Human Settlements	2.3.1 Urban Renewal 2.3.2 Human Settlement
	2.4 Housing Asset Management	2.4.1 Transfer of Housing Assets 2.4.2 Sale of Housing Assets 2.4.3 Management of Housing Assets 2.4.4 Rental Tribunal 2.4.5 Discount Benefit 2.4.6. Maintenance 2.4.7 Transfer of Rental
3. Local Government Administration	3.1Municipal Administration 3.2 Municipal Finance 3.3Municipal Infrastructure 3.4 Disaster Management	
4. Development and Planning	4.1 Spatial Planning 4.2 Development Administration/ Land Use Planning	

	<p>4.3 Integrated Planning Development</p> <p>4.4 Local Economic Development</p>	
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Source: Department Local Government and Housing, 2006: 12

## POLICY IMPLEMENTATION

Policy is defined as relatively stable, purposive course of action or a statement of intent in order to resolve a particular problem (De Coning 2007: 3). Whereas, implementation is regarded mainly as conversion of physical and financial resources into concrete service delivery outputs aimed at achieving policy objectives (Brynard and De Coning 2007: 182). Thus, policy implementation will be any action that strives to achieve a programme of action or statement of intent. Luke (2000: 59), states that solving public problems requires sustained attention and effort by numerous and diverse policy actors and agencies, of whom are independent of each other. This will mean that in order for public policies to be successfully implemented there should be involvement of various actors. Taking into consideration that for any successful public policy there should be policy leadership in the whole policy process.

For the purpose of this study, the (5c protocol) will be explored, which are content, context, capacity, commitment and clients and coalition (Brynard and De Coning 2007: 181). The implementation of preferential procurement policy by the DLGH will be based on 5c protocol. However, the implementation of the procurement policy to be successful all the (5c protocol) should be effective.

## PROCUREMENT POLICY AND SUPPLY CHAIN MANAGEMENT

Procurement is the acquisition of goods and services-other than the services of officials-for the people and their administration by means of commercial transactions (Pauw et al 2002: 227). Procurement policy is an authoritative framework detailing all procedures that have to be followed when awarding tenders.

The implementation and interpretation of the procurement policy in the DLGH appears to be complex. Procurement policy that is followed is called the Preferential Procurement Policy Framework Act No.5 of 2000), whereby procurement is conducted through tenders. Pauw **et al** (2000: 234) defined competitive tendering as a process whereby an organization invites offers for the supply of goods and services and awards the contracts to the best offer according to pre-determined criteria without negotiation.

Supply chain management is the coordination of production, inventory, location and transportation among the participants in a supply chain to achieve best mix of responsiveness and efficiency for the market being served (Hugo 2007: 4). In the DLGH, under the sub-sub programme, thus where the supply chain management is located and responsible for the above role. Supply chain management covers the flow of goods from supplier through manufacturing and distribution chains to the end user (Christopher 1992: 13). Before one can make remarks about housing backlog should take into cognizance the procurement policy and supply chain management procedure that is in place to govern and regulate the delivery of houses.



## **EFFECTIVENESS**

In policy terms, the concept of effectiveness implies the performance of an object or policy to achieve the pre-determined objectives. Cloete (2007: 247) explained the evaluation as the use of a policy-analytic research method or technique to measure performance programmes so that continuous change in activities can be determined with a view to improving effectivity, especially their impact on the conditions they are supposed to change as well as the systematic measurement of performance in terms of effectiveness at achieving its objectives. As a result of the above, effectiveness is linked to the achievement of the agreed upon objectives of the policy.

## **EFFICIENCY**

The term efficiency implies the state of achieving what the policy intended to achieve. In its ideal form, policy evaluation or assessment should be viewed as a judging process to compare explicit and implicit policy objectives with real or projected outcomes (Cloete, 2007: 247). Therefore, the efficiency of policy lies in the comparison of explicit and implicit policy objectives with the intended results. It is thus the achievement of the intended objectives of policy to be regarded as the state of effectiveness of the policy. In this vein the state of the effectiveness of policy in the achievement of the set upon objectives be regarded as efficiency. In the context of this research study, efficiency will lay in the effectiveness of the implementation of the procurement policy with reference to the reconstruction and development houses in Limpopo province.

## **SUCCESS**

The goal effectiveness or adequacy of the project or programme, for instance the degree of success in achieving its objectives if they are known could be viewed as total

achievement or partial progress towards goals (Cloete, 2007: 249). In policy terms, the achievement of the set goals and objectives is called a success. In this research study, the success will refer to the achievement of the objectives of the procurement policy with reference to the reconstruction and development houses.

## **11. PRELIMINARY FRAMEWORK OF THE RESEARCH PROJECT**

The study will be divided into six chapters that will illuminate its objectives and findings in a discernable manner. Chapter one will introduce the research topic and explain why the topic was selected. Chapter two focuses on the research methodology and the type of method selected for the purpose of the study.

Chapter three will put its focus on literature review, whereby the related literature to the study is reviewed in order to have a perspective on the past work of others. It will also look at the international lessons in which the focus is on the planning and implementation of social housing policies in other countries. Further, identify areas in which South Africa can best draw from in other countries on the basis of providing housing to low-income group and the vulnerable. Chapter four provides the profile, organogram and functioning of the Department of Local Government and Housing in Limpopo Province.

Chapter five will identify the challenges facing the Department of Local Government and Housing in the implementation of the procurement policy with reference to RDP housing programme in Limpopo Province. Mentioning holistically the facets that contribute to complexities in the implementation of procurement policy and also what has been done before in addressing some of those challenges. Chapter five will breed solutions to the

problems and challenges facing the Department of Local Government and Housing in the implementation of the procurement policy in delivering of social housing.

Chapter Six will summarise and make conclusions on the study. Recommendations and probable solutions to the problems that the Department of Local Government and Housing is currently undergoing will be included in this chapter.

## 12. CONCLUSION

This chapter provides a background of the procurement policy with reference to the reconstruction and development housing programme in South Africa. It scrutinizes the procurement policy in the public sector of South Africa in order to discern the originality of procurement policy and also how it was reformed since 1994. Again the implementation of the preferential procurement policy in South Africa by looking at the objectives of the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) and the framework for the implementation of the procurement policy in South Africa.

This chapter outlines the motivation of research, the problem statement, objectives of the research, rationale of the study and research methods. It also gives the definitions of concepts that were used throughout the dissertation. Further, highlights on the challenges encountered in the implementation of the procurement policy in the delivery of reconstruction and development houses. In such a way that possible solutions and suggestions could be provided particularly, the consolidation of the monitoring and evaluation strategies that are in place.

It was clearly articulated in this chapter that a problem exists, which needs attention or resolution. South Africa is increasingly faced with a critical housing backlog, which need to be addressed. Limpopo Province is not exceptional in this regard as it is highly confronted with critical housing backlog of the reconstruction and development houses. Further, it was evident that the inception of the procurement policy resulted in many problems for the government. Despite that the implementation of the procurement policy in Limpopo Province is problematic as the delivery of the reconstruction and development is lagging far behind, irrespective of an increase in budget. It also indicated that the monitoring and evaluation mechanisms that are in place in the Department of Human Settlement in Limpopo Province are not effective.

## **CHAPTER TWO**

### **RESEARCH METHODOLOGY**

#### **2.1. INTRODUCTION**

Limpopo Province is one of the impoverished provinces in South Africa as most people are reeling from unemployment and abject poverty. Yet the delivery of reconstruction and development housing programme is lagging behind. The purpose of this study is to examine the institutional capacity of the Department of Human Settlement in Limpopo Province in terms of the implementation of the procurement policy with reference to the reconstruction and development houses.

In order for this study to be successful there are methods, procedures and techniques that are employed to investigate the issue under the study. This chapter begins by outlining the problem statement, as it is contended that the thesis statement will inform the researcher on which research methodology to adopt. The definition of the qualitative research methodology and the rationale for the utilization of qualitative research design will be provided.

The rationale for the choice of Limpopo Province as a case study for this research as well as the definition of population size and sampling. Furthermore, the explanation of research techniques and the way in which data will be collected and analyzed. This chapter will provide an overview picture of research methodology, qualitative research techniques, sampling, research techniques and data collection as well as analysis.

#### **2.2. PROBLEM STATEMENT**

Housing backlog is one of the greatest challenges confronting the South African Government. This dissertation addresses the backlog of social housing, which is the

reconstruction and development housing programme (RDP). There is an increasingly growing number of incomplete RDP housing in Limpopo Province, whereby the RDP construction sites are left incomplete by contractors.

The implementation of the procurement policy in relation to the provision of RDP housing programme is troublesome. In the sense that the procurement policy is in place to provide direction on the appointment of the contractors or service providers. However, the implementation of the procurement policy with reference to RDP housing programme is stagnant and also not redressing the housing backlog. Miraftab (2003:2) highlighted that the new government when it came to power it made commitment to address the injustices of the past through its housing policy and declared the provision for housing to the historically oppressed majority in South Africa to be a priority. However, the housing backlog undermines the commitment of Government to provide housing to the previously disadvantaged majority of South Africans.

The Department of Local Government and Housing in Limpopo Province has the procurement policy in place of which is parochial and not specifying how the process of implementing the policy is to be monitored and evaluated. This causes difficulties in terms of the policy implementation impact, because there should be an amenable measurement against the results. Certainly, nothing of this nature prevails in the Department of Local Government and Housing in Limpopo, since the provision of housing is vested in the hands of the private contractors. Furthermore, the Department fails to play a predominant role of facilitating the implementation of the procurement policy in relation to RDP housing programme.

Housing backlog is a serious dilemma facing South Africa, most importantly threatening the fundamental basic human right of the United Nations Human Rights Declaration. Ba-Phalaborwa Municipality of Vhembe District in Limpopo Province was undergoing a

housing backlog by the year 1996, whereby it was projected that the housing backlog will be addressed by the year 2004 if the Municipality is allocated the remaining units (Ba-Phalaborwa 2005: 24). It appears that the Department of Local Government and Housing do not allocate housing units that are aligned towards addressing the housing backlog in the province. Therefore, this perpetuates the already fragile situation of housing backlog in the Province. Furthermore, it was projected that the backlog will be addressed by the year 2008 if 500 units are allocated every financial year (Ba-Phalaborwa 2005: 25). It is notable that the provision of housing is not aligned to the goal of reversing the housing backlog it sought to address.

### 2.3. RESEARCH QUESTION

Hofstee (2006: 85) stated that research questions are sometimes used to name as precisely as possible what the study will attempt to find out. However, from the perspective of his book, it is not a good idea as it is more difficult to work with research questions only. Because the precision and focus of the study that a thesis statement provides will be lost. For the purpose of this study, research questions will be used so as to provide what the study seeks to address. The research question is:

**1) To what extent is the institutional capacity of the Department of Local Government and Housing in Limpopo Province to implement the procurement policy with reference to the RDP housing Programme?**

**2) How efficient, effective and successful is the monitoring and evaluation mechanisms (M&E) that are in place to oversee the implementation of the procurement policy?**

### 2.4. METHODOLOGY

The term “qualitative research” is used to describe a set of non-statistical inquiry techniques and processes used to gather data about social phenomenon. Qualitative data refers to some collection of words, symbols, picture or other numerical records,

material or artifacts that are collected by a researcher and is a data that has relevance for the group under the study (McNabb, 2004: 341). In qualitative research the data goes beyond simple description of events and phenomena, but for creating understanding for subjective interpretation, and for critical analysis as well.

The qualitative research encompasses several approaches to research which are, in some respects, quite different from one another, but have two things in common. Those are; first they focus on a phenomenon that occurs in natural setting that is, in the real world; and second, they involve studying those phenomena in all their complexities (Leedy, 2001: 133). This implies that the qualitative researchers do not simplify what they observe, instead they recognize that the issue they are studying has many dimensions and layers, and so they try to portray the issue in its multifaceted form. Thus the topic on the implementation of the procurement policy with reference to the RDP housing programme merits the method of qualitative research. Therefore, this research topic of the study is multifaceted as it has many dimensions and layers, which are ought not to be simplified, but studied in their multifaceted form.

The qualitative research strategies can be grouped into three broad strategic classes. These are explanatory research studies, interpretative research studies and critical research studies. The explanatory research studies are conducted to develop a casual explanation of some social phenomenon and its one of the objectives is to build theories that researchers can then use to explain a social phenomenon and that it can be used to predict the future behaviour or events in similar circumstances. Further the ability to predict responses allows the researcher a measure of control over events. This strategy is also seen by many as the fastest way to produce culminative streams of knowledge in a field or discipline (McNabb, 2004: 344). Pubic Administration relies heavily on this approach based on grounds of the relationship to control and to explain a phenomenon or social study. Thus this study seeks to perceive the relationship between the



preferential procurement policy and the provision of low-cost housing programme and explain the study.

Interpretative research studies are about finding meanings to the actions of people in social circumstances and situations. The researcher arrives at an interpretation of a phenomenon by developing subjective meanings of social events or actions (McNabb, 2004: 344). In order to understand social phenomena is in essence to combine explanatory and interpretative research strategies. In the sense that explanatory research studies alone cannot define human events or actions by the casual explanations. Therefore, it is imperative to use altogether the explanatory and interpretative research strategies for understanding human events or actions. Critical Public Administration research begins with the assumption that a crisis exists in some aspect of society (McNabb, 2004: 346). In the context of this study, as stated in the research problem that a crisis exists and this study is involved and committed to understand the problem. Further, the study utilizes qualitative research design to explore the administrative approaches that are in place to facilitate the implementation of the procurement policy with reference to the reconstruction and development housing programme in Limpopo Province.

## **2.5. RATIONALE FOR THE UTILIZATION OF THE QUALITATIVE RESEARCH DESIGN**

The purpose of this section is to provide an overview of the qualitative research design that has been utilized as well as to provide insight into various approaches that this study has espoused. Qualitative research refers to an approach to the study of the world which seeks to describe and analyse the behaviour of humans from the point of view of those being studied (Webb & Auriacombe, 2006: 597). In this regard, this research study seeks to explore, describe and interpret the behaviour of the people whose responsibilities is to implement the procurement policy with reference to the reconstruction and development housing programme.

With the conception of the view points provided by those implementing the procurement policy with reference to the reconstruction and development housing programme, eventually this will lead to the comprehension of complex social phenomenon. Qualitative research encompasses a number of characteristics: firstly, qualitative research is committed to viewing events, norms and values from the perspectives of those being studied; secondly, such qualitative studies provide detailed descriptions of the social setting they investigate; thirdly, the qualitative studies attempt to understand events and behaviour in which they occur, following a holistic approach; and fourthly, qualitative studies view life as a stream of interconnecting events, an interlocking series of events; and as a process of constant change (Bryman, 1995: 46).

In qualitative research, there are research techniques which are associated with it, those are case studies, ethnographic studies, phenomenology approach, hermeneutic approach, historical approach and grounded theory approach. In the context of this research study, case study, historical study and phenomenology approach will be utilized also taking into account the strengths and weaknesses of each approach. These qualitative research designs are thrust out in detail below:

### **2.5.1. CASE STUDY**

The case study has been selected as one of the research methods for this research, because it provides a detailed contextual analysis of a problem under the study. For the purpose of this study, the Department of Local Government and Housing in Limpopo has been selected for detailed contextual analyses based on its approaches to the implementation of the procurement policy with reference to the reconstruction and development housing programme. According to Willis and Jost (2007:239), highlighted

that the case study approaches are particularistic as they focus on particular context; naturalistic in that case studies are about real people and situations; much of the data collected occurs in real environment; thick descriptive data which includes participant and non-participant observation, interviews, historical, and narrative sources; inductive on grounds that hypothesis emerge from the examination of data; and heuristic in this regard illuminate the reader's understanding of the phenomenon under study. In this guise the study will embark on a case study of the Department of Local Government and Housing in Limpopo in terms of the implementation of the procurement policy in relation to the reconstruction and development housing programme. It would, therefore, be on the basis of particularistic, naturalistic, thick descriptive data, inductive and heuristic. Such approach implies that the study has an intimate focus with the phenomenon under study, which is a comprehensive contextualization of the implementation of the procurement policy with reference to the RDP housing programme in Limpopo.

Although a case study focuses on a single person or program for a period of time, it should be highly representative of a particular population. In this scenario, the implementation of the procurement policy with reference to the reconstruction and development housing program is interspersed in the Districts Municipalities in Limpopo Province. Therefore a case study on Polokwane under Capricorn District in Limpopo province must be representative of other municipalities under Capricorn District as well as other districts in the Province. In Limpopo Province, there are five District Municipalities, which are Capricorn District, Mopani District, Sekhukhune District, Vhembe District and Waterberg District. Under Capricorn District there are four municipalities, namely, Aganang Municipality, Blouberg Municipality, Lepelle-Nkupi Municipality, and Polokwane Municipality (Department of Local Government and Housing, 2009: 1). Even though the main concentration under case study is on Polokwane Municipality within the Capricorn District, it has to be highly representative of other districts. Welman and Kruger (2001: 183), profiles that if a single individual or

program is studies under a case study, s/he or it should be highly representative of a particular population.

### 2.5.2. HISTORIOGRAPHY APPROACH

Historical historiography is an examination of events of history and seeks to offer theoretical explanation for various historical events (Berg, 2007: 264). A voluminous amount of government services are conducted in the form of procurement. As such the policies of the apartheid government have an anchored impact on the policies of the current South African Government, immediately after independence in the 1994. During the apartheid era, spatial development and human settlement were polarized and pushed to the frontiers of less development and underdeveloped communities.

McNabb (2004: 373), outlined that the critical tradition of historical writing is one that views all social phenomena and historical events from the point of view of continually changing systems of social relationships and dependencies. The study is not directly observing these events as they have already occurred but seeks to analyze and interpret the emerging events in the vein of the framework of the current research. The interpretation of events is critical as the meaning of data is not conspicuous. Therefore, the study must have the ability to interpret data and relate it to the current research. In the context of this study, the understanding and critical interpretation of the historical policies of apartheid regime and procurement policy and the current policies of the South African Government on housing and procurement policy are of paramount importance.

The sources of data available to the historiographers could either be primary or secondary sources or combination of the two. The primary sources encompass the oral

or written testimony of eyewitnesses. Whereas the secondary sources include documents, photographs, recording, drawing, diaries, journals, or other relies (Berg, 2007: 269). The criticism of the historiography is based on external and internal criticism, in which the external criticism questions the authenticity of the historical documents. Whereas, internal criticism asks of what inferences or impression can be taken from the contents of the document (Berg, 2007: 274). It is in this context, whereby it was contested that the interpretation of historical events is of critical nature, in the sense that the historical data is not obvious.

### **2.5.3. PHENOMENOLOGICAL STUDIES**

Phenomenological studies concern people's subjective experiences of their circumstances and how they interpret those circumstances. The school of thought emphasizes an attention on people's subjective experiences and their interpretation of the world. In phenomenology, human experiences are examined through the in-depth descriptions of the people being studied (Webb & Auriacombe, 2006: 600). This research study seeks to get perspectives from those who are directly involved in the implementation of the procurement policy with reference to the RDP housing programme in Limpopo.

The importance for phenomenological approach in this study is to examine human experiences, particularly those who work directly with the implementation of the procurement policy with reference to the reconstruction and development housing programme. The aims of phenomenology are to uncover general laws of relationships and/or causality that apply to all people at all times, in that the phenomenologist is concerned with understanding social and psychological phenomenon from the perspectives of the people affected (Welman and Kruger, 2001: 181). Furthermore, the study observes an interpreted reality as opposed to reality per se, because of other people's experiences about reality (Welman and Kruger, 2001: 181).

#### **2.5.4. RATIONALE FOR THE CHOICE OF LIMPOPO AS A CASE STUDY**

Limpopo Province is one of the most impoverished provinces in South Africa with high unemployment rate and is classified as predominantly rural. Furthermore, is characterized by a huge housing backlog which threatens the right of people to human settlement. If the majorities of people are unemployed and reside in rural areas, it is in their interest that the government intervenes to resolve their problems. To address these societal problems the government should have effective policies in place as a means of intervention. But this is not the case in the Department of Local Government and Housing in Limpopo province, due to its inept in implementing the preferential procurement policy. Of which results in an increasing housing backlog while many people are without houses, those who were previously disadvantaged.

#### **2.6. THE POPULATION SIZE AND SAMPLING**

The population is the study object and consists of individuals, groups, organization, human products and events or conditions that they are exposed to (Welman, Kruger and Mitchell, 2005: 211-2119). A design specifies the unit of analysis to be studied and decisions about sample size and sampling strategies depend on prior decisions about appropriate unit of analysis to study. This implies that the primary focus of data collection will be on what is happening to individuals in a setting and how individuals are affected by the setting (Patton, 2002: 228).

The non-probability sampling falls largely within the domain of phenomenologists (Remenyi et al, 1998: 193). Judgement samples, also called purposive samples, are samples where subjects of the study are selected with a specific purpose in mind, such as the likelihood of representing best practice in a particular issue. The composition of such a sample is not made with the aim of it being statistically representative of the population. Such samples, comprise individuals considered to have the knowledge and

information in order to provide useful ideas, experiences and insights (Remenyi **et al**, 1998). Therefore, the sample for this study will emanate from the individuals who work directly with the implementation of the procurement policy in the Department of Local Government and Housing in Limpopo Province. The purpose of this sample is to draw from the experiences of those who are responsible for the implementation of the procurement policy in the Department of Local Government and Housing.

Thus the unit of analysis will come from the Evaluation Committee, Department Allocation Committee, Polokwane Municipality and external monitors. The sample size for the course of this study is twelve (12) and categorized as follows; eight (8) from Evaluation Committee and Departmental Allocation Committee; four (2) from Polokwane Municipality (Housing Inspectors); and two (2) external evaluators . It is deemed necessary to get perspectives from those who interact directly with the implementation of the procurement with reference to RDP housing programme, thus the Evaluation Committee and the Departmental Committee were chosen as they both responsible for the selection of the contractors in Limpopo province. Further Polokwane Municipality is in charge of providing housing inspection with regard to the implementation of the procurement policy, as such two people will be used as unit of analysis.

The Department of Local Government and Housing in Limpopo Province has the Evaluation Committee and Departmental Allocation Committee which comprise of not more than eight (8) members, whose responsibilities are to evaluate the proposals of the contractors and make recommendations to the Head of the Department on which contractors to be appointed for service provisions (Rampedi 2008: 4). The municipalities in Limpopo province are categorized into four districts, namely, Capricorn District, Mopani District, Vhembe District and Waterberg District. Capricorn District is composed of Aganang Municipality, Blouberg Municipality, Lepelle-Nkupi Municipality and Polokwane Municipality. Polokwane Municipality is selected as a point at which the data could be drawn from the developers as they are directly involved in the implementation of the RDP housing programme.

## 2.7. THE RESEARCH TECHNIQUES

Interview refers to the confabulation between two people with purpose in mind and it involves the use of some pre-determined questions (Bhattacharyya: 2003: 54). In the context of this study, the unstructured interview approach will be used as it enables the respondents to answer the researcher's queries with greater amount of agility as well as probing further questions. The disadvantage of this method lies in the quantification of the responses from unstructured method as it is difficult unless the researcher make up the standard of all responses with some amount of control (Bhattacharyya, 2003: 54).

The issue of how interviewees respond to us based on who we are in their lives, as well as the social categories we belong, such as age, gender, class and race is a practical concern as well as an epistemological or theoretical one (Roulston **et al**, 2007: 8). This study with the above concern in mind will try not to divert from the topic.

## 2.8. DATA COLLECTED AND DATA ANALYSIS

The data collected will be reduced into manageable text so that it becomes helpful in decision making and it does not lose its relevancy. The use of graphics, technical process and numerous figures will be critical in the context of this research study. The two graphic aids mostly used in research reports are tables and graphs (Bhattacharyya, 2003: 120). In the context of this study the collected data will presented in the form of tables and graphs, since it enables clearer picture of the research findings as well as the lavishing analysis.

## 2.9. CONCLUSION

This chapter provided an overview of the research methods, procedures and techniques that will be utilized for the investigation of this research study. Taking into account the



nature of the problem of this study, it then became possible to decide on qualitative methodology as an approach to this study. Qualitative methodology is swiftly adopted in this study on basis of its enabling capacity to study as issue in the realm of its natural setting and multifaceted formation. Notably, this chapter presented holistically the facets associated with qualitative research revealed in which this study could benefit out of the usage of those qualitative approaches. These methods and research techniques will be utilized for the gathering of data concerning the study. Apparently, no single approach was adopted due to the weaknesses associated with each approach. Therefore, this research study adopted triangulation approach, which includes the case study approach, the historiography and the phenomenological approach. Insofar, the phenomenological approach has proven itself to be predominant in the contextualisation of this study. Evidently, this study is enormously dependent on the subjective experiences of those individuals who work directly with the implementation of the procurement policy in the Department of Local Government and Housing in Limpopo Province.

## **CHAPTER THREE**

### **REVIEW OF THE HOUSING AND PUBLIC POLICY LITERATURE**

#### **3. INTRODUCTION**

It is generally accepted that the states of the world are entrusted with the responsibility of providing housing to certain group of individuals including the homeless, those living in informal settlement and those previously disadvantaged or disintegrated from the mainstream of economy. The provision of such housing programme is accurately referred to as public housing and/or social housing. This is mainly financed from the public money in the form of taxes, rates and levies accrued by the governments from members of the public.

This chapter seeks to review the closely related literature on the topic of this study. This is constructed by first looking at the theoretical framework behind the provision of public housing. Whereby a broad conventional debate is resurrected on whether the state is obliged to provide public housing or housing is the personal responsibility. The above borne of contention is traceable to the principle of which contend that when people are given employment opportunities, then the people would decide on the type of their desirable form of house to construct.

The second part of this section scrutinises the ostentatious usage of the procurement policy in conjunction with the reconstruction and development housing programme. The emphasis is on the objectives of the procurement policy in South Africa as well as the framework for implementation of the procurement policy. With the collapse of apartheid regime, there followed a series of reforming polices in order to accommodate those who were previously disadvantaged from participating in the procurement system as it used to favour well established and larger firms in contrary to precarious and emerging developers. The current government reformed procurement policy in attempt to draw in

the emerging developers from categories of the disadvantaged to actively participate in the procurement system, which is claimed to be fair, equitable, transparent, competitive and cost-effective.

In the third part of this chapter, the rationale behind the use of procurement policy to achieve socio-economic objectives is analysed. At this juncture, it is in essence to take into account that the governments use private sector to meet their public needs and services as a way of empowering private individuals to benefit from doing business with governments. The fourth part focuses on the international lessons on the basis of social housing. The crux of this section is underpinned by the desire to draw from lessons of other countries in providing social housing.

The fifth and penultimate section of this chapter is the focus on the conceptualisation of policy studies in terms of 5 C protocol, including, content, context, commitment, capacity, and clients and coalitions. Thereafter, monitoring in policy analysis as this is indispensable part of the context of this study, as it also pay close look on the efficacy of the monitoring and evaluation mechanisms that are employed by the Department of Local Government and Housing in Limpopo in implementing procurement policy with reference to the reconstruction and development housing programme.

### **3.1. THE UNIVERSALLY ACCEPTANCE OF THE APPROACH OF PROVIDING HOUSES TO THE CITIZENS**

Article 25, section (1) of the United Nations' Universal Declaration on Human Rights envisage that everyone has the right to a standard of living for the health and well-being of himself and his family, including food, clothing and medical care and necessary to security social services, and the right to security in the event of unemployment,

sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control (United Nations 1948: 1). The United Nations estimates that there are over 100 million homeless people and over 1 billion people inadequately housed (Human Rights Education Associates 2003:1). With this view in mind it is evident that governments are undergoing certain difficulties in ensuring access to housing for their people. Henceforth, leading to a question on to what extent do governments have the obligation to provide housing to the people? The government is obliged to provide adequate housing to its people, particularly those impoverished and excluded from the socio-economic mainstream.

The interests of the poor and people with special needs namely, the disabled, unemployed, children, women and old age are the core of the government's focus in addressing socio-economic factors. The Constitution of the Republic of South Africa, 1996 substantially recognise and protect the right of access to adequate housing and it has ensured significant improvements in realising the right since the end of apartheid. Irrespective of the remarkable performance, the South African government's approach to the implementation of housing laws has been fragmented, impeding the full realisation of the right to adequate housing (United Nations Special Rapporteur 2007: 24). This is explicit in terms of the provision of water, electricity, sanitation and also less evidence of cooperation amongst the departments of Land, health and social development.

The social policy is geared to ushering possible socio-economic conditions, addressing the structural irregularities in wealth and means of production, ensuring greater equality for all and corrects market shortcomings, thereby protecting the most vulnerable group (African Union 2005: 13). The implication of the above reasoning is that it is the responsibility of government to carry out social policy with the ultimate objective of protecting the interests of the poor and pro-poor.

Europe was affected by the social policy in that the ramifications of the Second World War resulted in great depression and majority of the population being impoverished. In response to this most European states found themselves in a situation where they had to provide housing for their people. Thus the establishment of the welfare state was deemed crucial in the immediate post war years for housing development (Golland and Blake, 2004: 100).

To provide housing of sound construction and good design for the lower income groups is in line of the conventional philosophy that disclose the state as a housing provider. The promotion of property-owning democracy in Singapore to be in the hands of lower income group. Such view is associated with the role played by the state of the facilitator and social engineer (Yuen 2005: 8). The role of the South African government in housing provision for lower income group is predominantly relating to the above view. Further the implementation of the procurement policy with reference to RDP housing programme in Limpopo province is based on the Department of Local Government and Housing as being a housing provider and playing the role of the facilitator and social engineering.

Housing policy is a prerogative of the national government which sets out the objectives and instruments for intervention, standards and financial resources (Bazlinton **et al** 1999: 11). Therefore, the government has a prerogative to formulate and implement procurement policies in order to realise the right to adequate housing. For instance, in France, Netherlands and United Kingdom, housing associations use private organizations or companies to construct housing. As such they have a method for selecting the contractors and take into account the accountability for value of money. In South Africa for that purpose there is the **Preferential Procurement Policy Framework Act, 2000** (Act 5 of 2000) for providing guidelines on the appointment of

contractors. Notwithstanding its problematic nature of implementation as government's provincial departments battle with the implementation, resulting in poor service provisions.

The South African Government has put in place a number of legislative measures to fulfill the right to adequate housing, those include, namely; provision of rental housing; alternative tenure options; subsidising the building of houses; allocation of land for purchase; emergency housing and social housing (Chenwi 2008: 2). The housing situation in South Africa is characterised by housing shortage and a huge backlog in the provision of housing. In the South African context, special needs housing is lagging far behind due to absence of a coherent and comprehensive policy on special needs housing, legal and socio-economic basis (Chenwi 2008: 3). This created many problems to housing provision in the sense that government is primarily concerned about providing housing to the people and not considering other socio-economic factors. In this case the approach to the implementation of procurement policy with reference to RDP housing programme is polarised.

The examination of community participation in the development of human development is vital in that it leads to community empowerment, self-monitoring of the construction progress and active engagement in the decision making of projects and policy objectives. However, the South African government have not provided a comprehensive framework whereby active community participation can flourish. The South African government advocates the active involvement of communities and relationship between and amongst the public, community and private sector in the development of human settlement (Marifatab 2003: 3). However, community participation in the development of human settlement is rhetoric since is not well projected and institutionalised.

The efforts by Petjie (1999), Gomes (2003), Bolton (2004) and Watermeyer (2003) have provided grounded breaking studies for this research on the implementation of procurement policy. In that they sufficiently captured the historical context of the preferential procurement policy since its instigation. In South Africa, the procurement policy is viewed as a tool to remedy past injustices by giving those who were previously disadvantaged an employment and business opportunities. The objectives and goals of the procurement policy were explicit and desired by many people in the country. Nevertheless, problems arose when the participation of SMMEs in the procurement procedure as to their beneficiation was at minimal. Thus when the researchers begun to address factors affecting the SMMEs in the participation of the tendering procedure.

Petjie (1999: 187) pointed out that the factors affecting the SMMEs in the participation of the tender process and subcontracting were emanating from unclear communication, ambiguous tender criteria, inadequate finance and poor competition. This is also attributed to policy development that is not in commensuration of what it seeks to achieve. Therefore, this leads to complexities in the implementation of procurement policy due to that the implementers execute what is developed (policy development). If policy developed is ambiguous or in absence of certain substantial measures, it may possibly lead to poor service provisions. In line with the above borne of contention, Bolton (2004: 3) argued on the justification for the use of procurement as a policy tool.

Gomes (2003:247) highlights the use of preferential procurement as a tool for socio-economic development and the capacity of the City of Tshwane Metropolitan in carrying out the policy. This was connected to the Bolton's justification for the use of procurement policy to achieve socio-economic objectives. Because in Gomes's case, the question arises as to how to use the procurement policy to achieve social issues, whereas Bolton explores the justification of such usage bearing in mind the benefits to be accrued by the target groups and potential service providers.

Section 217 of the Constitution of the Republic of South Africa, 1996 pointed out that when an organ of state is contracting goods and services, it must be in accordance with a system that is fair, equitable, transparent, competitive and cost-effective. At this point the above contributors have focused on the nature of the procurement policy, particularly the initial purpose of the policy and came up with suggestions. Seemingly, for the above contributors, the most fundamental problem lays at the policy development. In that the procurement procedures are unclear and in most cases difficult to implement leading to the undermining of the procurement policy as a tool to achieve socio-economic factors.

The recommendations were suggested including the effective monitoring of target procurement, reporting systems, transparency and fairness. However, the problems of implementing procurement policy are still existing and undermining the value for money and procurement as a policy instrument. The problem statement of this research is concerned about the manner in which the procurement policy is implemented with reference to Reconstruction and Development Housing Programme (herein referred to RDP) in Limpopo Province. Conversely, the guidelines and procedures for the appointment of service providers are similar to those of the above mentioned authors. Watermeyer (2003: 2) discussed methods of implementing the procurement policy in accordance with international best practice. Watermeyers's research paper is aligned precisely to what this research study seeks to circumvent the implementation of procurement policy that is based on a system which is fair, equitable, transparent, competitive and cost-effective, these provisions are laid down in Section 217 of the Constitution of the Republic of South Africa, 1996.

Undoubtedly, the unrelenting efforts of the above have made suggestions on how to successfully implement the procurement policy. But what is still absence is the effective



monitoring and reporting systems, most importantly the procurement compliance. In the sense that there should be an ongoing interaction between the government and service providers in ensuring proper implementation of the procurement policy. For instance, if reconstruction and development houses are to be build, there should be prior location inspection before the construction could take place. Further, progress reports as far as the construction is proceeding and the capturing of data in terms of the implementation. Lastly, the methods adopted by the South African government in the implementation of housing policy are fragmented and not in relation to addressing the housing backlog.

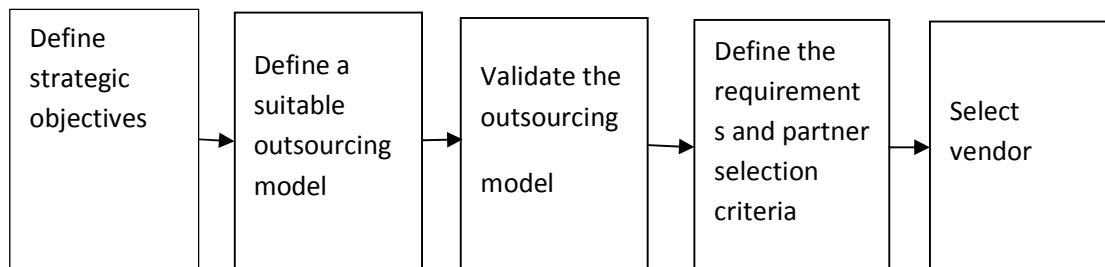
### **3.2. THE UTILIZATION OF PROCUREMENT POLICY IN PROVIDING HOUSES**

At the core of the procurement there is a critical decision that has to be made which is a fundamental make or buy decision. The make or buy decision, therefore result in at least some part of a project being outsourced as no institution has all the requisite resources and skills to undertake an entire project on its own stem (Waker **et al**, 2008: 9). Many governments in the world make tremendous use of the procurement to render services to their citizens, but they do not use procurement on grounds that they are without the necessary resources to undertake projects by their own stem. However, the use of procurement transcends the mere notion of inability to undertake an entire project by institutions themselves towards more to economy boosting. The use of procurement to provide public services is to enable private individuals to benefit from the work created by government as well as improved efficiency and reduction of poverty.

Project outsourcing requires project management capabilities whilst outsourcing of operational activities often involve a portfolio of cascading projects to deliver the outsourcing model (Waker **et al**, 2008: 10). It is thus important when selecting contractors to ascertain if the contractors have the requisites of project outsourcing,

because procuring should be strategy driven. When outsourcing decisions are taken it is declared that the process should be strategy driven. See the figure below:

Figure 3/1: Outsourcing strategy



Source: Waker et al, 2008

The stages in the above figure are summarized by Waker **et al**, 2008: 13) as follows:

1. Define strategic objectives: the objectives and target variables must be clearly defined for enabling the measure of success.
2. Define a suitable outsourcing model: the decided upon model should be clearly defined.
3. Validate the outsourcing model: this step may include a number of stakeholders, which will be involved in the outsourcing projects within the institution.
4. Define requirements and partner selection criteria: in this step, the criteria of selection must be delineated.
5. Select vendor: based on Stage 4, a vendor selection can be performed and negotiations will be initiated.

### **3.3. THE WELFARE STATE**

The welfare state is defined by Briggs (2006: 17) as a state in which power is organized for deliberate use through politics and administration in an effort to modify the play of the market forces in at least three directions; first, by guaranteeing individuals and families a minimum income irrespective of the market value of their work or property; second, narrowing the extent of insecurity by enabling individuals and families to meet certain 'social contingencies' for example, sickness, old age, basic needs and unemployment) which lead otherwise to individual and family crisis; and third, ensuring that all citizens irrespective of status or class are offered the best standards available in relation to a specific agreed range of social services. From the above definition, it is evident that the state interferes in the society primarily to assist those people suffering from poverty, unemployment and inability to help themselves to meet basic needs, such as food, housing, health and education. Since the fulfillment of the basic needs put the people in a better conditions of enjoying the portrayed notion by states of a better lives to their people. According to Lavette (2006: 63), welfare developments for Marxist, are the outcomes of a complex process of struggle and conflict within a context of the structural needs and requirements of capitalism and uncertainties (economic and social) created by social life within capitalist society. A welfare state exists as a result of the unprecedented harsh consequences of the capitalist system, wars, disasters, and national oppression. It comes to existence in the form of interventionist with the sole responsibility of ameliorating lives of its citizens by enforcing protective measures in the form of politics and administrative reforms as well as social public policies.

#### **3.3.1. THE EMERGENCE OF WELFARE STATE**

Without any doubt the process of industrialization has contributed quite significantly to the growth and emergence of welfare states. The development of Britain over the period

from the eighteenth century onwards has transformed from a predominantly rural and agricultural society to an overwhelming urban and industrial one (Kearns 1997: 14). The process of industrialization was accompanied by poverty, squalor, high rates of morbidity, mortality, widespread structural unemployment and a range of other social problems. These social problems were caused by the common impulse of influx among the people from rural to urban areas in a quest for employment opportunities. The problems arise as most of these people move from rural to urban being unaware of the conditions and requirements of urban life. As soon as these people are unable to keep up with the prerequisites of basic urban life such as paying water and electricity, renting or having a house, they resort to informal settlement, some become displaced. Kearns (1997: 15) pointed that to social democratic theorists industrialization created the social conditions that required a collective response at the level of society as a whole and this is possible through state activity. The issues of poverty, child labour, unemployment and inability to self-determination have led to the gradual emergence of social provision, whereby the state is propelled into social provisions.

### **3.3.2. THE CRUX OF THE WELFARE STATE**

The welfare state plays an important role in ensuring that those reeling from the grim challenges of life including poverty, unemployment and so on are protected. The state accepting the primary responsibility of maintaining the general well-being of its citizens is resultant of the effects of industrialization, poverty and unemployment. Kearns (1997: 18) stated that social democratic theorists suggested that once the working class began to secure votes, particularly after the electoral reforms of 1867, then it became apparent to the politicians that in order to gain office they would need to offer social reform to those whose vote they seek to secure. This is not foreign in both developed and developing countries in which there exist a psychological propensity amongst the competing political parties to model their parties as more appealing to the needs of the social class or the poor. This is explicit in the wake of the elections during phases of

campaigning in which the political parties expect to garner more votes from the working class and those disadvantaged.

In exchange of the votes from the working class it is expected that the political party in government should fulfill of the promises it has made to the working class. Thus governments pursue in some way or another welfare programmes with the absolute objective of uplifting the lives of its citizens. If the government breaches this mutual contract then this will be followed by revolt from the working class as they voted for the party in government to heed to their plight and institute social relief measures or safety nets. “All the government has to do is to decide on the appropriate volume of resources available and identify those of whose needs are greatest and device service programmes and delivery systems to direct the right benefit to the right people (Kemshall 2002: 20)”.

It has to be borne in mind that the welfare state is a major structural tendency of modern society, with the advent of economic growth it is indisputable to state that all countries develop similar social security programmes (Kemshall 2002: 35). The underlying base of the welfare state lies in the process of humanizing industrial society. It is known that the industrial revolution created unbearable burden in society particularly to those least privileged. Therefore, welfare state is not about creating the egalitarian society, but about reducing inequality and providing a collective response to those disadvantaged by the market forces and other processes.

Over a century, welfare state achieved great gains in economic and psychological security for the least privileged, in short run of each generation it produces some income redistribution. It is a prime source of consensus and social order in modern society, pluralist or totalitarian (Wilensky 1975: 119). The welfare state helps at large in terms of income redistribution and this is conducted in the form of taxation. However,

the safety net of welfare is deemed to fail on two accounts; that is dependency is encouraged at the expense of entrepreneurial risk taking and the system of cover is ill-matched to the risks at issue (Kemshall 2002: 20). Certainly, the welfare state contributes positively in ensuring protection, especially on the note of income redistribution. But the problem arises when those benefiting are doing nothing about their conditions in getting out of the safety net of welfare.

### 3.3.3. THE CRITICISM OF THE WELFARE STATE

The welfare states have been criticized for a number of reasons including the reduction of incentives of people to work, encouraging idleness and promoting dependency. The safety net of welfare is then, deemed to fail on two accounts, that is dependency is encouraged at the expense of entrepreneurial risk taking, and the system of cover is ill-matched to the risks at issue (Kemshall 2002: 20). The argument against the welfare states is whereby people violates the privileges of welfare by becoming lazy and inept in providing for themselves and being overly reliant on the state. It is undeniable that the state should interfere in providing essential services to its citizens, but it should be seen as creating an enabling environment whereby economic opportunities are accessible by its citizens. Social justice is regarded as key element of welfare state as it refers to redistributive, reformist programme with its roots in liberalism (Kemshall 2002: 33). In despite of its essence in ameliorating the worst excessive of capitalism and increasing every citizen's access to economic rewards, it does not curb inequality. Thus, it is grossly criticized for this shortfall as it continuously advocates an egalitarian society. Virtually all states in the world in some way or another undergo some welfare provisions but such welfare interventions are limited both in scope and to the affected. Therefore welfare approaches differ on the extent of countries' level of development, politics, history and culture. Moreover, it is expected that once people are trapped in social net of welfare, they should strive to get out. This is rarely occurring in most developing states as those trapped becomes tranquil and do nothing about their social conditions.

#### **3.3.4. THE WELFARE APPROACH IN SOUTH AFRICA**

In consideration of the historical context of South Africa, the African National Congress (ANC) when it came into power in 1994, it launched a Reconstruction and Development Programme (RDP) under the notion of national-democratic developmental state. The RDP base document was about the redistributive effort by the state in areas of urban and rural poverty in that it held the idea that growth should be accompanied by development (Magubane 2004: 61). In the post-apartheid era, many South Africans were impoverished and as such it was needed that the state does something to change and improve the living conditions of its citizens. It worth noting that RDP document also included unrelenting effort in addressing the basic human needs such as housing, water and electricity, development and employment opportunities.

#### **3.4. MONITORING AND EVALUATION**

Until recently the monitoring and evaluation have been receiving serious attention as it is adduced to reflect the programmes' outcomes and impacts. Cloete (2009: 295) defined policy monitoring as the regular, systematic collection of data on the basis of specified indicators to determine levels of progress and achievement of goals and objectives. It is illuminated in the above definition that before monitoring takes place there should be specified benchmarks and clearly set out goals and objectives the programme of action seeks to attain. The monitoring is deemed very important in ensuring successful implementation of projects and is inherently linked to the evaluation.

In contrast to monitoring, Cloete (2009: 295) referred policy evaluation as a systematic assessment of policy programmes. Thus, then evaluation can stand to mean judgement about the policy programmes on the basis of results in the form of outputs, outcomes or

impacts as measured against the goals and objectives of the policy programme. Therefore, monitoring occurs first as it avails data about the programme under implementation, thereafter, evaluation looks at the extent is the policy programme achieving the envisaged goals and objectives.

Monitoring and evaluation revolves around a number of key elements, namely:

- Inputs: include, finances, personnel, equipment and buildings, all things that are used to do work.
- Activities: processes that use a range of inputs to achieve the desired result.
- Outputs: the final products, goods and services produced for delivery.
- Outcomes: the medium term results for specific beneficiaries which are the consequences of achieving specific outputs.
- Impacts: the results of achieving specific outcomes, such as reducing poverty and creating jobs (ThePresidency 2009: 2).

In understanding monitoring and evaluation, prior knowledge of the key elements of inputs, activities, outputs, outcomes and impacts is deemed critical and prelude to such understanding. The monitoring and evaluation plays a vital role in ensuring the successful implementation of government programmes only when is accompanied by clear knowledge of what it seeks to achieve and how to do that.

The importance of monitoring and evaluation in the context of South Africa

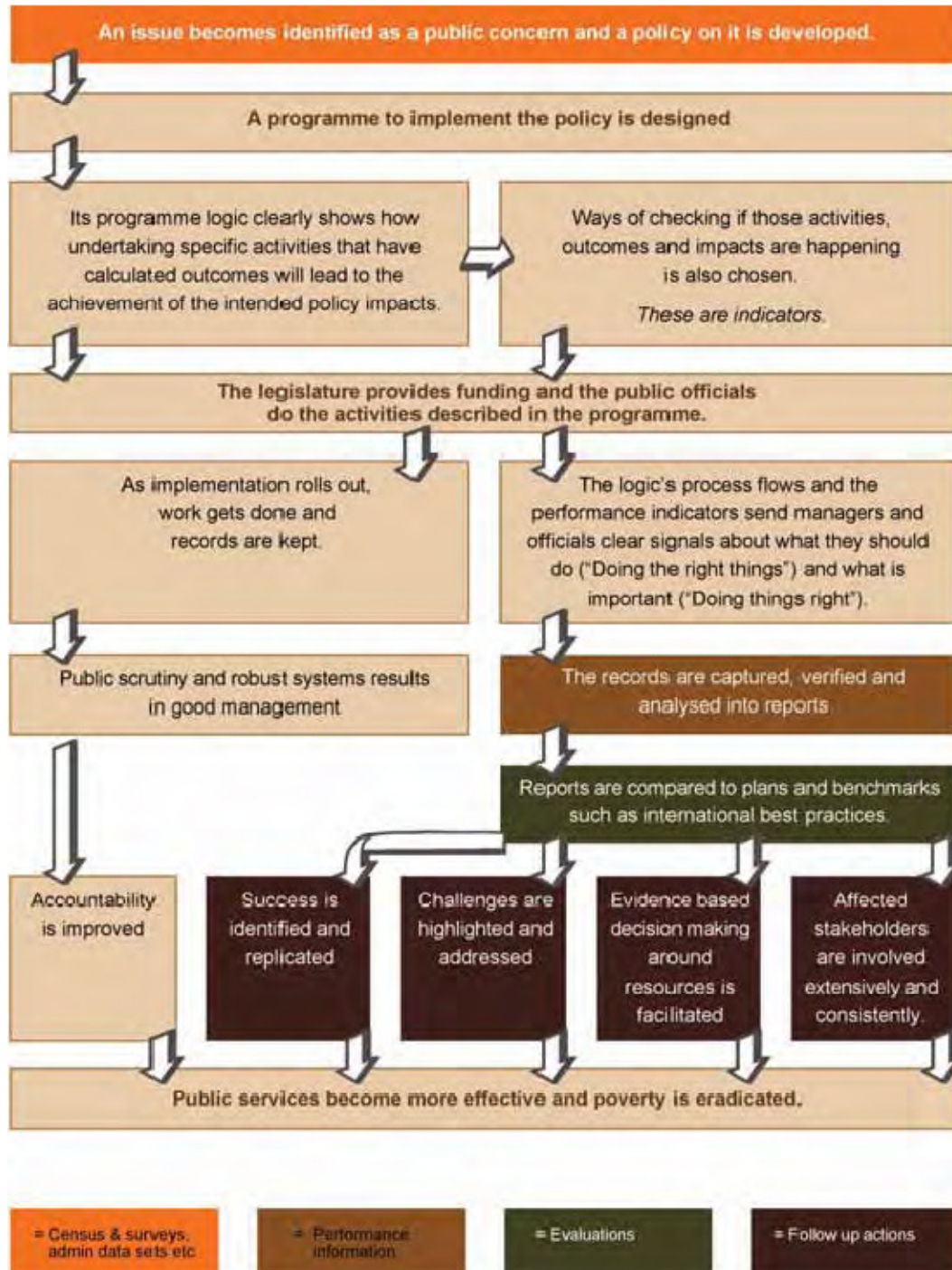
It is undisputed that Government's major challenge is to become more responsive and effective in providing services to its people. Monitoring and evaluation will assist the public sector in evaluating its performance and identifying factors which contribute to its service delivery outcomes. It is uniquely oriented towards providing its users with casual connections between the choice of policy priorities, the resourcing of those policy objectives, the programmes designed to implement them, the services actually delivered and their ultimate impact on communities (ThePresidency 2009: 1).



The South African Government is in the process of rolling out what is called Government-Wide Monitoring and Evaluation System (GWM & E system), which aims to provide an integrated, encompassing framework of Monitoring and Evaluation principles, practices and standards to be used throughout Government. Most importantly, to facilitate a clear sequence of events based on critical reflection and managerial action in response to analysis of the relationships between the deployment of inputs, the generation of service delivery outputs, and their associated outcomes and impacts (The Presidency 2009: 5).

These below flow diagram show how the Government Wide Monitoring and Evaluation System should contribute in achieving the intended outcomes:

Figure 3/2: Government Wide Monitoring and Evaluation System



Source: (The Presidency, 2009)

The above flow diagram eloquently illustrates the relationships between various governance processes and the relevant data terrains.

In South Africa, the monitoring and evaluation has received a concerted attention in that the monitoring and evaluation is institutionalized in the Office of the Presidency. The Government is rolling out a Government Wide approach in terms of monitoring and evaluation, in making sure that there is uniform approach to monitoring and evaluation throughout South Africa. In 2009, this culminated in a decision by the President of South Africa to create a specific Ministry for Performance Management in an effort to improve the attainment of government goals and objectives.

The Presidency has prioritized the development and maintenance of a coordinated monitoring and evaluation system to track outcomes necessary for planning and assessment entailing the following two simultaneous steps:

- Enhancing or creating functional monitoring and evaluation systems in departments.
- Creating strategic monitoring and evaluation systems that draw data from contributory systems (The Presidency 2009: 35-56). There are several actors in the South African monitoring and evaluation arena, with the Presidency playing a leading role, those are as follows; The Presidency, the government-wide system is driven at the highest level; The Cabinet Cluster System, the drive to achieve an integrated governance has resulted in groupings of thirty nine departments into five cabinet cluster committees dealing with similar sectoral challenges: Governance and Administration; International Relations; Peace and Security; Justice, Crime Prevention and Security; Economic, Investment and Employment; and social services (Dassah and Uken 2006: 713). Each cluster is made up of a Cabinet Committee consisting of Ministers, Deputy Ministers and Director General of relevant departments who meet every two months to track the progress of their programme of action (Dassah and Uken 2006: 713). The Public

Service Commission also plays a role of monitoring and evaluating public sector performance as well as National and Provincial Administrative departments.

### **3.5. INTERNATIONAL LESSONS ON THE USE OF THE PROCUREMENT POLICY TO PROVIDE SOCIAL HOUSING**

Social housing is understood as a particular approach to affordable housing whose core intension is to provide low to moderate housing households with an affordable housing option (Moss, 2003: 22). The primary goal of social housing is to provide housing to the poor and those with limited financial means, unable to build a house. It is further seen as part of the voluntary housing movement and non-profit housing sector, whereby the essential service of housing is provided at cost to the beneficiaries.

It is imperative to first begin by cursorily looking at the models of social housing provision which shaped its evolution both in industrialised and less industrialised nations. There are three models of social housing provision, namely, residual, mass and working co-operatives models. Firstly, the residual model involves small-scale building programmes, which focus exclusively on the poor. Secondly, the mass model cuts across private market provision and occurs under certain circumstances which involves periods of generalised social crisis, particularly when varying combinations of social, economic and political sphere limit the scope of private housing provision. Thirdly, worker co-operative model in which housing stock is provided through the worker co-operative model, whereby housing organizations are established on the basis of self-help and mutual aid in building housing stock (Pohl, 2001: 44-47). Any analysis of housing has a bearing on forms of housing provision, this could take the form of owner-occupier, local authority housing efforts for making rental homes available to those unable to enter the owner-occupied market and finally, the social housing of which is deemed to be the necessary state-intervention in providing housing to low, poor and moderate income households (Pohl, 2001: 43). The understanding of the above arms of

housing will substantially assist in conceiving the international approaches to social housing.

The differences in which housing is organised between countries therefore need to be given much closer and profound theoretically informed attention. Housing has been one of the four pillars of the welfare state. The other three pillars of welfare state have been social security, health and education. Kemeny (2001: 53) mentioned that for the first quarter of a century after the Second World War, when in most countries welfare systems were established and provision of sufficient housing of adequate standard was a priority. It could be contested that there is a course for the state to provide social housing to its inhabitants. It is well known that the aftermath of the First and Second World War have left many Europeans homeless and impoverished and as such the Europeans states were obliged to pursue welfarist mechanisms to wither the situation.

In the American context, the housing provision has sparked a long-standing debate about the nature of public obligation in terms of the duty to house citizens decently and the public right to shelter (Purdy and Kwak, 2007: 361). The argument was initially on if whether, the state is obligation to provide housing to its citizens or to provide its citizens with economic opportunities so that they can self-build. Public housing in Canada and United States of America consists of federally subsidised housing owned and managed by public housing authorities (Dreier and Hulchanski, 1993: 48). The Republic of Korea employs a mixture of the private market system and public sector allocation system. A permanent rental dwelling program was launched 1989, and represented the beginning of a social housing tradition directed to low-income households in South Korea (Kyu Ha, 2002: 200). The problem associated social housing programme of Republic of Korea is less consideration of the lack of employment coupled with the high cost of commuting to work when relocating low-income group in social housing estates.

The direct government intervention in the housing market in most countries emphasizes the rental housing market for the low-income group through various support programs such as rent control, housing allowance and public housing (Kyu Ha, 2002: 2000). However this has often been ineffective in most countries including South Korea and many developing countries. In Japan, the housing system has undergone a tremendous revamping since the Second World War, whereby housing is seen by government as a personal responsibility with the result of inequalities within the system. This shows that when the country develops is faced with changing needs and demands stemming out of the environment, therefore the approach in which to meet those needs will differ from the previous. This is conspicuous in Great Britain's housing situation since 1980 in which there was reduction in expenditure on social housing as this reflected an improved balance between household and housing numbers.

Public housing in Singapore is comprised of apartments produced and sold by the state and these apartments range from two to five apartments, mostly in high-rise buildings (Vasoo and Lee, 2001: 279). The programme is meant to meet the housing needs of the working class and the majority of the middle class and on the other hand the private housing remains relatively small as it only represents 10 percent of the total housing stock (Vasoo and Lee, 2001: 279). The Singaporean housing provision is predominantly state driven and epitomizes an auspicious model for housing development. The East-Asian countries extremely intervene in social welfare and yet they have experienced rapid economic growth, due to formulating social policies that invest in people's capabilities to participate effectively in the productive economy. Vasoo and Lee (2001: 280) highlighted that housing in Singapore is fully insulated in economic development, whereby housing is viewed in the form of community identity and asset appreciation. In this regard the Singaporean Government allows the beneficiaries of public housing to invest with their house as a way of promoting the culture of property-owning and investment in the housing sector.

The social housing sector in France includes both the public and private bodies. Most *social housing* is within the (Habitations a Loyer Modere) HLM movement and can be constructed for rent and owner occupation (Smith et al, 1997). The main of HLM organization is to construct and manage rented housing and provide dwellings for social ownership. In Germany, social housing functions as a method of financing housing and not of specific type of landlords (Smith **et al**, 1997).

### **3.6. CONCEPTUALISATION OF POLICY STUDIES IN TERMS OF THE 5 C PROTOCOL**

It was argued that policies imply theories, policies become programs when, by authoritative actions, the initial conditions are created, then the implementation is the ability to forge the subsequent links in the casual chain so as to accomplish the desired result (Brynard, 2005: 2). Policies are therefore, the authoritative statement of intent directed upon the resolution of the problems in the environment, whereas implementation is the carrying-out of the process to achieve the intended results. For the purpose of this study, it is indispensable to incorporate the 5 C protocol in the implementation stage. In order to eloquently understand the implementation of policies, it then becomes necessary to unravel the complexity and dynamic nature of policy implementation. The 5 C protocol includes content, context, capacity, commitment, and clients and coalition and form the string of implementation of which has a bearing in all Cs in the implementation. The following is the detailed description of the 5 C protocol:

#### **3.6.1. Content**

The content of the policy encapsulates the intention of the policy and what it stands for. For instance policies can either be distributive, regulatory or redistributive. In very broad terms, distributive policies create public goods for the general welfare and are non-zero sum in character; regulatory policies specify rules of conduct with sanctions for failure to comply; and redistributive policies attempt to change the allocation of wealth or power of certain groups at the expense of others(Anderson, 2003: 7). For

this dissertation, the major focus is on the reconstruction and development housing program, which is redistributive in character. The main aim of the reconstruction and development housing program is to provide housing to the groups who are classified as being historically disadvantaged individuals. In the content of the policy, there are clear goals and objectives of the policy as well as the procedure to be followed when implementing the policy.

### 3.6.2. Context

The focus is on the institutional context which, like other variables will necessarily be shaped by the larger context of social, economic, political and legal setting (Brynard, 2005: 659). It is important to take into consideration the issue of contextuality in the implementation of policies, since issues of social, economic, political and legal have potential bearing on the outcomes of policy implementation. In the context of this dissertation, housing is a social policy and is grossly affected by economic, political and legal setting. Thus it is crucial to ensure the security of tenure when providing housing on the basis of legal implications. In terms of the use of procurement policy to achieve socio-economic objectives, it then, becomes crucial that this does not comprise the value for money (economics).

### 3.6.3. Commitment

Policies may look extremely logical on paper but if those entrusted with responsibility for implementation are unwilling to implement, little will happen. The government officials must be conversant with the content of the policy so as to be able to implement. However, this could not happen in vacuum, it needs the concerted effort of those entrusted with the responsibility of implementing government policies. In implementing the procurement policy with reference to the provision of the reconstruction and development housing programme in the Department of Local



Government and Housing of Limpopo, the absence of commitment is affecting the implementation detrimentally.

#### **3.6.4. Capacity**

The capacity of the public sector is conceptualised in general systems thinking terms as the structural, functional and cultural ability to implement the policy objectives of the government, i.e. the ability to deliver those public services aimed at raising the quality of life of citizens (Brynard, 2005: 660). The capacity is determined by the availability and accessibility to tangible resources such as human, financial, material, technological and logistical. The core focus of this study is on the institutional capacity of the Department of Local Government and Housing in Limpopo Province in implementing the procurement policy with reference to the reconstruction and development of housing programme. Also the efficacy of the monitoring and evaluation mechanisms that are in place to oversee the implementation process.

#### **3.6.5. Clients and Coalitions**

This is concerned with the importance of government joining coalition of interest groups, opinion leaders, and other outside actors who actively support particular implementation process (Brynard, 2005: 661). The government policies do not only affect the constituencies, but influence a number of actors directly or indirectly who actively support particular implementation process.

### **3.7. MONITORING IN POLICY ANALYSIS**

Monitoring is the policy-analytical procedure used to produce information about the causes, performance and consequences of public policies. According to (Dunn, 2004: 277) monitoring performs at least four major functions in policy analysis which include explanation, auditing, accounting and compliance, are explained in detail below:

- 3.7.1. Compliance helps to determine whether the actions of program administrators, staff and other stakeholders are in compliance with standards and procedures imposed by legislatures, regulatory agencies and professional bodies.
- 3.7.2. Auditing helps to determine whether resources and services intended for certain target groups and beneficiaries have actually reached them.
- 3.7.3. Accounting helps to produce information that is helpful in accounting for social and economic changes that follow the implementation of broad sets of public policies and programs over time.
- 3.7.4. Explanation helps to yields information that explains why the outcomes of public policies and programs differ.

In this study, monitoring is deemed of great importance considering the fact that housing contributes substantially to the GDP of South Africa and also increasing housing backlog. Most importantly, the scope of the usage of government procurement involves high volumes of transactions and therefore monitoring forms integral part of the implementation of process.

## **3.8. ROLE PLAYERS IN POLICY AGENDA SETTING**

### **3.8.1. Elected political office-bearers**

The politicians derive their mandate from the electorate of which is translated into public policies and mobilize for support of such policy initiatives.

### **3.8.2. Appointed officials**

Career public officials play a predominant role in influencing the policy agenda, since they are able to spot the problems and with their practical experience they suggest policy options.

### **3.8.3. Court of law**

The legal profession contributes to policy making and agenda setting as they pay attention to the legislatures and executives on issues of policy agenda.

### **3.8.4. Interest groups**

The role of interest groups cannot be over elaborated as already mentioned before that they do have access to policy-agenda and they are influential in decision making.

### **3.8.5. The media**

The media plays a crucial role in shaping and portraying policy statements of the government. Through the media the public opinions over policy decisions is shaped and the media influences the policy agenda (Cloete and Meyer, 2006: 112-114).

### 3.9. THE LIMITATIONS OF POLICY ANALYSIS

- **Budgetary constraints**  
As soon as policy options are decided for them to be carried out there should be adequate budget. In most instances, government budgets are insufficient to satisfy all the needs of society.
- **Political constraints**  
Public policy in most cases is the exercise of politicians and as such preference by some politicians over a particular policy option must be anticipated.
- **Organisational constraints**  
The institutional capacity plays a crucial role in enabling the actual implementation of policies. The issues of human capital are deemed critical in enabling policy implementation.
- **Inadequate information**  
In considering the confidentiality of information, the essential policy relevant information may not be made available to policy analysts. This affects the policy analyst's ability to produce quality policy analysis that could lead to policy improvement.
- **Legal constraints**  
When analysing public policies, it is crucial to bear in mind the legislation and departmental regulations as they have a bearing on the achievement of objectives.
- **Information overload**  
Although policy information is needed in order to provide quality policy analysis but having information overload could affect the analysis dismally.
- **Fear of change**  
Government officials are so used to existing practices and they become recalcitrant in accepting alternative policy option. Therefore, policy analyst must

not propose radical policies as they will cause confusion and frustration amongst the officials (Roux, 2006:133-135).

### **3.10. MODELS FOR ANALYSING POLICY-MAKING PROCESSES**

#### **3.10.1. The elite/mass model**

This model is based on the assumptions that the elite are firmly in power that they know best and that consensus on policy prevails within the elites (De Conning and Cloete, 2006: 37). It is thus the sole responsibility of the elite group (usually the government) to make policy decisions on behalf of the masses that are regarded as the ill-informed public. This will mean that policy decisions by the elite group will filter downward to the population and such decisions are executed by the bureaucracy.

#### **3.10.2. The group model**

It is well known that the interest groups play a significant role in pressurizing and interacting with policy makers in influencing policy decisions based on their preferences. The interest groups are the agent of change and hold the government accountable for their actions. It could therefore be concluded that the role of interest groups in the policy-making process must be at the core when adapting policies.

#### **3.10.3. The institutional model**

The institutional model encapsulates that in the study of public policy, public policy is the product of public institutions (De Conning and Cloete, 2006: 39). This refers to that the public policy is made by public institutions, however, it must be noted that only government policies apply to all members of society. The emphasis of the institutional

model is underpinned by the structure of public institutions in that it affects the policy results.

#### **3.10.4. The social interaction model**

A range of decision making models that are particularly useful in problem solving processes has emerged. These models include the general participation, negotiation, mediation and conflict resolutions (De Conning and Cloete, 2006: 40).

#### **3.10.5. The system model**

The system model is regarded as one of the valuable tools for the purposes of policy analysis. This model is especially useful in portraying policy process on a general and simplistic way and also show major systems and sub-systems (De Conning and Cloete, 2006: 40).

### **3.11. THE IMPORTANCE OF POLICY ANALYSIS IN THE POLICY PROCESS**

The main purpose of policy analysis is to improve policy making. The process of policy analysis is to check if the actual public policies are accomplishing what they were designed for. If not, what are the challenges and as well as which actions can be taken to change the situation for the better.

### 3.12. POTENTIAL USES OF POLICY ANALYSIS

According to Dunn (2009: 57), among policy analysts, they are silent as to if good analysis potentially yields better policies. The reasons for this potential are evident in the purposes of policy-analytic methods, which are the following:

- Problem restructuring-agenda setting  
Problem restructuring assists in discovering hidden assumptions, diagnosing causes, mapping possible objectives, synthesizing conflicting views, and visualizing, discovering and designing new policy options.
- Forecasting-policy formation  
It helps to examine plausible, potential, and normatively valued futures and estimate the consequences of existing and proposed policies.
- Recommendation-policy adoption  
Through the process of recommending preferred policies, analysts may estimate levels of risk and uncertainty, identify externalities and spillovers, specify criteria for making choices and assign administrative responsibility for implementing policies.
- Monitoring-policy implementation  
This provides information about the consequences of adopted policies, thus assisting in policy implementation phase.
- Evaluation-  
It thus assists in terms of policy assessment, policy adaptation, policy succession and policy termination.

### 3.13. CONCLUSION

Virtually all governments in the world accept the responsibility of providing housing to their citizens. The major difference lies in the way states approach the provision to

public housing. It was reflected that the approach to housing could be in the form of residual, mass model or housing organisations. The states in the world at some point in their existence pursue at least some form of welfare character. The pillars of welfare state were highlighted which are social security, health, education and housing. But housing was not given much attention as is regarded as wobbly fourth pillar of welfare state. The issue of housing provision plays a pivotal role in enhancing the quality of life of the citizens. Therefore, the government in one way or the other is obliged to intervene in the lives of its inhabitants by providing social housing.

It was clear that the use of the procurement policy brought about unprecedented challenges to housing provision. The underlying casual effect of this predicament situation of the state of social housing is embedded in the procedures of the preferential procurement policy, of which are unclear and contradictory. This is manifested in the objectives of the preferential procurement policy, whereby the primary objectives of the procurement policy that is fair, equitable, transparent, competitive and cost-effective are undermined by the secondary considerations of considering categories of groups who were previously disadvantaged, including people with disabilities, woman and youth.

The criteria of fairness, equitableness, competitive and transparency are just an ideal as opposed to the operational guiding framework for the implementation of the preferential procurement policy. These criteria are not transparent as the contractors are uncertain on how their proposals are to be evaluated. Then how would the contractors learn from their mistakes if they do know the reasons why they were sidelined, so that the next time they can do well in clinching the contract. Such criteria undermine the use of the procurement policy as a tool to achieve socio-economic objectives while ensuring effective provision of public housing.



Those contributed to the literature in the context of this study on the implementation of procurement policy in conjunction with provision of social housing have alluded on the challenges impeding the implementation of the preferential procurement policy and suggested solutions thereof. However, the implementation of the procurement policy is still riddled with flaws and ineffective monitoring and evaluation mechanism, which perpetuate the social housing backlog. This study is unrelentingly concerned about the institutional capacity of the Department of Local Government and Housing in Limpopo in implementing the preferential procurement policy with reference to the RDP. This focus will incorporate the 5C protocol, which include content, context, capacity, commitment, and clients and coalition in the implementation of the procurement policy. Further, this study will focus in-depth the approach followed by the Department of Local Government and Housing when selecting, awarding, evaluating and monitoring the process of construction as well as administration of contracts.

The provision of housing poses a challenge in many developing countries as they struggle to reduce the housing deficit. This means that it will take some countries thirty years to address the housing backlog, this will suggest that the next generation will inherit housing backlog. The lessons learnt internationally in terms social housing suggest that the provision of housing is not stagnant. Implying that there should be a point where a balance is struck between households and housing numbers. This was explicit in Europe following the years after the Second World War, whereby there was a shift in housing provisions caused by the changing lifestyles of the citizens in desire for quality living standards. South African Government is not supposed to continue providing the needy with RDP house for the upcoming years, this need to be reshaped so as to provide poor people with quality and stylish homes. However, this will not occur over-night, the government still need to address the housing backlog before moving to the next phase of public housing provision.

## CHAPTER FOUR

### BACKGROUND TO THE DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING

#### 4.1. INTRODUCTION

The Limpopo Department of Local Government and Housing is primarily mandated to create integrated and sustainable human settlement in the province. In realization of this mandate the Department of Local Government and Housing has instituted strategies including the stabilization of the environment, mobilizing National Credit, project linked programmes and subsidy administration. In this regard the department has paved the way for housing development in the province. Since 1994 up to recent it has built 300 000 houses making it possible to provide housing to more than 2.7 million households (Dali **et al** 2009: ).

The process of stabilizing housing environment is rancorous not forgetting the antecedent conditions of politics, economic, culture and geographic location of the Republic of South Africa. The Department of Local Government and Housing is constantly faced with challenges of land negotiations and finding it difficult to secure land for housing construction, especially when the land is under the traditional authority. In most instances the land that is available is alienated from social amenities. Therefore, the process of providing houses to the people involves major conglomerates including the Department of Social Development, Department of Land Affairs, and Department of Home affairs. The Department of Home Affairs plays a crucial role in the sense that the beneficiaries need an Identity Document to qualify for a house.

The chapter provides detailed analysis of Limpopo Province on the basis of comprehensive overview of demographics, economic positioning and socio-economic challenges of the province. These indicators have much bearing on the manner in which the Department of Local Government and Housing is responding to the service delivery challenges.

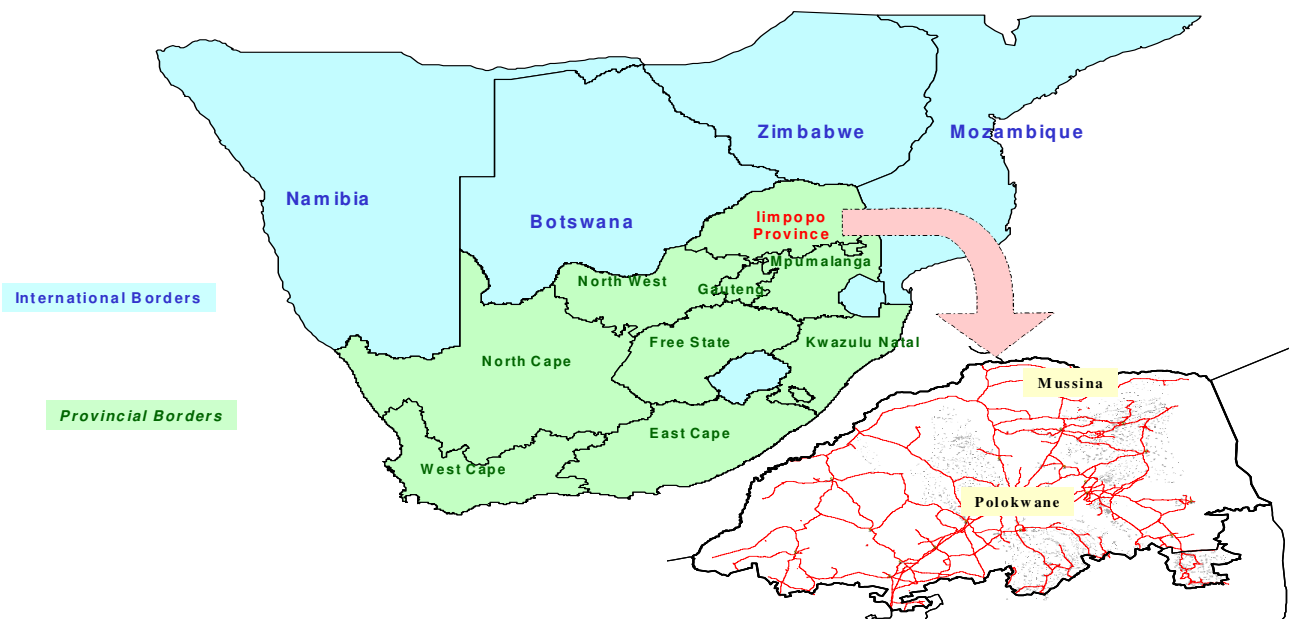
The structure of the Department of Local Government and Housing is also profiled in deepening the insight on the functions and structuring of programmes in the

Department. The last part of this chapter provides briefing on SWOT (Strength, Weakness, Opportunity and Threats) analysis methodology on the major goals of the Department.

#### 4.2. REPOSITORY OF THE LIMPOPO PROVINCE

The Limpopo Province is the most Northern Province of South Africa. The province shares its borders with the Gauteng Province in the south, Mozambique in the east through the Kruger National Park (a world conservative icon), Zimbabwe in the North and Botswana in the West (Limpopo Government, 2004: 1). In figure 4/1, is the map clearly depicting the description of the aforementioned:

**Figure 4/1. Limpopo Map and the neighbours**



Source: Limpopo Development: 2009

### **4.3. BACKGROUND OF LIMPOPO PROVINCE**

In 1994, the dominant features of Limpopo Province were industrial fragmentation coupled with enormous service delivery backlogs, the absence of the decentralised local government in rural areas and a marginalised economy. The institutional fragmentation was inherited from the apartheid regime in which the province was divided into the former homelands of Lebowa, Gazankulu, Venda and Kwa-Ndebele, surrounded by the Transvaal Provincial Administration (Department of Local Government and Housing 2004: 2). In the process of these divisions there were several development corporations that were created to serve different structures. It has put the province vulnerable as it concealed many capacity constraints and paved the way for corruption and irresponsive service delivery (Department of Local Government and Housing 2004: 2). Thus, the dawn of the new democratic government in 1994 brought a commitment to deal with the basic service delivery backlog of which included the revamping of the entire spectrum of economic, political, social and infrastructural services.

### **4.4. PROFILE OF THE LIMPOPO PROVINCE**

The profiling of the Limpopo Province will be based on the key fundamental factors that constitute the composition of the geographic location. These include the demographics of the populace, economic indicators in the province and socio-economic challenges.

#### **4.4.1. Demographic profile**

The population of Limpopo increased from 4.9 in 1996 to 5.2 million (11% of the population of South Africa) in 2001 (Department of Local Government and Housing 2004: 8-9). It is therefore expected to see an increase of population every year and this put the Limpopo Government under pressure in keeping up with the needs of the population.

**Table 4/1: Distribution of the population of Limpopo by District**

<b>DISTRICT</b>	<b>1996</b>	<b>2001</b>	<b>Average annual growth rate (%)</b>
Bohlabela	632,859	595,203	-1.20
Capricorn	1,063,179	1,154,690	1.66
Mopani	872,179	964,230	2.03
Sekhukhune	717,650	745,568	0.76
Vhembe	1,097,630	1,199,880	1,79
Waterberg	548,673	614,158	2.28
<b>Total</b>	<b>4,932,164</b>	<b>5,273,630</b>	<b>1.30</b>

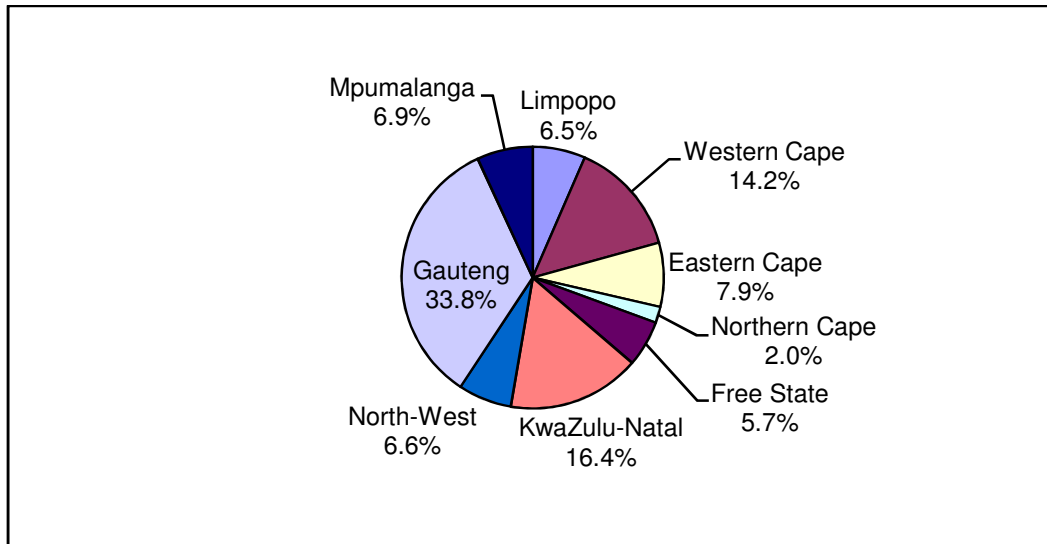
Source: Adopted in Provincial Growth Development Strategy, 2004

It is explicit that an increase of population occurs every year as it is presented on table 4/1 in terms of districts. Table 4/1, shows Waterberg District having the highest increase of population growth between 1996 and 2001. Such trends clearly put the government under pressure in ensuring that peoples' needs are addressed.

#### 4.4.2. Economic profile

The 1999 economic development strategy of the Limpopo Province indicates that on the supply side of the economy, the Limpopo Province enjoys a competitive advantage in Mining, Agriculture, Tourism and Manufacturing. On the demand side, the province is confronted with key developmental challenges of unemployment, high dependency ratios, poverty, skewed distribution of resources, equity and illiteracy. The economy of the Limpopo province constituted 6.5% of the total economy of the country in 2002, compared to 5.7% in 1995 (Department of Local Government and Housing 2004: 13).

**Figure 4/2: Gross Domestic Product (GDP)**



Source: Adopted in Provincial Growth Development Strategy, 2004

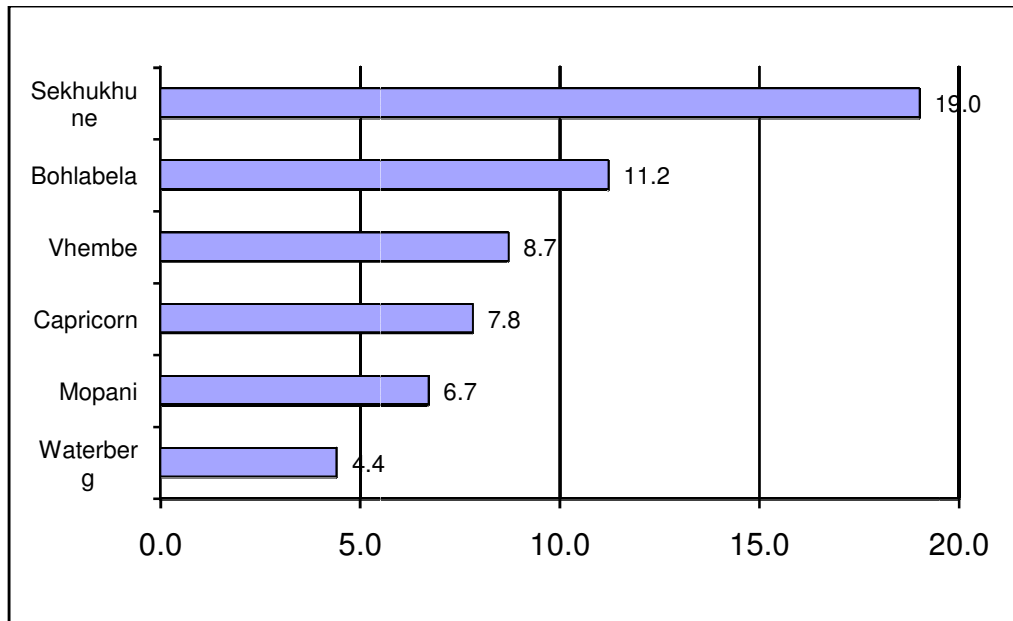
The Limpopo Province has a competitive advantage in some key sectors of the economy such as Mining, Agriculture, Tourism and Manufacturing. In despite its contribution to economy is faced with key developmental challenges of unemployment, high dependency ratios, poverty, skewed distribution of resources, equity and illiteracy (Limpopo Growth and Development Strategy, 2004: 12). These factors consequently propel the South African Government in one way or another to ensure the promotion of welfare approach as large numbers of the population cannot self-determine their existence. Thus, the issue of providing housing to the people plays a fundamental role in this study.

#### 4.4.3. Socio-Economic Challenges

The demographic and economic profile of the Limpopo Province highlights the key developmental challenges of unemployment, poverty, high dependency ratio, HIV and Aids, unequal distribution of resources, equity and illiteracy. Therefore, these challenges suggest the urgent need of programmes of action against poverty as well as job

creation. The Limpopo Province is having many challenges to overcome and in this regard it has to have sound programmes of action designated for ameliorating the situation.

**Figure 4/3: Limpopo dependency ratio per district: 2001**



Source: Adopted in Provincial Growth Development Strategy, 2004

Figure 4/3 shows the dependency ratio per district in which the Sekhukhune and Bohlabela have high proportionate scores of dependency. The ideal is to have fewer numbers of people dependant on Government so that the Country could have majority of economically active population. This is preferable in terms of the economic growth and development.

**Table 4/3 Level of employment by district: 2003**

Item	Year	Capricorn	Bohlabela	Mopani	Sekhukhune	Vhembe	Waterberg	Province
Economically active population (number)	1998	219167	144410	214298	124303	271454	187933	1161565
	2003	277590	183759	270004	157591	343649	235505	1468098
Employment (number)	1998	118380	45673	129871	27459	123271	135804	580457
	2003	128818	57863	150274	34075	134466	169595	675092
Unemployment (%) (expanded)	1998	46	55.7	39.6	68.1	49.3	30.1	46.6
	2003	50.7	56.9	41.8	69.4	53.1	31.2	49.3

Source: Adopted in Provincial Growth Development Strategy, 2004

The unemployment rate, according to the expanded definition, is also the highest in these two districts, namely 56.9 per cent in Bohlabela and 69.4 per cent in Sekhukhune during 2003 (Limpopo Growth Development Strategy, 2004: 17). In this regard it could be contested that unemployment is also a major concern in Limpopo Province. Therefore, having majority of people unemployed it creates problems to the Department of Local Government and Housing in that the unemployed also need housing.



**Table 4/4: Number of people in poverty: 1998 and 2003<sup>a</sup>**

District	1998	%	2003	%
Capricorn	588 345	60.9	680 216	65.3
Bohlabela	490 526	66.5	448 503	56.5
Mopani	554 706	61.4	537 757	55.5
Sekhukhune	534 206	70.4	545 362	67.2
Vhembe	720 434	60.9	786 842	62.0
Waterberg	380 348	55.4	373 800	50.8
Province	3 268 566	62.4	3 372 479	60.0

Source: Adopted in Provincial Growth Development Strategy, 2004

The poverty income is defined as the minimum monthly income needed to sustain a household and varies according to household size, the larger the household the larger the income required to keep its members out of poverty (Department of Local Government and Housing, 2004: 16). The number of people in poverty represents the percentage of people living in households with an income less than poverty income.

#### **4.5. VISION AND MISSION OF THE DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**

According to the Department of Local Government and Housing (2009: 4), the vision, mission, values and legislatures governing its operations include the following:

The vision of the Department of Local Government and Housing is to create sustainable development Local Government and Integrated Human Settlement. On the other hand the mission of the Department is to establish, support and monitor Sustainable Development Local Government through; coordinated and integrated development planning; coordinated local economic development; Coordinated and targeted capacity

building programmes; the creation of an environment for provincial planning; a cohesive system for disaster management; an effective and efficient organisation; creation of integrated sustainable human settlements.

**Table 4/5: the organisational chart of the Department of Local Government and Housing**

PROGRAMME	SUB-PROGRAMME	SUB-SUB-PROGRAMME
1. Administration	1.1 MEC'S OFFICE  1.2 Corporate Services	1.2.1 Office of the HOD 1.2.2 MEC Support  1.2.3 Human Resource Management  1.2.4 Legal Services and Labour Relations  1.2.5 Organisational Transformation  1.2.6 Finance  1.2.7 Supply Chain Management
2. Housing	2.1 Housing Planning and Research	2.1.1 Policy 2.1.2 Planning  2.1.3 Research  2.1.4 Municipal



		Support
	2.2 Housing Performance/Subsidy Programme	2.2.1 Individual 2.2.2 Project Linked 2.2.3 PHP 2.2.4 Institutional 2.2.5 Hostels
	2.3 Urban Renewal and Human Settlements	2.3.1 Urban Renewal 2.3.2 Human Settlement
	2.4 Housing Asset Management	2.4.1 Transfer of Housing Assets 2.4.2 Sale of Housing Assets 2.4.3 Management of Housing Assets 2.4.4 Rental Tribunal 2.4.5 Discount Benefit 2.4.6. Maintenance 2.4.7 Transfer of Rental

3. Local Government Administration	3.1Municipal Administration  3.2 Municipal Finance  3.3Municipal Infrastructure 3.4 Disaster Management	
4. Development and Planning	4.1 Spatial Planning  4.2 Development Administration/ Land Use Planning  4.3 Integrated Planning Development  4.4 Local Economic Development	

Source: Department of Local Government Housing, 2006: 12

The organisational chart of the Department of Local Government and Housing shows the operations of the Department of Local Government and Housing classified in terms of programme, sub-programme and sub-sub programme. It has four programmes which are the main pillars of its operations, these are Administration, Housing, Local Government Administration and Development and Planning. This study would be devoted to the programme on housing, more specifically the sub-programme of Housing Performance and Subsidy. In Sub-Sub Programme there are forms of housing which is the adopted approach to housing by the Department. The approach to housing in the Department of Local Government and Housing takes the form of the following:

individual, Project linked, People Housing Process (PHP), institutional, hostels, rural housing stock, savings linked, consolidation, relocation and disaster management (Department of Local Government and Housing 2006: 12). These are the types of houses in which the Department assist in building based on the preference of the people. For example; individual, the person is assisted by the Department in building the house of preference; People Housing Process (PHP), group of people are being awarded these houses on the basis of their needs; and hotels, if there is a need for hotels in a particular area.

The programme of Housing Performance and Subsidy plays an important role in the entire process of building houses to the people. It is in this programme whereby the needs of houses by the people are established based on the Demand Based Database from the municipalities. Further, a waiting list of the beneficiaries is administered within this programme until the beneficiaries occupy their housing units. This process is cumbersome and as such it requires committed personnel with clearly defined objectives coupled with rigorous monitoring of the way the programme is facilitated.

#### 4.6. SERVICE DELIVERY OBJECTIVES OF THE DEPARTMENT

The service delivery objectives of the Department are primarily driven by key strategies of the province and this is derived from Provincial Development Growth Strategy (PGDS) as well as Local Economic development (LED) and Integrated Development Plan (IDP) of the municipalities. However, the understanding of the entire process should first be accompanied by SWOT (strength, weakness, opportunity and threats) analysis methodology approach.

Dali **et al** (2009: 34) highlights the detailed analysis of the SWOT analysis measured against the major goals of the department is as follows;

**The strength of the department** lies in its winning of the National Govan Mbeki Housing Awards for the best implementing agent by spending the entire housing budget of 2007/2008 financial year by providing 300 000, homes since 1994. Additionally, the

responsiveness to demand of services and backlog as well as breaking the frontiers of poverty by providing the security of tenure to the poor.

The Government has provided the security of tenure to 2.7 million people (25% out of 48 million people) from 1994 to date and 300 000 is the contribution by Limpopo Province.

**The weaknesses of the Department are the following:**

Failure to deliver sustainable integrated RDP houses; Inaccessibility of the poor to basic services and amenities; making it more difficult for marginalized communities to become beneficiaries of government services (for example, obtaining an Identity Document (ID) documents to qualify for a house; continuous fragmentation and disintegration of human settlement patterns frustrating the department in achieving its constitutional objectives to provide homes for the needy near to places where services are readily available.

**The opportunities of the Department include the following:**

Hosting of 2010 FIFA soccer world cup; hosting of 2010 FIFA paraplegic soccer world cup in Mopani and Vhembe Districts; demand of services and fast-tracing backlogs to meet the target for Millennium Development Goals (MDG); and dropping of interest rates by the South African Reserve Bank.

**The threats of the Department include the following:**

Global recession and climate change; gaps identified in the National Credit Act; shortages of scarce skills in the Department and municipalities; lack of bulk services, e.g. water and electricity; reliability in indentifying of beneficiaries list obtained from Ward Councillors and Municipalities; unresolved land claims; inflated land prices; outdated infrastructure hinders planning and growth in municipalities; serious budget constraint; conflicts within political parties; no reliable database for beneficiaries and some do not qualify and beneficiaries are renting and selling RDP houses (reconstruction and development houses).

#### 4.7. THE CURRENT STRATEGIES OF THE DEPARTMENT

The Department of Local Government and Housing has developed the following strategies in order to speed up the housing delivery in the province: stabilising the Housing Environment; mobilising Housing Credit; providing Subsidy Assistance; supporting The People’s Housing Process; rationalising Institutional Capacities; facilitating Speedy Release And Servicing of Land; and co-ordinating State Investment in Development (Dali et al, 2009: 14)

**Table 4/6: Summary of Policy Initiatives Arising out of the Seven White Paper Strategies**

STRATEGY	POLICY INITIATIVE	
Stabilising the housing environment	Record of Understanding	<ul style="list-style-type: none"> <li>• Banking Code of Conduct</li> <li>• Mortgage Indemnity Scheme</li> <li>• National Home Builders Registration Council</li> <li>• Servcon Housing Solutions</li> <li>• Masakhane Campaign</li> </ul>



	<p>“New Deal”</p> <p>The acquisition of strategic land for development of houses</p>	<p>Thubelisha Homes that has been absorbed into The Housing Development Agency in terms of the Housing Agency Act of 2009</p>
	<p>Housing Consumers Protection Measures Act</p>	
<p>Mobilising credit</p>	<p>National Housing Finance Corporation (NHFC)</p>	<ul style="list-style-type: none"> <li>• Rural Housing Loan Fund</li> <li>• Niche Market Lenders Programme</li> <li>• Housing Equity Fund</li> <li>• Housing Institutions Development Fund</li> <li>• Gateway Home Loans</li> </ul>
	<p>Nurcha</p>	<ul style="list-style-type: none"> <li>• Guarantee Programme</li> <li>• Joint Venture</li> </ul>





		Development Fund
	Social Housing Foundation	
Providing subsidy assistance	Housing Subsidy Programme	<ul style="list-style-type: none"> <li>• Project-linked</li> <li>• Individual</li> <li>• Consolidation</li> <li>• Institutional</li> <li>• Relocation</li> <li>• Rural</li> </ul>
	Discount Benefit Scheme	
	Hotels upgrading programme	
	Bulk & Connector Infrastructure Grant	
Supporting the people's housing process	National Housing Policy: supporting the People's Housing Process	Institutional Arrangements
		<ol style="list-style-type: none"> <li>i. Supporting organizations</li> <li>ii. Funding</li> </ol>



		iii. Decision-making
		Project Application Process: Community workshops
		<ul style="list-style-type: none"> <li>• People Housing Partnership Trust</li> <li>• Utshani Fund</li> </ul>
Rationalising institutional capacities	Housing Act, 1997	
Facilitating the speedy release and servicing of land	Development Facilitation Act, 1995	Land Development Objective
<b>STRATEGY</b>	<b>POLICY INITIATIVE</b>	
	Legislation and Policy for the release of land	<ul style="list-style-type: none"> <li>• Less Formal Townships Establishment Act 1991</li> <li>• Provision of Certain Land for Settlement Act, 1993</li> <li>• Settlement and Land Acquisition Grant</li> <li>• Extension of</li> </ul>



		<p>Tenure Security Act, 1997</p> <ul style="list-style-type: none"><li>• Communal Property Association Act, 1996</li><li>• Interim Protection of Land Rights Act, 1996</li><li>• Land Reform Act, 1996</li><li>• Upgrading of Land Tenure Rights Act, 1991 (amended in 1996)</li><li>• Protection of illegal Evictions from and Unlawful Occupation of Land Act, 1998</li></ul> <p>The Limpopo Laws Rationalisations Amendments Act, 2007</p> <p>The Limpopo Informal</p>
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		Settlement Bill, 2009
	Housing and Infrastructure Services	<ul style="list-style-type: none"> <li>• Norms &amp; Standards</li> <li>• Environmental Standards</li> <li>• Physical or Engineering Standards</li> </ul>
	Technology choice and infrastructure on site	
Co-ordinating state investment in development	Urban Development Framework	<ul style="list-style-type: none"> <li>• Integrating the city</li> </ul>
STRATEGY	POLICY INITIATIVE	



		<ul style="list-style-type: none"><li>• Improving Housing and Infrastructure</li><li>• Building Habitable and Safe Communities</li><li>• Promoting Urban Economic Development</li></ul>
	Rural Development Framework	
	Local Government Transition Act	Integrated Development Plans

	Co-ordinated Government	<ul style="list-style-type: none"> <li>• Housing MInmec</li> <li>• Heads of Housing Committee</li> <li>• Budget Management Committee</li> <li>• Integrated &amp; Co-ordinated Information Systems</li> </ul>
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Source: Dali **et al**, 2009: 15-17

The policy initiatives and the implementation of current strategies were the key ultimate success of the Limpopo Department of Local Government and Housing in winning the Govan Mbeki National Housing Award. The ultimate importance of the table 4/6 is underpinned by the manner in which the Department approaches the provision of houses in the province. It was clearly outlined in its strategy of stabilizing the housing environment; mobilizing national credit; providing subsidy assistance; supporting the people’s housing process; rationalizing institutional capacities and facilitating the speedy release and servicing land. The table comprehensively and holistically provided a broad coverage of how the Department build the houses from their strategy to their initiatives.

#### 4.8. CONCLUSION

The profile of the Limpopo Province in terms of demographics, economic and socio-economic challenges was provided. It is apparent that the population growth is high, high unemployment, high dependency ratios, all of this leading to a compounded socio-economic challenges. These socio-economic challenges need to be addressed and therefore provincial departments have a huge role to play and it has to be supported by skilled and committed personnel.

The Department of Local Government and Housing is confronted with many challenges which were profiled on the SWOT analysis section. Those include the failure to deliver sustainable integrated RDP houses; inaccessibility of the poor to basic services and amenities; making it more difficult for marginalized communities to become beneficiaries of government services (for example, obtaining an Identity Document (ID) document to qualify for a house; continuous fragmentation and disintegration of human settlement patterns frustrating the department in achieving its constitutional objectives to provide homes for the needy near to places where services are readily available. Shortages of scarce skills in the Department and municipalities; lack of bulk services, e.g. water and electricity; reliability in identifying of beneficiaries list obtained from Ward Councillors and Municipalities; unresolved land claims; inflated land prices; outdated infrastructure hinders planning and growth in municipalities; serious budget constraint; conflicts within political parties; and no reliable database for beneficiaries and some do not qualify. Beneficiaries are renting and selling RDP houses (reconstruction and development houses). These challenges are not insurmountable, what needs to happen be to come up with a strategy and preventive measures to counter these identified challenges. Chapter five analyses the policy implementation of the procurement policy with reference to RDP reporting on the empirical study that was undertaken on November 2009 in Limpopo Province, the Department of Local Government and Housing.

## **CHAPTER FIVE**

### **ANALYSIS OF INSITUTIONAL CAPACITY OF THE DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING IN IMPLEMENTING THE PROCUREMENT POLICY**

#### **5.1. INTRODUCTION**

The South Africa Government at independence in 1994, it was faced with many challenges, ranging from political, economical, social and to the overall governance. However, the socio-economic issues including poverty, unemployment, housing, health and crime needed an urgent address by the ruling government. The African National Congress prior to 1994 elections, even the post 1999, 2004 and 2009 elections, has been advocating the creation of jobs, provision of essentials services such as education, housing and health care as well as stemming the tide of crime. Unfortunately, it has achieved little as many people today are still unemployed, without functional education and health system, decent housing and safe living environment.

The scholars in Politics and Public Administration will argue that the reason for government existence is to change and improve the lives of its citizens. In this study, the provision of low-cost houses (reconstruction and development houses) to the poor is a major concern and priority of the South African Government. Majority of the South Africans have no access to decent house and in this regard the government provide reconstruction and development houses to those people in addressing this problem.

However, the provision of the reconstruction and development houses is engulfed by irregularities, whereby the constructed reconstruction and development houses are of poor quality and pace of delivery is very slow. The use of the procurement policy in the provision of the reconstruction and development houses has brought many problems to the Government.



Therefore, this chapter focuses on the analysis of case study in which the factors that affect the use of the procurement policy in provision of the reconstruction and development houses are raised. The focus is also on the manner in which the Department of Local Government and Housing in Limpopo Province appoint its contractors (**the preferential procurement policy Framework 2000, Act no 5 of 2000**). The monitoring and evaluation is at the core of this study and is further elaborated in this chapter, looking at what the department has put in place to monitor and inspect the work of the contractors in ensuring quality assurance.

## **5.2. Questions to the Evaluation Committee and Departmental Allocation Committee in the Department of Local Government and Housing (DLGH)**

This section addresses the questions and responses of the members of Evaluation Committee and Departmental Allocation Committee in the Department of Local Government and Housing (Limpopo Province). These committees interact directly with the implementation of the procurement policy with reference to the reconstruction and development housing programme. This study seeks to solicit knowledge, understanding and insight from those who work directly with the implementation of the procurement policy in order to come to terms of what is occurring on the basis of policy implementation.

Question 1: What is the role of the Evaluation Committee?

The members of the Evaluation Committee and Departmental Allocation Committee confidently understand the functions of their respective committees. Notably, all of them are upholding senior positions in the Department of Local Government and Housing. These members mentioned that the functions of the Evaluation Committee is to assess the capacity of the applicant (contractor) based on ability to carry out the proposed

construction work and assessment is also made on the previous experience (the implementation capacity). The evaluation team mentioned that the evaluation of the proposals by the contractors is based significantly on the requirements stipulated by the advertisement. In addition their symbolic role is inherent in their functions of allocating projects for the given financial year.

Question 2: What is the role of the Departmental Allocation Committee?

The Departmental Allocation Committee as members put it is there to make use of the recommendations from the evaluation team in order for it to recommend to the Head of the Department (HOD). The Evaluation Team assesses the profiles of the contractors as per advertisement and make recommendations to the Departmental Allocation Committee which in turn based on those recommendations will recommend onto the HOD for approval.

Question 3: Do they (Evaluation and Departmental Allocation Committee) have sufficient means to achieve their objectives?

Majority of the members proclaim that they have sufficient resources to carry out their mandate as some of their members are in possession of engineering skills and project management credentials. However, this response is unsatisfactory when taking into account the number of proposals to be conducted by an Evaluation Team of three members. This evaluation team assesses the proposals of the contractors in all districts of the Limpopo Province. Apparently, the size and capacity of the evaluation team when equated the number of applicants of the whole province is daunting.

Question 4: Do these committees face any challenge currently?

The Limpopo Department of Local Government and Housing is not immune from common challenges facing other departments in South Africa including the issue of political interference. It is evident that politics encroach in the processes of evaluating the proposals of the contractors, consequently leading to the compromise of the principles of the procurement policy.

Question 5: What are the objectives of the procurement policy?

According to the Departmental Allocation Committee, the procurement policy has to be fair meaning that it has to take into consideration the bidders from previously disadvantaged groups, youth, women, disabled and the emerging contractors. The Departmental Allocation Committee views the procurement policy as being fair and equitable in the allocation of contracts. The concept of fairness is construed by the Departmental Allocation Committee as referring to the degree of allocation in the sense of giving every one a chance of doing business with the government.

Question 6: Describe the relationship between the procurement policy and RDP housing?

The Evaluation Team and the Departmental Allocation Committee jointly argue that the procurement cease to exist when it comes to the allocation of housing projects. Their argument is that housing projects are not competitively procured since the price of the housing unit is known. Therefore, the contractors are assessed solely on their proposals in particular their implementation capacity.

Question 7: What are the criteria for the selection of contractors for RDP housing programme?

The criteria for the selection of contractors are based on the Preferential Procurement Policy Framework Act 5 of 2000 and Model of 80=20 in terms of capacity of the contractors. The contextualization of the Model of 80=20 is explicit when the contractors are applying, they are requested to specify their capacity if either higher or lower capacity. The higher capacity contractors are allocated many units, whereas the lower capacity contractors are allocated small units.

Question 8: Are the contractors aware of the requirements that constitute the basis for the evaluation of their proposals? If yes, demonstrate? If no, what are the reasons?

The contractors are only aware of the requirements that are needed to enable them a chance of being assessed. However, they are oblivious on how they are actually assessed. Their important tool of guide is the requirements which are stipulated on the advertisement, but what happens thereafter is completely beyond their comprehension.

Question 9: To what extent do you apply the principle of fairness, equitableness, transparency, competitiveness and cost-effectiveness in the selection of contractors?

On this one it was evident that the officials have a blunt understanding of all the principles of the procurement policy. Virtually, all of them paid little on the principles of transparency, competitive and cost-effective, rather emphasized their attention on fairness and equitableness.

Question 10: What is the process for the acquisition of land for the construction of RDP houses?

The land is under the jurisdiction of the local municipality, therefore, the Department of Local Government and Housing together with the Department of Land Affairs should make a request so that land can be made available. It is however worth noting to mention that the process of land acquisition, especially when the land is not in the hands of the municipality, this could be a rancorous and prolong process which could delay the construction.

Question 11: What are the structures and measures established by the municipality in order to monitor, evaluate and control the performance of contractors?

The municipalities with the capacity would provide monitoring and control over the performance of the contractors. Performance is conducted jointly by the Department of Local Government and Housing, municipal inspectors, National Home Builders Registration Council, project managers, ward committees and CDW. The Department of Local

Government and Housing has measures put in place purposively for monitoring, evaluating and controlling performance of the contractors. Noticeably, the system developed by the Department of paying the contractors based on the phases of work completed. The system is properly referred to as cost breakdown, which functions as follows; Phase/Element; foundation (including floor slab), wall plate, roof and finishes. This system is deemed proactive in dealing with the way the performance of the contractors is controlled.

Question 12: How does the municipality deal with unscrupulous contractors?

The unscrupulous contractors are reported to the Department of Local Government and Housing for proper action to be taken. In the Department of Local Government and Housing there exist law enforcement agencies within the Legal Services, they are the one to ensure that those transgressed the law are brought to line.

Question 13: How does the municipality administer the construction's work?

The project managers are the deployed by the Department of Local Government and Housing to manage the project from the beginning until an end. Therefore, project managers monitor the construction work regularly as they also embody the role of the inspectors. Undoubtedly, their role is monumental in that they provide the link between the department and the contractors. They are the ones to ensure that contractors get paid for the work done and the beneficiaries occupy houses of quality standard.

Question 14: What is the process in awarding an RDP house to a community member in your municipality?

The municipality collects all information about the housing needs from ward councilors and ward community members who keep track of the needs of the RDP houses. In turn the department has a programme called Demand Database which enables the department to keep track of the number of RDP houses needed in the whole province. In order for a community member to be awarded RDP houses there are certain requirements that must be fulfilled first, those are an Identity Document, above 21 years old, and income bracket of 3500. The awarded of RDP houses are based on waiting list which is under the administration of the municipality concerned.

Question 15: Elaborate on the procedures and requirements for payment of contractors?

Before the payment can be processed, there should be an Inspection Check List which include the following: site clearance, excavation, formwork and reinforcement, backfilling and compaction for floor, and poisoning, correct poisoning of DPM, and concrete slab (150mm above the natural ground level). The Inspection Check List is to verify that the department pays for the completed work. The claim form of the contractor has to be certified by the senior project manager before the final payment can be processed.

Question 16: Are you of the view that the municipality is effective in regards to RDP houses? If yes, explain, If no, demonstrate?

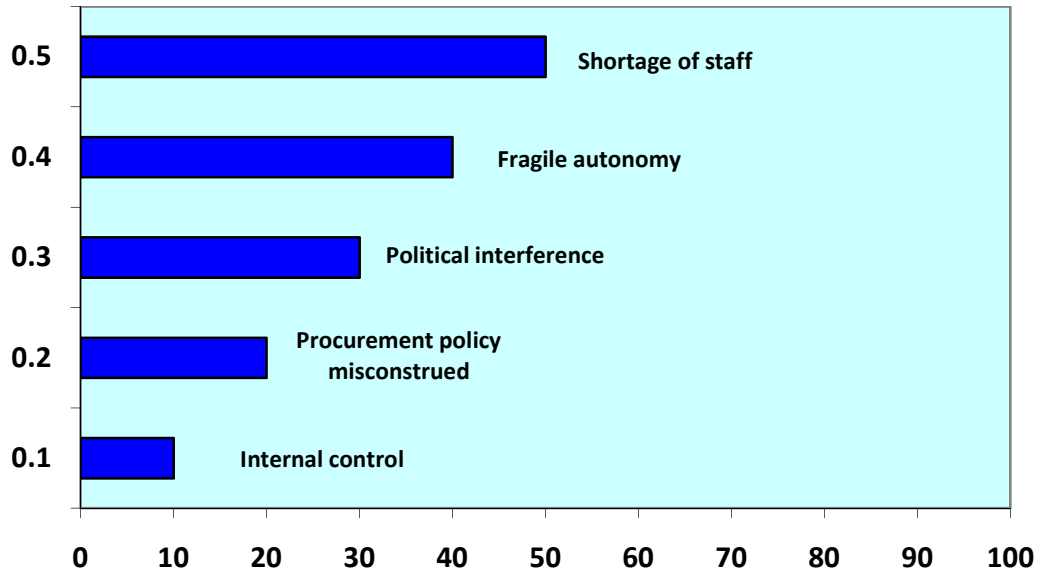
In this regard the respondents agreed and disagreed with the view of the municipality being effective with regard to RDP houses. Those who disagreed mentioned the issue of the municipalities in rural areas being less capacitated, consequently leading to poor delivery of RDP houses. In contrary, others disclosed that the department is effective as it provides support to those municipalities in need with the project managers to help in running the construction projects.

Question 17: What are your suggestions for improving the RDP housing programme in this Province?

Based on respondents, in order to improve the provision of the RDP housing programme in Limpopo Province there should be less political interference in the procurement policy. The issue of political interference in the procurement procedures was highlighted as the stumbling block in the exercise of the principles of procurement policy.

## 5.2. POLICY IMPLEMENTATION CHALLENGES

**Figure 5/1: Evaluation Team and Departmental Allocation Committee**



Source: Data sampled, 2009

### **Shortage of staff**

The Evaluation Team comprises of three members who uphold senior positions in the Department of Local Government and Housing in Limpopo Province. This team evaluates all the proposals of the interested service providers of the entire province. They proclaim that they have all the necessary man power and expertise, however this is dubious when considering the voluminous number of applicants and the greater degree of their judgment. There is a need for expansion of the Evaluation Team with people with necessary expertise, especially in the supply chain management.

### **Fragile autonomy**

It is an ideal that the Evaluation Team should remain autonomous from other influences. People with private agendas will always encroach upon the functioning of the Evaluation Team in order to exert leverage in their favour. The private individuals



with businesses and interests in obtaining government tenders will always offer bribes and incentives to influence the adjudication of the proposals in their favour. At this juncture, thus where problems erupt whereby people without proper building capacity and experience are given contracts of which they are unable to deliver. If autonomy is breached, then corruption is likely to take place and damage the entire process of the procurement procedures. Of which the ramifications are well known and the poor people at the ground are hit hard by this corrupt practice.

### **Political interference**

The issue of political interference is a disease that has eaten deep into the fabric of government institutions. The administration of government is susceptible to the political interference which profoundly affects the governance of the country. The Evaluation Team in the Department of Local Government and Housing in Limpopo Province is not exception as it is largely influenced by political authority. Political interference in the procurement procedures is outrageous and disturbing as well as undermining the objectives of the procurement policy. One of the fundamental objectives of the procurement policy includes addressing the socio-economic issues of poverty and unemployment not the cadre deployment.

### **Procurement policy misconstrued**

The majority of the respondents strongly disagree with the relationship between the procurement policy and reconstruction and development houses. Their argument is underpinned by the notion of not using the procurement policy when providing the reconstruction and development houses. By this they are referring to that when it comes to the appointment of RDP contractors, this is not based on competitive bidding. However, it is based on the evaluation of the proposals of which the contractors are aware of the requirements for submission. Furthermore, they attest to the usage of the procurement policy but in a broad perspective. Clearly, the cognition and interpretation of the procurement policy with reference to the delivery of reconstruction and development houses is questionable. The cognitive interpretation of policy is crucial and

prelude to well execution of the implementation of such policy. Therefore, the appointment of the contractors based on their proposals rather than the competitive bidding does not rule out the procurement policy. In the processes of evaluating the proposals, surely is in accordance with the principles of the procurement policy.

### **Internal control measures**

The Department of Local Government and Housing in Limpopo Province has internal control measures well established to guard the department against unscrupulous contractors. The Department' internal control measures look good on paper but in practice is another issue. The Department applies a model of 80/20 when allocating projects to the contractors in terms of their capacity. The higher capacity, the more housing units allocated and the lower capacity, few housing units allocated. This strategy is a good practice by the Department, but there exist complaints about the limited capacity of the contractors to deliver on large scale. Another strategy applied by the Department is the paying system which is conducted on the basis of milestone. The contractors are paid on the basis of phase completed, this system protect the department from paying the contractors for either incomplete work or completed with poor quality. However, the problem still prevails in the area of monitoring, because before the payment could be made, the project manager should certify and endorse the work of the contractor for the work or phase completed. Ironically, the contractors still get paid for either incomplete or completed work with poor quality. The project managers should be scrutinized and their certified statements for the work completed should be verified.

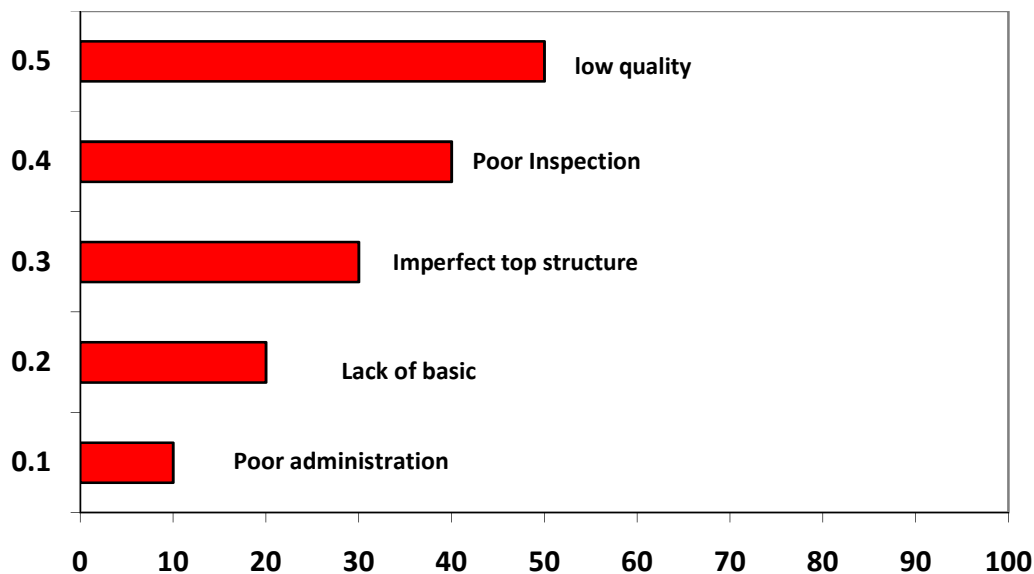
### **Procurement policy impact on the RDP houses beneficiaries**

#### **Challenges for policy implementation**

The research revealed that the provision of the reconstruction and development houses is unsustainable. It is explicit as there is perennial state of outcry by RDP houses occupiers in that the houses are of poor building material and in most cases way far from social amenities. The contractors of RDP houses take for granted the contracts

awarded to them for building low-cost houses for the poor. This disappointing situation is further exacerbated by weak monitoring and inconsistent continuous inspection of the process of construction by the Department of Local Government and Housing.

**Figure 5/2. Beneficiaries of the Reconstruction and Development Houses**



Source: Sampled data, 2009

### **Low quality**

The reconstruction and development houses in Limpopo Province are generally of low quality. The research revealed that there is shoddy work in the process of constructing the RDP houses. The RDP houses beneficiaries complaint severely about the form and size of the house and it was evident that the contractors compromised the standard of the houses for the sake of profit maximization. This situation was caused by less presence of rigorous monitoring of RDP houses on the site. The contractors are concerned about building so that they can be paid and concentrate little on the quality standards. Therefore, it is the responsibility of the project managers, Department of Local Government and Housing, municipalities and Home Builders Registration Council. However, the role of the project manager cannot be underestimated as the project manager is involved from the beginning of the project until an end. Furthermore,

the project managers provide site inspection of the construction work, they are the ones to ensure quality assurance of the RDP houses and certify the contractor's work prelude to final payment.

### **Poor Inspection**

The research revealed the absence of unique or specialist housing inspectors and instead there are project managers whose role is to manage the project cycle. It was indicated that the project managers are also bound to play the role of inspection and this has resulted in weak inspection. In the sense that project managers are not always at the construction site and their role is overwhelmed.

The role of inspection played by project managers in the process of construction is regarded as botched work, since they do not have sufficient resources and time. The project managers in the Department of Local Government and Housing in Limpopo Province are responsible for the construction work in the entire Province. However, the number of project managers is limited, particularly looking at amount of work to inspect pertaining to the reconstruction and development housing programme.

Another challenge facing the project managers in inspecting the construction process is the issue of resources. The Department of Local Government and Housing has not adequately addressed the issue of the resources required by the project managers. Therefore, this affects the quality of their work adversely, especially taking into consideration that the RDP houses should be of high quality as they are meant for the poor.

The bottom line is that the utility of the project managers as both the project managers and housing inspectors has resulted in a serious ineffective inspection. The beneficiaries are living in an unstable RDP houses which were constructed by contractors without proper supervision aligned to quality assurance.

### **Imperfect top structure**

Before top structure could take place there should first be land available for development; Town and Regional Planning studies; geotechnical investigation and environment studies. These should be conducted prior to the construction of the top structure in order to ascertain if whether the area is suitable for inhabitant. The beneficiaries are unsatisfied about the end product they receive due to undivided walls of the house, instability and hazardous to their lives.

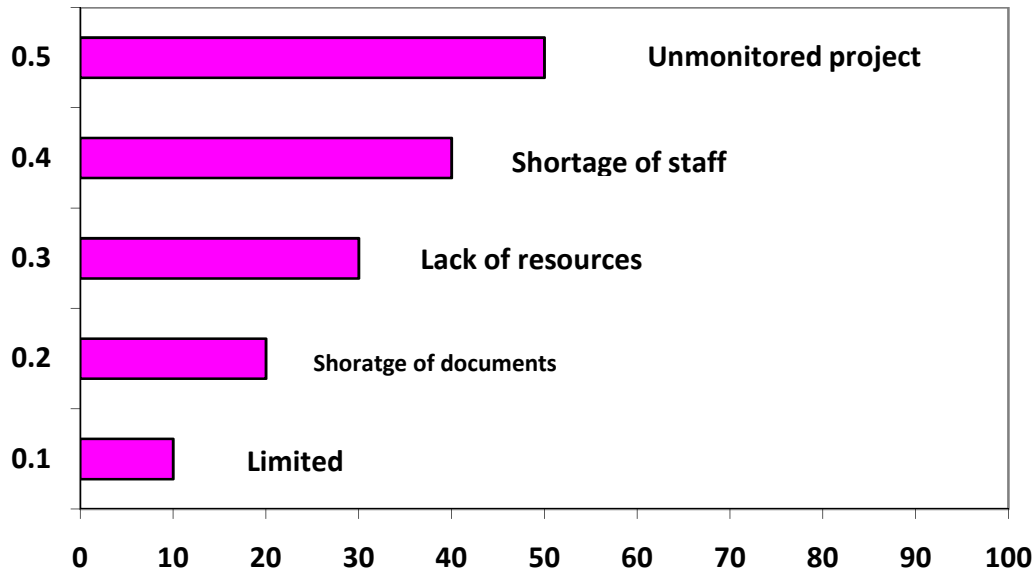
### **Lack of basic services**

It was discovered that in most instances RDP houses are built in remote areas, making it difficult for beneficiaries to access social amenities. Most RDP houses are installed water but in most cases there is no electricity. This is a major concern especially considering that these RDP houses are meant for poor people, therefore the essential elements of live such as water and electricity should be installed on the structure. It has to borne in mind that these people still have to face the challenges of accessibility in terms of clinics, transport, school and work.

### **Poor administration**

To qualify for an RDP house, the beneficiary must earn less than R3500. It is unlawful for a government official to occupy an RDP house. The Provincial Demand Database for those in need of RDP houses is flawed, irregularities prevail in which those who are either ineligible or government official manage to occupy an RDP house. Therefore, this suggests that there are people or government officials who steal from the poor. The officials responsible for the administration of the Demand Database are probably corrupt as they award RDP houses to those who do not comply with the requirements of RDP houses ownership.

### **Figure 5/3: Project managers**



Source: Data Sampled, 2009

### Unmonitored project managers

This research discovered that the project managers in the Department of Local Government and Housing also play the role of housing inspection. The project managers play a key role in ensuring that the project runs smoothly and is completed on time as well as within budget constraint. They work alongside the contractors of RDP houses and they are the ones supposedly to be always at the construction site. However, this research revealed that project managers are not always at the construction site due to a burden of work with minimal support from the Department. Most importantly, project managers assess the work of the contractors and certify their work stating the completion of work according to the set standards. Thereafter, submit the certificate of the work completed to the Department for procession of the payment. Against this background it was revealed that no one from the department do follow-up in verifying the information by the project managers. Clearly, thus where the process becomes prone to vulnerability and proving the previous occasions in which the contractors are paid for the work incomplete or either complete but with poor quality.

### **Shortage of staff**

Taking into consideration the responsibilities and functions of the project managers, it is evident that they are entrusted with huge functions but fewer staff. There is an enormous demand of project managers, particularly in rural municipalities whereby there are incapacitated in monitoring the work of RDP contractors. This propels the Department of Local Government and Housing in Limpopo to give out its project managers to those incapacitated municipalities. The project managers in the Department are fewer in commensuration with number of construction projects that are currently under way. Again it boils down to the issue of skills development in the sense that qualifications required in the field of project management are predominantly scientific and technical in nature. The shortage of critical skills of science and technology were highlighted by this research as major impediment of the realization of government objectives.

### **Lack of resources**

The issue of resources is a major concern in the Department of Local Government and Housing in Limpopo Province. The project managers are without the necessary equipments to enable them to execute their functions. Some of those include offices, protective clothing, measuring tapes and in general, the construction working tools. The project managers who are deployed in rural municipalities do not have physical offices and these affect their performance adversely.

### **Shortage of documents**

It was reported that some of the reasons for the delay of the construction are attributed to the approval of some service providers without all the necessary documents. In this regard a critical reproach is on the Department of Local Government and Housing, as it makes the approvals.

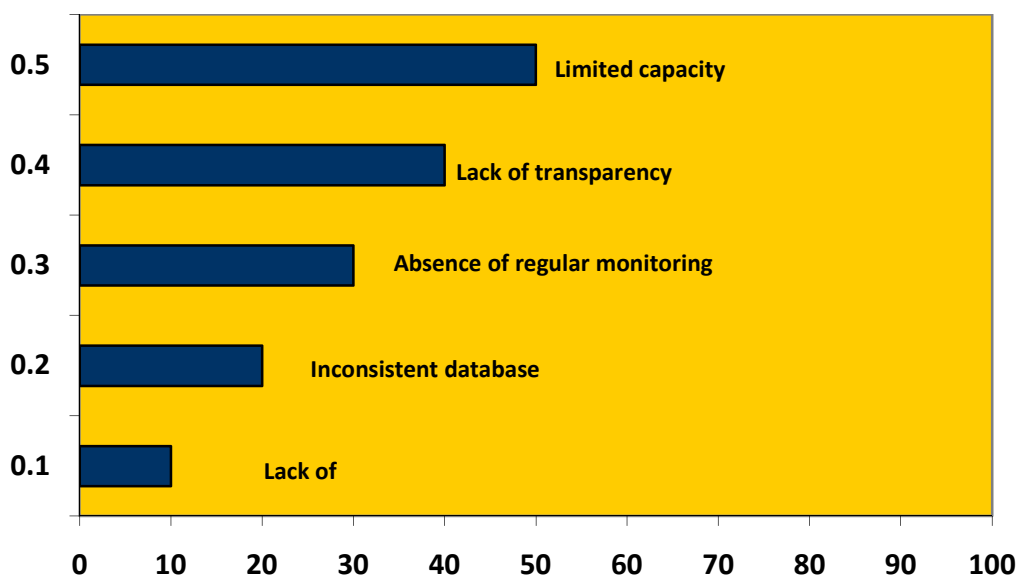
Prior to the erection of RDP structures there is a briefing convened, which encompass the project managers, engineers, geo-technicians and contractors. As long as not all of the above have the necessary documents after the approval by the Department, then

the construction will be delayed. It is an ideal in construction for houses to be completed in summer season when it's raining, so that the contractors could verify the roofing, if it is leaking or otherwise.

### Limited capacity

The project managers have limited capacity to inspect and monitor regularly the progress of the contractors. The number of contractors is not in parallel to the number of the appointed contractors for the multiyear projects. Therefore, the contractors are likely to use this to their advantage by using poor material in order to maximize profit. The project managers are needed in office as well as in the field, this scenario promote high risk of compromising the standard of the RDP houses. The roles of project managers become limited immediately when they are without the supporting resources and are bombarded with many roles.

**Figure 5/4: Contractors**



Source: Data sampled, 2009



### **Limited capacity**

The contractors appointed for the multiyear projects have either limited capacity or no capacity at all. The research revealed that in most cases the contractors have limited capacity to deliver at large scale. This is a major concern in that at times the RDP houses projects are abandoned, whereby the contractors runaway with the government money leaving projects incomplete. The issue of limited capacity is nefarious as the contractors proclaim themselves capacitated, therefore the Department of Local Government and Housing in Limpopo has to come up with different ways of screening the contractors. This will safeguard the Department against the incapacitated contractors who misuse the taxpayers' money.

### **Lack of Transparency**

The research revealed that the contractors are oblivious on how their proposals are to be adjudicated. This is gross violation of principles of the procurement policy, because the principle of transparency means that the processes of procurement must be the public knowledge. It was discovered that the knowledge on how the proposals are to be evaluated is vested in the hands of the Evaluation Team in the Department of Local Government and Housing in Limpopo Province. If the principle of transparency is violated then the situation becomes fragile to corrupt practices. Since the knowledge of how the proposals are evaluated rest in the hands of few people. The contractors are left in limbo as to what constitute an acceptable proposals, the only thing they know is the requirements accompanying their application. However, as to how they will be evaluated remain exclusively in the hands of the Evaluation Team.

### **Absence of regular monitoring**

The research reveals that the contractors are not regularly monitored. The project managers visit the site at least three times per week and this is not guaranteed for their presence. Considering the magnitude of the construction work, it becomes clear that the inspection and monitoring of work is highly regarded. It was proven that the

contractors are likely to resort to corrupt practices in their quest to cut costs for profit, therefore they must be regularly monitored for quality assurance.

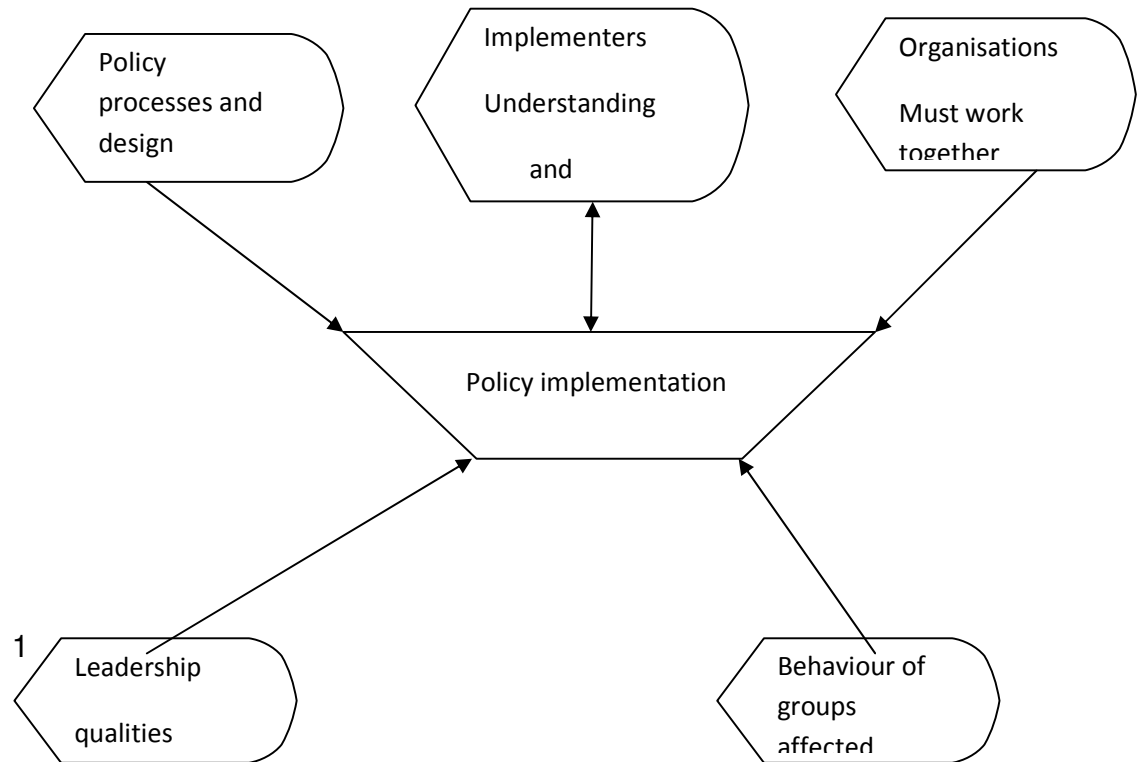
### **Inconsistent database**

The contractors who are interested to put their company's name on the Departmental Supply Database are not so sure if they will be appointed as the service providers in the future. The supply database is inconsistent and incapable of evaluating the capacity of the service providers. This is apparent by the appointment of incapable, but, rather contractors with limited capacity who fail to deliver.

### **Lack of fairness**

The principle of fairness is misconstrued as it has many connotations. When the respondents were asked if the principle of fairness is fully applied, their responses varied quite significantly. In many instances, the respondents gave sweeping statements as to the extent in which the principle of fairness is applied. Some of the responses include the following; the principle of fairness is applied when taking into consideration the socio-economic issues affecting youth, disabled and women. This is not wrongful answer per se but is one-sided, how about fairness in the evaluation of the proposals and fairness amongst contractors when selecting the service provider. Fairness in providing feedback to those who did not make it for the appointment of service providers giving them valid and ethical reasons why they were sidelined, so that they can improve next time.

**Figure 5/5: Four main categories of variables that influence implementation**



Source: Adopted from Brynard (2009)

The four main categories of variables that influence implementation are of crucial importance in that they help policy implementers with the interpretation of policy. Brynard (2009:15) postulated that what a policy means for the implementers is vested in the interaction of their knowledge, beliefs, and attitudes with the situation. The understanding of the policy message is influenced by individual cognition and the role of the implementing agents (Brynard, 2009: 17). This was the case in the Department of

Local Government and Housing in Limpopo Province, whereby the policy message about the procurement policy was misinterpreted. The members of the Evaluation and Departmental Allocation Committee repeatedly mentioned that when it comes to the delivery of the RDP houses, the procurement policy is not used. However, the potential contractors are evaluated based on their submitted proposals. This obvious blunder was influenced by individual cognition as well as attitudes with the situation. According to their perception and environment, the procurement policy applies when there is competitive bidding. In this regard the contractor would be chosen based on the price offered to complete the contract. Further, members of the Evaluation Team and Departmental Allocation Committee of the Department of Local Government and Housing mentioned that the principles of the procurement policy are applied in general as a matter of procurement compliance.

It is explicit that the Department of Local Government and Housing in Limpopo Province it has misinterpreted the procurement policy in relation to the reconstruction and development housing programme. This has resulted in inefficiency of the implementation of the procurement policy with reference to the RDP houses.

The contractors of the RDP houses do not understand the importance of their involvement in the construction of the low-cost housing. The contractors fail to perceive the mutual benefits of being involved in the process of building low-cost housing. The contractors benefit from doing business with government in the sense that the government acknowledges doing business with emerging contractors as a way of creating employment opportunities. However, the contractors are only concerned about maximising profit as in most instances the RDP houses are either left incomplete or complete with poor quality. The moral question asked is how does it happen that the poor are been provided with either houses of low quality or incomplete? In answering the above question, it is important for the Department of Local Government and Housing in Limpopo Province to play an effective facilitative role in the process of building the RDP houses.

### 5.3. CONCLUSION

The news on the reconstruction and development houses in South Africa are often splashing on the press indicating pressing concerns from the beneficiaries as well as complaints about corrupt contractors and government officials. In this chapter, it was revealed that the Department of Local Government and Housing in Limpopo Province is faced with many challenges pertaining to the use of procurement policy concurrently with housing policy.

The Evaluation Team in the Department of Local Government and Housing in Limpopo province is being hit hard by issues of shortage of staff, fragile autonomy, political interference, procurement policy misconstrued and ineffective internal control measures. These challenges hamper the implementation of the procurement policy in relation to the provision of reconstruction and development houses.

The beneficiaries of the reconstruction and development houses perennially complain about the quality of the RDP houses, imperfect top structure, and lack of basic services. Some of the walls of these houses are undivided, which is a worry for the beneficiaries of which are more than five in some cases sharing an RDP house. In most instances the RDP houses are installed water, but no electricity and they are far from social amenities.

The research revealed that the Department uses its project managers as housing inspectors, this posed many challenges to the implementation of the procurement policy in relation to the RDP houses. The project managers in the Department of Local Government and Housing in Limpopo Province are not well equipped in terms of the expertise, resources and capacity.

The manner in which the contractors are appointed is dubious and not transparent. It therefore, creates major problems in the implementation of the housing policy through

the use of the procurement procedures. In order for the procurement policy to become effective it needs to be detached from the political interference. The Department of Local Government and Housing in Limpopo Province has desirable strategies of providing houses, however, it needs to consolidate the pragmatic nature of such strategies. The role of housing inspection must be removed from the project managers as this is too much for them, be set separate for new unit of housing inspection. Of which covers also the inspection of the project managers since they work constantly with the contractors through out the project circle.

## CHAPTER 6

### RECOMMENDATIONS AND CONCLUSION

#### 6.1. INTRODUCTION

South Africa is in fifteen years of democracy and has committed itself to the priority of providing houses to the public. The majority of South Africans depend on low income to sustain their households, but they struggle in providing themselves with the necessary basic services of life. Therefore, the government tacitly accepted its fundamental role of the welfare approach in terms of the provision of public housing. The **Housing Act of 1997** has been legislated to as serve a tool on how to provide houses to the people.

The housing policy is used in conjunction with the procurement policy when providing houses to the people. This approach has resulted in severe challenges for delivery of the reconstruction and development houses. The causes are on the procurement policy as it involves the government procuring services from the private individuals through commercial administration. It was noted that the Provincial Departments of Local Government and Housing are lacking capacity when it comes to the implementation of the procurement policy.

The Department of Local Government and Housing in Limpopo Province is faced by an increasing housing backlog. Usually, this is attributed to lack of capacity by the Department in ensuring the proper implementation of the procurement policy with reference to the reconstruction and development. The Department of Local Government and Housing in Limpopo Province has strategies and initiatives on how to go about the provision of houses to the people, but it lacks capacity and effective oversight.

This chapter provides the synopsis of the previous chapters and also discusses the findings and makes recommendations. The final part of this chapter will provide the summary and make the final conclusion remark.

## 6.2. SYNOPSIS OF PREVIOUS CHAPTERS

**Chapter one** drew focus to the significance of the study, the objectives of the study and background of the procurement policy in South Africa. It also encapsulated the motivation of the research and various terms and concepts that would be used throughout the study and provided the conclusion.

The key objectives of the study:

This research seeks to assess the institutional capacity within the section of procurement and supply chain management in the Department of Local Government and Housing in Limpopo Province on the basis of the implementation of government procurement policy and monitoring mechanisms and coordination. It will focus on the monitoring, coordination, site inspection and supervision that have been put in place for surveillance of the delivery of RDP houses. This research also seeks to identify problems and challenges plaguing the implementation of the procurement policy and supply chain management procedure in the Department of Local Government and Housing in Limpopo Province. Thereafter, suggests strategies and solutions in dealing with those challenges encountered in the implementation stage.

**Chapter two** describes the methodology of research which was used to collect and analyze information for this study. This chapter focuses on the problem statement, research methods, the rationale for the choice of Limpopo, research techniques, sampling and data analysis.

The research question this study aims to answer: to what extent is the institutional capacity of the Department of Local Government and Housing to implement the procurement policy with reference to the reconstruction and development housing programme and as well as the efficiency, effectiveness and success of the monitoring and evaluation that are in place to oversee the implementation of the procurement policy?



**Chapter three** reviews the literature that is intimately related to the nature and relevancy of this study. It pays attention to the theoretical framework behind the provision for public housing. In actual fact, it drew literature from classical, conventional and modern on different perspectives towards the provision of public housing. It further provided logical explanation on the use of the procurement policy in conjunction to the reconstruction and development. The objectives of the procurement policy were described and the current reforms of the procurement policy in an attempt to make the procurement policy inclusive as well as addressing the injustices of the past. The processes of reforming the procurement policy have resulted to the **Preferential Procurement Policy Framework 2000, (Act 5 of 2000)**, becoming the key tool being used in government when ever procuring goods and services. It also provided the rationale behind the usage of the procurement policy in South Africa.

The penultimate part of this chapter strengthened the importance of policy analysis as follows: conceptualization of the variables of policy implementation; role players in policy agenda setting; the limitations of policy analysis; models for analyzing policy making processes; the importance of policy analysis; and the potential uses of the analysis.

**Chapter four** provided the underlying features, profile and legislative framework adopted by the Department of Local Government and Housing in Limpopo Province. It gave the comprehensive overview of demographics, economic positioning and socio-economic challenges faced by the Limpopo Province. The chapter also explained the organisational chart of the Department and conducted Strength Weakness Opportunity and Threats (SWOT) analysis methodology on the major goals of the Department. It as well focused quite extensively on the legislative framework, strategy and initiatives that the Department has undertaken in its approach to the provision of housing programmes in Limpopo Province.

**Chapter five** explored the case study which is the Department of Local Government and Housing in terms of the implementation of the procurement policy with reference to the reconstruction and development houses in Limpopo Province. It relied heavily on

the perspectives and subjective perceptions as well as the interpretations of housing legislation and policies by those affected (administrators-the policy implementers and beneficiaries). The policy information was drawn from four categories which include the policy challenges by the Evaluation and Departmental Allocation Committee, beneficiaries, project managers and contractors.

This chapter revealed in detail the policy challenges faced by the Evaluation and Departmental Allocation Committee, beneficiaries, project managers and contractors. It has done so by displaying bar charts showing conspicuously the percentile of each problem facing the above categories. The Evaluation Team plays a crucial role regarding the direct implementation of the procurement policy. It evaluates the proposals of the contractors in accordant to the principles and requirements of the procurement policy.

The role of the project managers as emphasized by this chapter is of paramount importance. The project managers are involved in the project from the beginning until an end and they work constantly with the contractors. Most important they provide the linkage between the department and the contractors. Before the payment can be paid to a contractor for the work completed, the project manager has to verify the progress and submit a report to the department in order for the department to process the final payment. The majority of the beneficiaries are less complacent about the standard and location where the reconstruction and development houses are built.

### **6.3. FINDINGS AND RECOMMENDATIONS**

#### **Finding 1**

The capacity of the Evaluation Team of the Department of Local Government and Housing in Limpopo Province is limited when it comes to the evaluation of the submitted proposals by the contractors. The size of the Evaluation Team is at least three members but not more than five and they are supposedly at the senior positions. These officials have to evaluate the proposals of all contractors in Limpopo Province for the construction of the reconstruction and development houses in a multi-year project. The

research revealed that the evaluators have limited capacity when evaluating the contractors' proposals in terms of the principles of the procurement policy. In most instances, the contractors are oblivious as to how they are to be assessed and the principles of transparency, fairness and value for money are grossly violated.

### **Recommendation**

The Department of Local Government and Housing in Limpopo Province should establish an autonomous procurement committee composed of minimum of ten not more than fifteen members. The procurement committee should be charged with responsibilities of evaluating the proposals of the contractors and recommend the preferred contractors to the Departmental Allocation Committee, which then recommend for approval to the MEC of the Department. Therefore, the Evaluation Team will be scraped and be replaced by an autonomous procurement committee. However, the Departmental Allocation Committee will remain, in that way the evaluation of the proposals will become transparent and fair. In overall, the evaluation of the contractors' proposals will be transparent and conform to the principles of the procurement policy.

### **Finding 2**

#### **Political interference**

Since the establishment of the Evaluation Team and the Departmental Allocation Committee was the result of the Department's initiative in order to comply with the provisions of the procurement policy. However, the extent of the political interference over the procurement committees was unprecedented. This result in the compromise of the principles of the procurement policy, which consequently undermine the principle of the value for money as well as poor standard of houses built. The magnitude of the political interference in the realm of administration undermines the manner in which government does things. The interference of politics in administration means that some individuals have to be given special preference and this is completely against the principles of the procurement policy.

## **Recommendation**

In order to evade the issue of political interference in the Evaluation Team, there should immediately be an autonomous procurement policy standby to substitute the Evaluation Team. The Evaluation Team is susceptible to the political interference and this affect adversely the selection processes. It is noticeable that the autonomy itself it cannot prohibit the political interference, it is thus needed to have commitment from the administrators and the political will of not encroaching upon the functioning of the autonomous procurement committee. Therefore, there should be punitive measures instituted so that anyone interfering with the principles of procurement policy should forfeit his/or her assets and salary and possible removal from the post held.

## **Finding 3**

The people serving in the Evaluation and Departmental Allocation Committee must have cognitive understanding of the principles of the procurement policy. It was noted that some members of the aforesaid committees, repeatedly mentioned that they do not use procurement policy when building the reconstruction and development houses. According to them, the procurement policy comes into existence when competitive bidding is applied, but in the process of assessing the contractors' proposals, the procurement principles are used in general approach. This is wrong, as long as the contractors' proposals have to be evaluated, therefore, such evaluation has to be in accordance with the principles of the procurement policy.

## **Recommendation**

The members of the proposed procurement committee must be chosen based on merit and stature, particularly the knowledge of the supply chain management and procurement legislation. Another crucial element is to have the rationale behind the use of the procurement policy because those in charges of assessing the proposals, they should also be aware of the logic behind the utilization of the procurement in providing houses to the people.

#### **Finding 4**

The contractors that are chosen regardless of their demonstrated experience on the departmental database, they do not have the necessary capacity to carry-out the given housing units. The department has its strategy of giving the capacitated contractors more units and less capacitated contractors fewer units, however this strategy has not resolved the problems of stagnant housing delivery. The Department of Local Government and Housing in Limpopo Province complaints about the limited capacity of the contractors to delivery on large scale.

#### **Recommendation**

The Department of Local Government and Housing must come up with ways of detecting the capacity of the contractors before allocating the units. There are emerging contractors who are eligible for housing projects but due to less recognition they are sidelined. In order for the Department to protect itself against less capacitated contractors, it must do a background check before making the final selection.

#### **Finding 5**

##### **Unreliable database**

The Evaluation Team usually selects the contractor upon the proposal and being listed on the database of the Department of Local Government and Housing in Limpopo Province. It was noted that department does not do vetting for contractors experience and their physical existence and this is the downfall of the department. In most cases the contractors will take the advantage of the fragile situation for their own benefits.

##### **Recommendation**

If there exist an autonomous procurement committee with capacity and strong professional ethics, it will be able to deal with unrealistic contractors. The committee will have to do a through screening in order to ascertain the profile of the contractors, particularly their demonstrable previous work. The trick of this enormous task is that it

requires expertise and time, but an autonomous procurement committee will be able to deal with this.

### **Finding 6**

The Departmental Demand Database helps the department in keeping track of the areas where the reconstruction and development houses are needed. However, the biggest problem erupts when those in need of the reconstruction and development houses enroll their names on the waiting list. It was discovered that the government official whom administer the waiting list manipulate the list and result in some people having to wait for long and those illegible occupying the reconstruction and development houses.

### **Recommendation**

There must be punitive measures instituted in order to discourage corrupt public official from tempering with the waiting list.

### **Finding 6**

In the Department of Local Government and Housing in Limpopo Province, the project managers are also being used as the housing inspectors. The exception is only given to the local municipalities with capacity to monitor the construction process on their own. However, as already mentioned, most municipalities in Limpopo Province do not have the capacity to build houses on their own stem or to provide rigorous monitoring and evaluation. The project managers are bombarded with multiple roles and responsibilities and this affect their performance negatively. Taking into consideration that the functions of the project managers are very important, especially in ensuring the smooth running of the construction project.

### **Recommendation**

The project managers should not be used as the housing inspectors as this causes problems in terms of quality assurance. Therefore, the department must urgent create an independent body for acting as the housing inspectors. It is recommended that the

Department of Local Government and Housing should establish a unit for housing inspection.

### **Finding 7**

As it is already noted the role of the project managers is highly essential, particularly the linkage they provide between the contractors and Department of Local Government and Housing. It was appealing to this study in the sense that the decisions made by the project managers regarding the completion of the work were not verified by anyone for reliability. Previously, it was reported that the some contractors were paid for either no work completed or completed work but with poor quality. This was definitely caused by a situation of not verifying the decisions of the project managers pertaining to the work progress of the contractors.

### **Recommendation**

It is an ideal for the housing inspectors to play the role of verifying the decisions of the project managers regarding the work progress of the contractors. The housing inspectors must inspect the work of the contractors together with the roles of the project managers in order to make valid decisions concerning the progress of the contractors' work.

### **Finding 8**

The land earmarked for the construction of the reconstruction and development houses is not always investigated for proper suitability of human settlement. The geo-technical studies are not always adhered to, as there are numerous cases of the reconstruction and development houses being built in areas unsuitable for human settlement because of floods or health issues.

## **Recommendation**

It is important for the Department of Local Government and Housing to appoint geologist to conduct the environmental studies on the suitability of the land for human settlement before any construction could take place. The Department should assemble the project managers, the engineers, the contractors and those affected to inform them about how the process of constructing the reconstruction and development houses is to unfold.

## **Finding 9**

The location whereby the reconstruction and development houses are built, in many instances is way far from the social amenities. The beneficiaries struggle in taking their children to school, going to work, clinics and transport as well as accessing the shopping malls.

## **Recommendation**

The Department of Local Government and Housing in Limpopo Province should be conscious about the conditions of the poor people before providing houses on a location which is unfavourable to the beneficiaries. The Department must put the issue of an integrated human settlement first when deciding on the area for building the reconstruction and development houses. The central importance of integrated human settlement is about the accessibility of social amenities.

## **Finding 10**

The constraints in acquiring suitably land located in prime areas that promote integrated sustainable human settlement. It is given that the government owns land this is peripherally located way far from socio-economic amenities. The 87% of land is rural and owned by traditional leaders and the low income bracket communities cannot access services as in most rural areas and the services are still below the Reconstruction and Development Programme (RDP) standards.



The land in areas of Thohoyandu, Giyani, Mankweng and others is held by the traditional leaders who are demarcating sites and thereby increasing the backlog of the provision of the reconstruction and development houses. Another challenge is that areas that are earmarked for development are invaded by communities governed by the traditional authoritative leadership.

### **Recommendation**

In order to effectively deal with the issue of land invasion, the provincial government has to promulgate the legislation preventing illegal occupation and arresting and prosecuting those who invade the land earmarked for housing development.

### **Finding 11**

The biggest challenge facing the department is the intergovernmental synergy in that there are delays in the approval of the beneficiaries and finalising the beneficiary lists. Also there is non-availability of demarcated and serviced sites for development. Furthermore, lack of co-ordination and integration across sectors for both infrastructure and development.

### **Recommendation**

It is therefore, recommended that the intergovernmental synergy is promoted as well as the effective co-ordination and integration across sectors for both infrastructure and development. The study on intergovernmental relations should be undertaken by the department exploring sectors which the department can work closely with for co-ordination and powerful integration.

### **Finding 12**

The upsurge of corruption in the procurement and tendering procedures is damning and negatively affecting the provision of the reconstruction and development houses. Corruption has become the bane of the tendering procedures and this set back the

priority of government in providing low cost houses to those who are less fortunate and also the realisation of the use of the procurement policy to achieve socio-economic responsibilities. It was noted that corruption highly occurs in the Evaluation Team whereby the contractor has to be selected. In this case, either the contractor bribes the government official or the government official charges a fee for possible consideration of the contractor's proposal. Further, it occurs quite frequently between the project managers and the contractors. In this unique situation is notable that corruption is two fold as it involves government officials and the private individuals resorting into corrupt activities for their own benefits.

### **Recommendation**

The scope of corruption in procurement policy is rife and disturbing as well as undermining the use of the procurement policy to achieve socio-economic objectives. Therefore, to combat corruption, the Department of Local Government and Housing has to heed to all the above recommendations. Most importantly, the government must apply the punitive measures such as forfeiting their assets, pension fund and life incarceration to those found guilty of corrupt practices.

## **6.4. CONCLUSION**

This chapter provided the synopsis of the previous chapters and extensively exposed the findings and recommended thereof. The Department of Local Government and Housing can possibly turn around the situation of the housing backlog if it re-evaluates its position on the provision of low cost housing programme. The Department faces massive challenges with regard to the procurement policy implementation, particularly when used together with the reconstruction and development housing programme.

This chapter made recommendations based on the understanding of the root causes of the problems affecting the department. Some of the recommendations include the set up of an autonomous procurement policy, the creation of an independent monitoring unit. Further, removing the function of monitoring from the project management. The

linkage between the project managers and the Department of Local Government and Housing has to be improved.

**This study seeks to answer the question:** to what extent is the institutional capacity of the Department of Local Government and Housing to implement the procurement policy with reference to the reconstruction and development housing programme and as well as the efficiency, effectiveness and success of the monitoring and evaluation that are in place to oversee the implementation of the procurement policy?

Clearly, the Department of Local Government and Housing in Limpopo province does not have the sufficient capacity of implementing the procurement policy. It faces the challenges of the shortage of staff in the project managers as well as improper positioning of some implementing units, such as the Evaluation Team and monitoring units.

In concluding remark, the study acknowledged that the Department of Local Government and Housing in Limpopo Province faces challenges in the implementation of the procurement policy. It further identified the areas that need concentration and provided solution of which considered the delivery of the reconstruction and development houses could be accelerated.

It could be mentioned that the implementation of the procurement policy with reference to the reconstruction and development housing programme by the Department of Local Government and Housing is characterised by inefficiency, ineffectiveness and is unsuccessful. In this regard the members of the Evaluation Team of the Department of Local Government and Housing do not have the needed tools to employ when appointing the contractors for service provision. Again the message about the procurement policy in conjunction with the housing policy (RDP houses) is misconstrued and has caused great damage to the Department.

In terms of the variables of policy implementation, it was noted that the content of the procurement policy in relation to the RDP houses was misunderstood. It is thus the reasons why the agents of policy implementation in the Department of Local

Government and Housing miss the substance of the procurement policy. Another variable of policy implementation, which is context, was not seriously considered in the implementation of the procurement policy in that the RDP houses were build in ditches and way far from social amenities. This means that the elements of social, economic and legal implications were neglected in the implementation of the procurement policy with reference to the RDP houses.

The variable of capacity in policy implementation was the special case for this study in the sense that this study sought to assess the institutional capacity of the Department of Local Government and Housing in implementing the procurement policy in conjunction with the RDP housing programme. The capacity deficit in the Department of Local Government and Housing ranges from incapacity within the Evaluation Team, Project Managers and contractors in terms of human resources, technical expertise, financial skills , material and technological. This has affected adversely the delivery of the RDP houses in Limpopo Province as the Department of Local Government and Housing fails to play an effective facilitative role of monitoring the process of construction of the RDP houses by the contractors.

It was noted that the commitment towards successful implementation of the procurement policy by the Department of Local Government and Housing was dashed. This was explicit whereby the contractors took advantage of the fragile situation over weak monitoring and evaluation mechanism that were put at place. The usage of the project managers as the housing inspectors instead of having an independent housing inspectors fuelled the already fragile situation.

In the process of building the RDP houses to the poor, the Department of Local Government and Housing plays the role of the facilitator as opposed to engineer. But it fails dismally in playing an effective facilitative role in processes of procuring the contractors to build the RDP houses as well as ensuring quality assurance thereof. The institutional capacity of the Department of Local Government and Housing in implementing the procurement policy with reference to the reconstruction and development housing programme could be improved for the better by adhering to the

recommendations of this study. However, it is a long journey ahead before the majority of the South Africans could be provided with a decent shelter. It has been fifteen year of democratic regime, but majority of South African citizens do not have houses. It is therefore, suggested that in the pursuit of the welfare approaches, the South African Government must create job opportunities so that not so many people are on safety net, rather become self-sustained or reliant.

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## **ANNEXTURE: INTERVIEW SCHEDULE**

### **INTERVIEW QUESTIONS TO THE EVALUATION AND DEPARTMENT ALLOCATION COMMITTEES IN THE DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING (LIMPOPO PROVINCE)**

1. What is the role of the Evaluation Committee?
2. What is the role of the Departmental Allocation Committee?
3. Do they (Evaluation and Departmental Allocation Committee) have means to achieve their objectives?
4. Do these committees face any challenge currently?
5. What are the objectives of the procurement policy?
6. Describe the relationship between the procurement policy and RDP housing?
7. What are the criteria for the selection of contractors for RDP housing programme?
8. Are the contractors aware of the requirements that constitute the basis for the evaluation of their proposals? If yes, demonstrate? If no, what are the reasons?
9. To what extent do you apply the principle of fairness, equitableness, transparency, competitiveness and cost-effectiveness in the selection of contractors?
10. What is the process for the acquisition of land for the construction of RDP houses?
11. What are the structures and measures established by the municipality in order to monitor, evaluate and control the performance of contractors?
12. How does the municipality deal with unscrupulous contractors?
13. How does the municipality administer the construction's work?
14. What is the process in awarding an RDP house to a community member in your municipality?
15. Elaborate on the procedures and requirements for payment of contractors?
16. Are you of the view that the municipality is effective in regards to RDP houses? If yes, explain, If no, demonstrate?
17. What are your suggestions for improving the RDP housing programme in this Province?

Thank you for your time

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### **INTERVIEW QUESTIONS TO THE RDP HOUSES CONTRACTORS**

1. How do you get your company listed on the database of the DLGH (Limpopo).



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2. Do you understand the procedures of tendering?
  3. Are the tendering procedures fair, transparent and user-friendly?
  4. Are the requirements of the RDP tenders clear and precise? If not, what are the complexities?
  5. Did you know how your tender proposal is going to be evaluated?
  6. Once you clinch the tender, what follows next?
  7. Who instruct you to build RDP houses on a specific location?
  8. What are the challenges involved in the process of building RDP houses?
  9. Where do you receive finance for building the RDP houses?
  10. What are the encountered challenges in applying for finance?
  11. In the process of building who monitors your work and how often?
  12. How long does it take to complete RDP houses project?
  13. After the work is completed, which steps are taken by the Department before processing the payment for the work done?
  14. Are there any challenges involved before you can be paid?
  15. What is your suggestion on improving the way in which the RDP houses are monitored?

Thank you for your time

#### INTERVIEW QUESTIONS TO COMMUNITY MEMBERS

1. How do you qualify for an RDP house?
2. How do you apply for an RDP house?
3. Are you satisfied with the size of the house?
4. Is this location favourable in accessing essential services such as work, school, clinic, shopping center and transport?
5. Are you satisfied with the quality of the house?
6. Are you of the view that RDP house is not for sale but an intervention by Government to provide its citizens with shelter?
7. Do you have water and electricity installed on this RDP unit? If yes how do you pay for them?
8. What are the requirements for a household to own an RDP house?
9. How many are you occupying this RDP unit?
10. What is your suggestion for improving the environment for an RDP houses?

Thank you for your time

#### INTERVIEW QUESTIONS TO THE HOUSING INSPECTORS (DLGH)

1. What is the role of housing inspectors?
2. What are the challenges currently faced by housing inspectors?
3. How frequent is the inspection conducted?
4. What is the importance of housing inspection?



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5. What is monitoring and evaluation (M&E)?
  6. What influence do you exert in ensuring adherence to the set standards of the of RDP houses?
  7. Which criteria do you use to measure the level of progress relating to the construction of RDP houses?
  8. Do you have the means to achieve your goals?
  9. What are the key elements of monitoring and evaluation?
  10. To what extent are you involved in the process of making the final payment to the contractors?

Thank you for your time