

GUIDELINE

"BUSINESS-ADOPT-A-MUNICIPALITY"

PROGRAMME



cooperative governance

Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA



german
cooperation

DEUTSCHE ZUSAMMENARBEIT

Implemented by:

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

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1 INTRODUCTION

This guideline aims to assist municipalities to build partnerships with the private sector and State Owned Entities (SOEs) with the objective of enhancing the ability of local government to deliver services. The "Business-Adopt-A-Municipality" (BAAM) programme was piloted in 2011 and this guideline brings together four years of testing and experience to equip municipalities with the knowledge and skills necessary to establish and maintain fruitful relationships with the private sector. While this guideline offers ideas on the broad approach to partnerships, the reader should consider that every partnership is unique and needs to be managed and implemented accordingly.

Partnerships established under the BAAM programme are different to other relationships between local government and the private sector in that they offer an opportunity for the private sector to share its experiences, skills and resources to directly support service delivery in a structured fashion at local level. Many of the initial BAAM partnerships were facilitated by national government, but the roll-out phase of the programme is intended to be driven by local authorities themselves, with the support of the provincial authorities.

This guideline also aims to assist national government with reporting on and monitoring the BAAM programme, and provincial government to facilitate, report on and monitor the progress of the programme. The guideline is an initiative of the national Department of Co-operative Governance and Traditional Affairs (CoGTA).

2 WHAT IS THE BAAM PROGRAMME?

The BAAM programme is an initiative by CoGTA that seeks to build linkages between municipalities and the private sector, or between municipalities and SOEs such as water and electricity utility companies. The purpose of these partnerships is to improve the service delivery capacity of municipalities and create conditions for social upliftment

and economic growth. A BAAM partnership is different and distinct from working with business in a Local Economic Development (LED) forum or an Integrated Development Plan (IDP) forum. For SOEs or private companies it is important to note that the BAAM programme is explicitly for service delivery improvement and is not aimed at progressing social development or Corporate Social Investment (CSI) objectives. BAAM partnerships are also in the interest of the private sector, as they help to ensure a favourable operating and infrastructure environment for businesses. The initiative allows for the establishment of linkages between private sector companies, SOEs and municipalities in to address institutional as well as service delivery challenges.

The purpose of these partnerships is to improve the service delivery capacity of municipalities and create conditions for social upliftment and economic growth.

The BAAM Framework or founding document states that if the private sector and SOEs share their expertise and support with local municipalities, "their involvement will assist in turning around local government by packaging specific interventions of support, as identified in their Municipal Turnaround Strategies and Integrated Development Plans (IDPs)".

It is clear that an efficient local government sector is very important to create an enabling environment for the business sector to flourish and be sustainable and to enjoy the benefits of uninterrupted electricity, water and waste services.

The BAAM Framework document calls on businesses organisations and SOEs to select their preferred municipality/ies to support.

"It is the intention of the Department that the *Business-Adopt-A-Municipality* initiative be implemented in all 279 municipalities while priority should be given to the most vulnerable."¹ A BAAM partnership is not like a public partnership which involves a contract and payments between the government and a private company. A BAAM partnership is a voluntary co-operation between a municipality and a company.

3 HOW DOES BAAM LINK WITH THE NEW "BACK TO BASICS" APPROACH OF COGTA?

On 18 September 2014, the Minister of Cooperative Governance and Traditional Affairs launched the "Back to Basics" programme of action for government, with five key elements:

- Putting people first: through listening and communicating.
- Adequate and community oriented service provision.
- Good governance administration.
- Sound financial management and accounting.
- Robust institutions and administration.

The "Back to Basics" discussion paper states: "For the campaign to sustain the momentum, it will need champions at every level of government, as well as in and amongst our communities and private sector."² The paper further notes that about a third of municipalities is "doing well", a third has the potential to "do better" and a third is "not doing well". This certainly creates the space for the expansion of the BAAM programme and a broader role for businesses, in particular in the area of enhancing service provision.

The earlier policy driver for the BAAM programme was founded on the Local Government Turn-around Strategy (LGTAS) that "local government is everybody's business" and on the Municipal Systems Act (Act 32, of 2000) in which "a municipality is defined as a structure that is encompassed by three legs, namely, council, administration and community which includes business as a large and well organized sector of the community".

¹ Department of Co-operative Governance and Traditional Affairs, 2011. "Framework for Mobilising Private Sector Companies and State Owned Entities to Adopt Municipalities on Capacity and Infrastructure Support Related Initiatives Through "Business-Adopt-A-Municipality".

² CoGTA Discussion document, 18 September 2014. "Back to Basics: Serving Our Communities Better".

4 WHY ENTER INTO PARTNERSHIPS?

4.1 Government perspective

The National Development Plan identifies the absence of broad partnerships as one of the main reasons for slow progress in the delivery of equitable growth, and urges business and government to work together with other stakeholders to ensure faster and more effective delivery.³

With a third of municipalities "not doing well" and a third needing to "do better", it is critical to investigate mechanisms that pool strengths and resources to take services to our communities. Problems with revenue collection, high staff turnover and rapid urbanisation patterns mean that municipalities face huge challenges, over and above the technical challenges faced in delivering services.

Service delivery, municipal management and even operating a business have become increasingly complex in modern society. The energy crisis, global warming and economic slowdowns mean that government and civil society need to define how they do business in a different way. The increased complexity means that "no organisation, private or public, has the ability to solve these complex challenges by working in isolation".⁴ The consequence is that both municipalities and businesses need to consider their expertise and resource constraints when addressing challenges to ensure they have the greatest impact. Realising that each one only holds part of the answer, public and private organisations are starting to seek each other out to participate in multi-stakeholder collaborations that will leverage their respective strengths.⁵

Only comprehensive and widespread cross-sector collaboration can ensure that sustainable development initiatives are effective, relevant and well conceptualised. Single sector approaches have been tried, but have proved to result in disappointing outcomes, and infrastructure and services are deteriorating as a result. Working separately, different sectors have developed activities

³ National Development Plan 2030. www.npconline.co.za/MediaLib/Downloads/Downloads. Accessed 28 November 2014

⁴ Alternative Prosperity (Pty) Ltd, August 2014. Business Adopt a Municipality (BAAM) Initiative: Lessons Learned from a Multi-stakeholder Collaborative Perspective.

⁵ Ibid

in isolation - sometimes competing with one another and/or duplicating effort and wasting valuable resources. Working separately has all too often led to the development of a 'blame culture' in which failure or interruption of services is always regarded as someone else's fault.⁶

Working separately has all too often led to the development of a 'blame culture' in which failure or interruption of services is always regarded as someone else's fault.

It must be emphasised that multi-sector partnerships for sustainable development are complex. They critically depend on establishing strong working relationships between key individuals, often from radically different working cultures. For this reason, they take considerable effort both to establish and to nurture to maturity. In addition, the time required to build strong and enduring partnerships, often in a climate of urgent sustainable development needs, can lead to frustration and disappointment. The challenge, therefore, is to form robust partnerships efficiently and effectively so that moving from the exploratory phase to project design, development and implementation is as seamless and quick as possible without involving compromises in terms of either integrity or sustainability.⁷

4.2 Private sector perspective

From a private sector perspective there are at least two major reasons for entering into partnerships: they can serve the interests of the business directly or they can be part of corporate social responsibility or more altruistic perspectives. In most cases, the BAAM programme deals with the first category of improving the environment in which the company does business. The BAAM programme is not designed in any way to facilitate commercial relationships between a business and a municipality in which the private partner charges for the services that it renders as part of its core business. There are a number of examples from the BAAM programme which

⁶ International Business Leaders Forum, 2003. The Partnering Toolkit: The essential guide to cross-sector partnering

⁷ Ibid

show how businesses are serving their core interests through the partnership:

- Santam is supporting disaster risk management in a number of municipalities, because fire and flood damage result in major claims and losses for the company. Santam has also invested in upgrading the water reticulation system in a municipal area, because fire hydrants can only function when there is sufficient water pressure. However, Santam is not the insurers of the municipal assets, which means there is no conflict of interest. Through this partnership, there is also a positive direct impact on the provision of disaster management services.
- South African Breweries (SAB) is supporting water and sanitation and maintenance systems in a municipality because the company is reliant on an uninterrupted supply of quality water for its operations. The intervention has a direct positive impact on the delivery of water services.
- Eskom supports tariff design and technical training in operations, maintenance and customer service because these aspects ensure municipal liquidity and the ability of municipalities to pay for their bulk electricity supply. The partnership has a direct positive impact on electricity delivery.
- PG Bison is assisting Elundini Municipality with disaster management and has initiated a project to support communities to plant trees – both of which are in the company's business interest. The company also uses its engineers and earth moving machinery to support municipal roads and urban renewal, which enhances service delivery.
- Mercedes-Benz South Africa is supporting a municipality to improve its performance management systems and broad human resource development processes, an area in which the company has significant expertise.

5 KEY PARTNERING PRINCIPLES

There are a number of non-negotiable principles that should be in place for a BAAM partnership:

- Partnerships should be mutually beneficial, voluntary associations.
- They should be driven at municipal level and there should be political and managerial support on both sides (from the municipality and the private company).
- Partnerships must be economically viable and affordable.
- Risk sharing must be fair.
- Partners must be protected from the dominance of one partner in a partnership and from the manipulation of one partner by another.
- The partnership must be of mutual benefit to all parties involved; since all partners are expected to contribute, all partners should also benefit from the partnership in some way.
- Decision-making must be transparent.
- Equity must be achieved in the partnership, including validation of the role of non-financial resources, for example, skills.
- Partnerships should aim to minimise any negative social, environmental and economic impacts.
- Any infrastructure developed must be sustainable in the long term.
- Political support and political leadership is an important principle, and it is crucial to avoid political interference.
- A clear and well conceptualised business plan or operating plan underpins a successful partnership. Such a business plan can of course include elements of flexibility.

6 HOW TO SET UP A BAAM PARTNERSHIP?

There are a number of key steps required to set up a BAAM partnership. The initiating sequence of activities is shown in Figure 1.

Figure 1: Steps in the BAAM cycle⁸



⁸ International Business Leaders Forum, 2003. The Partnering Toolbook: The Essential Guide to Cross-sector Partnering. (Taken from an example used in this toolbook.)

7 IDENTIFYING AND SELECTING PARTNERS

It is vital to research and assess potential partners to confirm that they are the appropriate parties for a particular project before entering into any agreements. A number of aspects should be considered when trying to identify which partner can provide the 'best value' to the partnership. Within the private sector, it is important to note that companies have different profiles and different scales of operations, illustrated in Table 1.

Table 1: Examples of types of companies

Type of Company	Examples
Multinational companies	Nestle, SAP, Siemens, Mercedes-Benz, Toyota
National corporations with multiple outlets	Banks, fuel companies, furniture stores
Local large companies	Tongaat-Hulett, Hulamin
Sector specific companies	Mining companies

There are a number of questions that can help municipalities to make a decision about which potential partner can bring the most value to a partnership.⁹ Some of the following generic aspects are more critical than others, but they represent a series of interconnected factors:

- Is the partner offering something useful and practical to the municipality?
- Does the municipality and the partner share a vision and do both sides agree to the goals of the partnership?
- Does the municipality have adequate human resources in place to drive and implement the partnership and its projects? Does the potential partner have adequate human resources available to drive the programme?

⁹ International Business Leaders Forum, 2003. The Partnering Toolkit: The Essential Guide to Cross-sector Partnering

- Does the potential partner have experience in working in the sector in which the partnership will operate? Relevant sectors include, for example, plant maintenance, waste removal, human resource development, IT and ecotourism.
- Does the potential partner have staff available who have experience in developing, implementing and managing the types of projects that will be included in the partnership arrangement?
- Does the potential partner have a direct or indirect interest in the sector or focus area of the partnership and does this constitute a positive factor or a clash of interests?
- Can the potential partner assist with obtaining or providing access to the resources, information, and skills that the municipality/public partner is looking for?
- Will the partner be dedicated and well-resourced enough to remain in the partnership if relationships become difficult or problems develop around the project(s) implemented? Is the potential partner committed to the outcomes of the partnership?
- Does the potential partner have a good reputation in the sector in which it operates?
- Does the potential partner have a sound management structure?
- Is the potential partner financially stable?
- What are the communication practices in the partner organisation? The better a company's internal communication structures and processes, the more likely it is that it will work in a transparently manner and through shared decision-making in the partnership.
- Can the potential partner be trusted to make mutually beneficial decisions?
- Is the potential partner organisation flexible? Contexts change over the life of a partnership and all partners will have to be adaptable to changing requirements.
- Will the potential partner work with integrity?
- Is there shared understanding of the benefits and risks of the partnership between all parties?
- Does the potential partner maintain they have high standards and produce quality products/services?

8 CHOOSING THE FOCUS AREA OF THE PARTNERSHIP

Choosing the focus area of the partnership has proved to be one of the most important aspects of the BAAM programme so far. One of the lessons learned from municipalities that have embarked on the BAAM programme, is that unless a clear and achievable focus or project area is chosen, the partnership is unlikely to deliver the desired results. If the correct focus is agreed between the parties, there are real opportunities for success. As indicated earlier, the focus of the BAAM programme is on enhancing service delivery; it is not about corporate social investment.

The following are the key questions which should be asked and answered when initiating a partnership between a municipality and a private sector or an SOE partner:

8.1 Questions the municipality should ask when partnering and deciding on a focus area:

- What are the specific weaknesses in service delivery and systems that we need to address?
- What are the strengths we need to build on?
- What is a doable and practical idea for a partnership project?
- Can we start with some quick wins?
- Are we thinking of a focus area that is too broad and too vague?
- Does the private company/SOE have a high degree of competence in the focus area?
- Do we have a specific person or group of people to drive the partnership and the project from our side?

If the correct focus is agreed between the parties, then there are real opportunities for success.

- Are we sure the company has adequate human resources in place to drive the partnership?
- Is the project or initiative part of our IDP?
- If expenditure is required by the municipality, has this been budgeted for?
- Is there any conflict of interest or financial gain involved, or will the agreement include a transaction in which we will pay the company from municipal coffers? (If this is the case, a BAAM partnership would generally be excluded.)

8.2 Questions the private company or SOE should ask when deciding on a focus area

- In which ways does our company link with the services provision of the municipality?
- Which of these service provision linkages is the weakest, and where can we make a difference?
- What are our strengths and what can we offer the municipality?
- Do we have a specific person or group of people to drive the partnership and its projects?
- Is the focus area doable and practical?
- Can we think of clear quick wins to start with?
- Do we have a budget in place?

- Is the focus area in our own interests as a business?
- Are we sure the municipality has adequate human resource in place to drive the partnership and projects?
- Has the focus area been prioritised in the municipal IDP?
- If not formalised in existing documents, is there full political support and endorsement, with corresponding oversight and accountability?
- Is there any chance of a conflict of interest or a financial transaction in which we will receive payment for goods or services that we normally charge our customers for?

9 OBSTACLES TO PARTNERING

There are a number of challenges to establishing a BAAM programme partnership; these have to be clearly understood to ensure the best results and impacts from partnerships between the business and municipal sectors. Some of these challenges are described below.

BAAM partnerships explicitly avoid any clash of financial or operational interests.

9.1 Inadequate understanding of BAAM partnerships

There is a need to create a greater awareness among both the private and public sectors of the potential of the BAAM programme to contribute meaningfully to economic development and service

delivery. Part of the purpose of this guideline, as well as some of the other initiatives of CoGTA is to make all parties aware of the benefits of partnerships. There are a number of BAAM partnerships which have been in place for three to four years already, and many lessons have been learned in the process of managing and executing these partnerships. The Department of Co-operative Governance, as part of the CoGTA ministry, has put senior personnel in place to facilitate relationships and guide municipalities in the establishment of partnerships with the private sector.

9.2 Lack of time and capacity

A lack of time and capacity is a key challenge facing partnership establishment, as municipal officials and private sector managers frequently have challenging workloads, which prevent them from considering entering into a new process with unknown time commitments. A number of other issues also make partnerships difficult to consider and implement, such as political or bureaucratic processes in municipalities. Furthermore, municipal staff are highly mobile and have often received new job offers and moved on once they have developed the technical expertise to engage with partnerships. This mobility is also a factor in the private sector, where relationships have been established between municipalities and managers, only to see the private sector manager transferred or promoted.

9.3 Lack of understanding conflicts of interest

BAAM partnerships explicitly avoid any conflicts of financial or operational interests. A conflict of interest could occur if a municipality forms a partnership with a company that normally sells, or could sell, goods or services to the municipality. If such a company enters into a partnership where it donates time or resources to the municipality and later enters into a contract with the municipality, a **direct** conflict of interest is created; such a situation should be avoided at all costs. This is different to a company that requires, for example, a reliable supply of water for its production processes, and agrees to help the municipality with maintenance planning and even implementation for its water pump stations. This is also different to an electricity utility company assisting a municipality with tariff designs and technical training, as those actions assist the municipality with its ability to pay for the bulk supply, and there is no competitive supplier.

9.4 Lack of an effective agreement between partners

Any agreement needs to be mindful of the capacity and core expertise of the respective partners in its design. In this way the ultimate output is potentially optimised even before implementation begins. It is still true that the realisation of the potential rests in the successful management of the relationship between the parties and in the systems of monitoring that should both be explicitly described in the details of the contractual arrangement. A further issue is that the partnership needs to be robust enough to withstand political pressure and opportunistic point scoring by local or higher level political parties. The agreement also needs to be responsive to changes in the external environment. The terms of a possible agreement are included as separately later in this guideline.

9.5 Lack of organisational efficiency of the partnership group management

Partnerships are very sensitive to project management issues and co-ordination weaknesses. It is essential that there is effective management of the partnership to ensure that all parties are part of the decision-making process and are called to account regarding implementation. There are a number of ways in which these partnerships can be managed at an operational level, and the method selected needs to be determined by the specifics of the task at hand. Poor management of the partnership can result in a lack of benefit from the partnership.

9.6 Lack of monitoring

Inadequate or non-functioning monitoring systems can limit the success of the partnership. Monitoring is an essential feature of best practice in all circumstances; in the context of BAAM, monitoring serves two functions: first it ensures that partners are doing what they are supposed to be doing, and secondly, monitoring provides

an important opportunity for **review** that almost always results in the enhancement of delivery in all aspects, including technical and financial. Monitoring is even more effective if the function is carried out by an independent body.

9.7 Insufficient relationship management

In partnerships, it is essential to focus on the relationship between the partners, as well as on the achievement of the partnership objectives. It is crucial for the interests of each party to be transparently and honestly tabled at the outset, and that these issues are integrated into the contract at the time of formulation. Decision-making and conflict resolution processes should be designed to form part of the partnership from the start to prevent any potential problems in the relationship between partners. A well thought out internal communication strategy should be developed to include both formal procedures and informal methods of keeping in touch, and should be focussed on improving personal as well as institutional relationships.

9.8 Lack of understanding of administrative processes at a public sector partner level

Rules and regulations pertaining to activities within the public sector present a challenge to interaction with private sector partners who are not publicly accountable. Businesses often do not understand and are not sympathetic to the rules of public finance management, or to the need to obtain formal mandates from council. Procurement procedures – and multi-focussed public service agencies which are required to carry out a number of checks and controls – slow down response times enormously. This is a necessary 'hurdle' to protect taxpayers against impulsive spending of national funds; however, the downside disadvantage lies in the potential for hindering delivery. The benefit is that in a BAAM partnership, it is often possible to plan for procurement to be done through the private sector partner. This should be planned for during the drawing up of the Memorandum of Understanding (MoU) or the implementation plan stage.

9.9 Inadequate political support

The issue of political support has been identified nationally as one of the key challenges facing partnerships. For partnerships to have a chance of success, politicians need to understand and support the concept, but the municipal officials should drive the technical aspects of the

partnership should be handled by municipal officials. In most cases the decision to implement a partnership, the signing of the MoU and the initial stage of partnership formation see a higher degree of political involvement, while the implementation stage is usually handled at the level of the officials in a municipality.

9.10 Lack of exercising caution when entering into a partnership

Caution should be exercised in setting up BAAM partnership arrangements. For instance, it is important to consider how power is shared within the partnership. In some cases, either the public or the private sector can hold an unequal share of control over the operation of a partnership, or one partner may be expected to accept the greatest amount of risk without the possibility of many benefits. It is also worthwhile considering the balance of the costs and benefits of a partnership to each partner. The public sector ultimately has responsibility for the delivery of basic public services and will continue to have to deliver such services even if a partnership does not succeed.

10 ROLES AND RESPONSIBILITIES

The BAAM Framework document clearly spells out the roles and responsibilities of each party to the potential partnership.

10.1 Public sector – national, provincial and municipal

Table 2 refers to the roles and responsibilities of the public sector and is drawn directly from the BAAM Framework document.

Table 2: Roles and responsibilities of the public sector partner

Identified stakeholder	Role
Department of Cooperative Governance (DCoG)	<ul style="list-style-type: none"> Facilitates partnerships. Provides the policy context for engagement (Turnaround Strategy, Back-to-Basics). Ensures political will and support for the programme (all spheres). Provides monitoring and evaluation tools. Mitigates against volatile political relationships (especially at municipal level). Presents this initiative to other relevant national government departments. Presents this initiative to provinces and municipalities and ensure their buy-in. Provides information to private sector on government priorities, policy and legislation. The DCoG Project Leader will be responsible for the overall coordination and meeting the targets of the project. Intervenes on issues at the request of any of the stakeholders.
Key national departments: Presidency, National Treasury, Trade and Industry, Economic Development	<ul style="list-style-type: none"> Provide support to DCoG on development of incentives for the private sector. Provide support on financial arrangement for the MoUs. Provide funding for the implementation of the programme.
Provincial government	<ul style="list-style-type: none"> Provides provincial support. Leads the initiative from the Office of the provincial DCoG/Department of Local Government (DLG). Provides support to the municipality/ies. Ensures participation of provincial departments and key entities (where applicable). Convenes provincial steering committee for the programme.
Municipalities	<ul style="list-style-type: none"> Complete buy-in and commitment. Custodian of the partnership. Ensure alignment with municipal turnaround strategy and IDP. Provide information on time. Ensure cooperation by all.

Identified Stakeholder	Role
Municipalities <i>continued</i>	<ul style="list-style-type: none"> Set up meetings with Council (ensure political will of Members of the Mayoral Committee, or MMCs). Ensure adoption of MoU by Council. Facilitate the public participation process/mobilise communities. Monitor the implementation of the intervention. Create an enabling environment for the project to be successfully implemented within its jurisdiction (this will include full participation in the steering committee, making resources available, taking decisions on time and implementing the decisions of the committee).
South African Local Government Association (SALGA)	<ul style="list-style-type: none"> Ensures buy-in by municipalities. Supports implementation of the programme.
Sector departments (national and provincial)	<ul style="list-style-type: none"> Provide strategic support. Provide support to municipalities in implementing sector specific projects. Provide information and plans.
Communities and community structures	<ul style="list-style-type: none"> Participate where relevant. Identify projects within their wards. Attend meetings convened for this initiative.

10.2 Private sector

Table 3 refers to the roles and responsibilities of the private sector partner and is drawn directly from the BAAM Framework document.

Table 3: Roles and responsibilities of the private sector partner

Identified Stakeholder	Role
Business Chambers	<ul style="list-style-type: none"> Mobilise business partners to participate. Provide resources (including hands-on support). Knowledge sharing (of best practices). Participate in national and provincial steering committees.
Business and SOEs	<ul style="list-style-type: none"> Provide support to municipalities through adoption. Commit to the MoU and implementation plan. Provide necessary support and mentorship. Skills transfer and knowledge sharing. Provide the necessary resources.

11 ASSESSING RISKS AND REWARDS

11.1 Risks

The risks of establishing partnerships must be carefully considered by the parties involved in initiating a BAAM partnership. The aspect of risk management is a critical part of the design of the partnership. Each partner needs to assess the risks and rewards that may arise from being involved in a BAAM partnership; in fact, each partner will need to understand the potential risks and rewards of their fellow partner organisations almost as deeply as their own if they are to really commit themselves to genuine collaboration and the principle of 'mutual benefit'. In a formal public-private partnership (PPP) there should be a sharing of risk between the public sector and the private sector, but BAAM partnerships often involve different kinds of risk, such as credibility, political fall-out, expectations and reputation. The best process is for the potential partners to jointly identify the potential risks and to negotiate over which risks will be carried by which partner (and which risks can be shared). In BAAM partnerships, the risks can be less financial, but much more political or social. These can, however, have equally disastrous consequences for the local authority.

Thinking about and assessing risks should not discourage the establishment of partnerships. It is a means of strengthening and improving partnership arrangements.



11.1.1 Credibility

By entering into the partnership, it is important to assess if the partnership will result in either partner losing credibility, although the programme to date has seen partners gaining credibility.



11.1.2 Reputation

This factor refers to the fact that a partnership can negatively affect or positively enhance the reputation of one or both parties. Partners should be chosen carefully. All organisations and institutions value their reputation and will rightly be concerned about whether that reputation could be damaged either by the fact of the partnership itself or by any fall-out in future should the partnership fail.



11.1.3 Loss of autonomy

Working in collaboration inevitably means less independence for each organisation in the areas of joint work, but often this is compensated for by increased efficiency and results.



11.1.4 Drain on resources

Partnerships sometimes require up-front investment (especially of time), in advance of anticipated 'returns'.



11.1.5 Political fall-out

Potential partners should investigate whether ratepayers or councillors will view the partnership negatively or positively.



11.1.6 Raised expectations

Potential partners should ascertain whether the partnership will raise expectations among stakeholders that will be difficult to fulfil.



11.1.7 Relationships

Potential partners should assess whether the partnership will threaten their relationship with a particular section or group of stakeholders.



11.1.8 Poor participation over time

Potential partners should analyse whether the anticipated relationship is likely to fail, resulting in low outputs.



11.1.9 Suitability of the private partner

The public sector partner should assess whether the potential private sector partner is suitable, for the chosen focus area or project, and whether the company has a reputation for integrity and a high degree of professionalism. The public sector partner should also determine whether the private sector partner does business with the municipality, and if so, whether a conflict of interest would be likely to occur?



11.1.10 Financial risk

Potential partners should investigate whether the partnership could result in unbudgeted outputs, whether the private partner is likely to commit financial resources as per the MoU and whether the partnership activity been budgeted for in the municipality's budget.



11.1.11 Delivery risk

This normally occurs when the focus of the partnership is so large and unachievable, or so abstract, that it lacks clear form and deliverables. Once a partnership is established and resources procured, there will be a fresh set of commitments and other challenges for each partner organisation as the partnership moves into project implementation.

11.2 Rewards

Risk assessment is important and sometimes easily ignored in the enthusiasm for potential benefits from collaboration. Partners should encourage each other to undertake such assessments at an early stage of their collaboration and wherever possible find opportunities for addressing any concerns together as a partner group in an open and non-judgemental atmosphere.

But of course all partners anticipate that the rewards will outweigh the potential risks and here too there are many areas of benefit that may be common to all partners.

These include:

- Professional development of key personnel.

- Better access to information and different networks.
- Greater 'reach'.
- Improved operational efficiency.
- More appropriate and effective products and services.
- Greater innovation.
- Enhanced credibility.
- Increased access to resources.

In addition to these common benefits, there are likely to be a range of further rewards that are specific to individual partners. Ideally these too would be acknowledged and shared at an early stage of the partnership to enable mutual appreciation of each other's specific priorities and to ensure that all partners understand completely the expectations each partner has of the partnership.

12 THE FUNDING MODEL AND PROCUREMENT

In BAAM partnerships it is important that a clear plan of action is put in place at the beginning of the process in which roles and responsibilities are clearly defined, the **financial and budgetary costs** are clearly spelled out and the timeframes are clearly identified. In most cases where a private company is supporting and in some cases funding a municipality, the procurement process will follow the procurement rules of the business entity and not of the municipality. If a municipality is intending to co-invest in the process, this must be formalised in the IDP and budget of the municipality.

Municipalities should not make financial commitments without allocating a budget to such commitments – this can cause serious problems in the delivery of the outputs of the partnership, and place

unnecessary strain on the relationship between the parties. When it comes to procurement, it is important for municipalities not to try to influence the procurement process if the procurement is being handled by the business entity. In most cases there are advantages in using private sector procurement processes, as they are exempt from the rigorous rules of the Municipal Finance Management Act (Act 56 of 2003), and goods and services can be procured faster and more efficiently. The temptation to try and ensure that 'favoured' service providers are appointed will almost always result in problems.

It must be clear to municipalities that BAAM is not just about receiving goods and services from the private sector or SOEs; it is also about municipalities contributing time, effort, commitment and even finances to the projects and processes of the partnerships.

13 BUILDING INSTITUTIONAL CAPACITY

Partnerships are an opportunity for individuals working in municipalities to become exposed to and acquire a different kind of expertise, through learning from private sector business processes. On the other hand, businesses who participate in BAAM partnerships are given an opportunity to learn more about local government operation and what it means to be politically accountable. There are at least two kinds of institutional capacity development that take place in the context of BAAM partnerships – technical capacity development and 'softer' partnership skills development. On the **technical side**, the programme can result in opportunities for municipal staff to undergo experiential learning from spending time in partners' factories, plants and workplaces. Another option for technical learning is when the private company or SOE deploys its staff to work within a municipality – as is the case when Eskom supports tariff design, maintenance and infrastructure installation in a municipality. The third option is when the private company facilitates the appointment of a training service provider and provides for municipal staff to receive formal training.

'Softer' partnering skills are abilities like negotiation and mediation, facilitation and coaching of others, and the ability to work in teams – these are crucial for all individuals who want to work together effectively and to achieve outstanding results. They may find themselves negotiating agreements, and they will most certainly need to assimilate, record and disseminate a lot of information. They may need to coach or capacity-build other partners, key players or project staff. Their role on behalf of the partnership to deepen the involvement of their own organisation may well require skills in building institutional engagement or institutional

strengthening. Last but not least, each partner will carry some responsibility for evaluating and reviewing the partnership and its impacts. Of course, no one has all these skills in equal measure, and in a partnership, tasks should be distributed to take account of professional strengths and weaknesses. Individuals from each sector will bring different skills and professional competencies to the partnership and at an early stage tasks can be allocated to those who demonstrate that they excel at a particular kind of activity.

But working in a partnership also offers the opportunity for individuals to develop their skills and to build their own capacities; indeed, it is one of the aspects of partnering that makes it attractive as a new area of work for those ready for a change in their professional life. During the process of professional skills and capacity development, individuals often discover that the partnering process has not only taken them on a professional journey, but also on a journey of personal development. Partnering skills, however, are most easily acquired by those who already have a level of self-awareness and self-management. In other words, effective partnering requires people who can read and control their own emotions, who are confident and who embody qualities such as empathy, optimism, imagination, openness and modesty. Partnerships also crucially require partners who are good at taking initiative.¹⁰

14 SECURING PARTNER COMMITMENT

The role of facilitating and brokering partnerships will primarily be left to municipalities, with some support from the provincial structures of the DCoG. One of the key issues in a partnership is the process of securing partner commitment through negotiation and the signing of an MOU.

¹⁰ International Business Leaders Forum, 2003. The Partnering Toolbook: The Essential Guide to Cross-sector Partnering.

14.1 Negotiation

Negotiating with a partner in terms of the BAAM programme should follow the form of 'interest-based bargaining'. Interest-based negotiation offers the municipality and partner more flexibility than traditional (positional) bargaining, by not locking them into predetermined issues and bargaining positions. Instead, the process begins with understanding the problem and identifying the interests that underlie each side's issues and positions.

When everyone understands the interests and concerns that one of the partners has, they often find that some of those interests are mutual and that both sides are trying to achieve the same goal, but may use different approaches. And they frequently discover that what at first appeared to be competing interests are not really competing at all. Dealing with each other in this way makes it possible to generate and consider options to satisfy particular interests that may never have been considered before.¹¹

Parties who take this approach are able to address issues in more depth than those reached using traditional techniques, because they are the result of a process aimed at satisfying mutual interests by consensus, not just one side's interests at the expense of the other. And because negotiators are dealing with each other on a different level, the results usually go beyond immediate issues to address longer term interests and concerns.¹²

Interest-based bargaining is a process that enables traditional negotiators to become joint problem-solvers. It assumes that mutual gain is possible, that solutions which satisfy mutual interests are more durable and that the parties should help each other achieve a positive result.

The following should be remembered when negotiating a BAAM partnership agreement:

- Sharing relevant information is critical for effective solutions.
- Focus on issues, not personalities.
- Focus on the present and future, not the past.
- Focus on the interests underlying the issues.
- Focus on mutual interests, and helping to satisfy the other party's interests as well as your own.
- Options developed to satisfy those interests should be evaluated by objective criteria, rather than power or leverage.

¹⁰ www.fmcs.gov/internet/itemDetail.asp?categoryID=131&itemID=15804. Accessed 16 November 2014.

¹² www.fmcs.gov/internet/itemDetail.asp?categoryID=131&itemID=15804. Accessed 16 November 2014.

14.1.1 Partnering agreements or Memorandums of Understanding

A sample MoU is attached as an Annexure to this guideline. The following list briefly explains the key sections required in an MoU.

- **Preamble:** This explains the policy framework and the mandate of each of the parties.
- **Definitions:** This clarifies the technical terms in the agreement.
- **Parties:** This section identifies all the signatories to the agreement.
- **Undertaking:** This section is a statement of commitment, but it also clarifies that the MOU is not legally binding.
- **Relationship of the parties:** This clarifies that the BAAM partnership is only about cooperation and that it does not constitute a joint venture or a consortium.
- **Purpose of the MoU:** This clarifies the intention to have a relationship and sets out the broad parameters of the relationship.
- **Substantive undertaking:** This section contains the detail of the agreement and the specifics about the actual projects and activities.
- **Bona fide negotiations:** This section commits the parties to entering into the agreement in good faith.
- **Roles and responsibilities of the parties:** This section specifies each party's responsibilities.
- **Projects and initiatives:** This section clarifies that the BAAM agreement is entered into and supercedes any existing co-operation or relationship between the parties.

- **Duration and termination:** This clarifies the duration of the agreement.
- **Joint steering committee:** This section clarifies the institutional arrangements of the BAAM partnership.
- **Representations and warranties:** This section commits the parties to a relationship of integrity.
- **Variation:** This clarifies that if the BAAM agreement is to change, this must be agreed upon in writing between the parties.
- **Protection of confidential information:** This is to ensure that the parties respect each other's confidential and proprietary information.
- **Limitation of liability:** This section clarifies that the BAAM relationship cannot be blamed for any damage, loss of life or loss of profit incurred.
- **Communication:** This section commits the parties to regular and open communication and defines who is responsible for such communication and what their contact details are.
- **Signature:** The parties representing each organisation sign the MoU in this section.

15 RESOURCING THE PARTNERSHIP

Financial and human resources are both critical for the partnership, but these are not the only important resources to consider; accommodation, relationships and networks are also important contributors to a successful partnership.

15.1 Human resources

It is important that the human resource aspect of managing the partnership and its projects is dealt with clearly during the negotiations. Each of the private sector or SOE partner and the municipal partner must have an appointed project manager.

It is strongly recommended that the tasks associated with managing the BAAM partnership are incorporated into the performance agreement and contract of the municipal official allocated this role, to ensure the BAAM relationship does not become just another 'additional obligation' but remains a core obligation.

15.2 Financial resources

Although financial resources were discussed earlier in this document in the context of procurement, the financial resources allocated to a project should be described in the MoU and the partnership plan. It must also be clearly stated who would be responsible for disbursement, and an approximate schedule of payments and disbursements should be included. Where suppliers or service providers are to be contracted in, this aspect must also be described in the MoU and the party responsible for the procurement clearly identified. If the municipality is co-investing, this must be budgeted for formally and adequately.

16 GOVERNANCE AND ACCOUNTABILITY

Even at an early stage, partnerships will need to have governance structures in place to ensure that decision-making, management and development arrangements are appropriate and operate effectively. Partners often find themselves accountable to a number of different 'stakeholders' including:

- Politicians.
- Senior municipal officials.
- National and provincial CoGTA officials.
- Company senior management and directors.

- Partnership project beneficiaries.
- Each other as partners.

It is likely that accountability is much more a driver of a partnership than is commonly recognised, and for this reason, governance and accountability procedures need to be agreed and emphasised in the MoU. At whatever stage a partnership, an MoU is always necessary to avoid later misunderstandings and conflict. Most partnerships start informally and grow increasingly formalised over time as their programme of work becomes more complex and more resource intensive.¹³

16.1 Structuring the partnering process

There are many variations on how the BAAM process is structured from an institutional perspective, and SOEs and private companies have different ways of structuring the relationships within their own organisations. One option is shown in Figure 2.



Figure 2: OPTIONAL STRUCTURE FOR A BAAM RELATIONSHIP

¹³ International Business Leaders Forum, 2003. The Partnering Toolkit: The Essential Guide to Cross-sector Partnering

17 MONITORING, REVIEWING AND REVISING

There are essentially two levels of monitoring and evaluation that must be considered in a partnership. The first is the monitoring and evaluation of the partnership itself and the second is the monitoring and evaluation of the projects of the partnership.

17.1 Monitoring the partnership

BAAM partnerships can be monitored and reported on according to the formats supplied in Annexure 1 to this guideline. There are three formats supplied which describe reporting at municipal, provincial and national level. The BAAM municipal project manager is responsible for quarterly reporting at the municipal level using reporting format 1. The CoGTA provincial representatives are responsible for quarterly reporting using reporting format 2, while the CoGTA national office is responsible for aggregating reporting information annually using reporting format 3 as a guide.

On-going monitoring of the performance of the partnership is important to ensure accountability and the success of the partnership. Such monitoring should be done on a daily, weekly, monthly or quarterly basis for different aspects of each partnership (the frequency should be defined in the business plan and/or contract). If there are many challenges facing a partnership, it may be best for monitoring to be conducted by external independent experts wherever possible. If monitoring is done by an external party, the reviewer should be familiar with the partnership and the goals of the partners.

17.2 Project or output monitoring

Project monitoring is best carried out using the elements in the project workplan tool, supplied as an annexure to this guideline.

The workplan identifies a hierarchy of project elements in the following order:

- Partnership goal.
- Partnership project(s).
- Project indicator.
- Project output.
- Project activity.
- Timeframe.
- Approaches or instruments.
- Financial information.

Each element should be monitored and reported on to effectively evaluate the performance of the project.

18 EXIT STRATEGY AND TIMEFRAMES

The timeframes for the BAAM relationship should be specified in the MoU. It is unwise to have an open-ended partnership. The typical time period for a BAAM partnership is three years, although in some cases parties have extended the terms of the partnership to five years. The value of having a fixed term to the BAAM relationship is that it forces the parties to scrutinise the relationship and the value it has delivered. The MoU can of course be re-signed after the term has ended, but parties may want to look at amendments to the content and processes that were outlined in the first agreement.

19 ANNEXURE 1 – REPORTING AND MONITORING FORMATS

Quarterly monitoring and reporting format 1 for BAAM municipalities

Report completed by: _____

Contact number: _____

Email: _____

No	Report section	Input for report (in bullet points)	Input to be given by?
1	Name of municipality	•	
2	Name of private partner	•	
3	Has an MOU been signed?	•	
4	What is the focus of the partnership? (What kind of projects are you doing together?)	• •	
5	What is the value of the private partner's investments to date, per project?	•	
6	What is the value of the municipality's investments per project (excluding time)?	• •	
7	How many times have you met with the partner this quarter?	•	
8	Do you have a detailed plan in place?	•	
9	Has the municipality appointed a project manager for the BAAM partnership?	• •	
10	If yes to question 8, have the BAAM responsibilities been captured in his/her performance agreement?	• •	
11	Is there a steering committee in place?	•	
12	Have there been any changes with regard to the project duration?	•	
13	What are the greatest challenges facing project implementation?	•	
14	What are the major successes this quarter?	•	
15	Are any provincial departments involved with the BAAM partnership? Please specify.	• •	
16	Is there any need for action on the part of CoGTA national?	•	

Quarterly monitoring and reporting format 2 for provinces on BAAM partnerships

Report completed by: _____

Contact number: _____

Email: _____

No	Report section	Input for report (in bullet points)	
1	Name of province	•	
		Name of municipality:	Name of partner (SOE or private sector):
2	How many BAAM partnerships are in place? List the municipalities.	• • •	• • •
3	How many are BAAM partnerships in the process of formation? List the municipalities.	• • •	• • •
4	What is the focus of the partnerships? (What kind of projects is being focused on?)	• • •	
5	What has been the role of provincial government in the partnership?	• • •	
6	Do you attend steering committee meetings?	• • •	
7	What are the greatest challenges facing project implementation?	• • •	
8	What are the major successes this quarter?	• • •	
9	Are any other provincial departments involved with the BAAM partnership? Please specify.	• • •	
10	Is there any need for action on the part of CoGTA national?	• • •	

Annual monitoring and reporting for CoGTA national on BAAM partnerships

Report completed by: _____

Contact number: _____

Email: _____

No	Report section	Input for report (in bullet points)	
		Number of BAAM partnerships already formed	Number of BAAM partnerships in process of formation
1	Name of Province		
	The Eastern Cape		
	The Free State		
	Gauteng		
	KwaZulu-Natal		
	Limpopo		
	Mpumalanga		
	The Northern Cape		
	The Western Cape		
	North West		
		Company name	Economic sector
2	List the companies and SOEs involved with the province (the latter in brackets after the company/SOE name, e.g. Mercedes-Benz (EC), and the economic sector	• •	• •
3	Number of MOUs signed nationally?		
4	Number of BAAM awareness raising events?		
5	Number of partnership brokering courses delivered?		
6	Total number of municipal staff trained in partnership skills?	• • •	• • •
7	What is the focus of the partnerships? (What kind of projects are being focused on?)	•	
8	What is the total investment value of all BAAM partnerships?	•	
9	Which partnerships do you attend steering committee meetings for?	•	
10	What are the top 5 challenges nationally?	•	
11	What are the major successes this year?	•	

20 APPENDIX 2 - SAMPLE MOU

MEMORANDUM OF UNDERSTANDING

BETWEEN

PROVINCIAL GOVERNMENT (OPTIONAL SIGNATORY)

duly represented herein by _____, in his/her capacity
as

MUNICIPALITY

duly represented herein by _____, in his/her capacity
as

AND

COMPANY

duly represented herein by _____, in his/her capacity
as

PREAMBLE

WHEREAS in terms of Section 154 of the Constitution of the RSA, 1996, the national and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, exercise their powers and perform their functions;

AND WHEREAS a well functioning local government sector is of the utmost importance in creating an enabling environment for the business sector to flourish and to be sustainable, while at present there is a serious concern that deficient service delivery impacts negatively on the efficiency and output of business and industry in South Africa;

AND WHEREAS the national Department of Cooperative Governance (DCoG) has initiated a range of intervention programmes and strategies aimed at strengthening the capacity of local government on its core mandate of delivering basic services to communities; as a result the reports on the state of local government, the state of local economic development and the Local Government Turn-around Strategy (LGTAS) were published; and

AND WHEREAS the mandate of the **XXX Department** is to promote municipalities that are viable, sustainable and developmental through hands-on support;

AND WHEREAS, on the strength of the aforementioned reports, the DCoG has also embarked on the Business Adopt-a-Municipality Project which seeks to foster a closer working relationship between government, the private sector and State-owned Entities (SoEs) towards supporting vulnerable municipalities by allowing the private sector companies and SOEs to identify municipalities that they wish to adopt and support;

AND WHEREAS _____ agrees in principle to assist **XXX municipality** to address the institutional and as well as service delivery challenges that affect this municipality.

NOW THEREFORE the Parties have mutually agreed to the following:

1. DEFINITIONS

1.1 "National Department"	Department of Cooperative Governance (DCoG)
1.2 "Provincial Department"	XXX Department
1.3 "Memorandum"	This Memorandum of Understanding (MoU)
1.4 "Parties"	_____
1.5 "Initiative"	Business Adopt-a-Municipality (BAAM)
1.6 "Municipality"	XXX Municipality
1.7 "Services"	Municipal Services
1.8 "SOEs"	State-owned Entities

2. PARTIES

The Parties to this Memorandum of Understanding (hereinafter referred to as the "MoU") are:

XXX MUNICIPALITY
Company or SOE
XXX Department

hereinafter referred to as "Party" or "Parties" as the context requires.

The Parties confirm their distinct complementary and respective roles and hereby share a common commitment to collaborate in the Business-Adopt-a-Municipality initiative in an attempt to support the municipality in improving the delivery of services to the citizens of XXX Municipality.

3. UNDERTAKING

This MoU sets out the principles and guidelines which shall form the basis of the co-operation relationship that the Parties are embarking on.

The terms and conditions set forth in this MoU shall not be legally binding upon either of the Parties.

4. RELATIONSHIP OF THE PARTIES

The Parties acknowledge and agree that nothing in this MoU shall be construed as creating any joint venture or any such similar relationship among the Parties. Neither Party shall have the right to make representations on behalf of or bind any other Party without its prior written consent.

5. PURPOSE OF THE MoU

The purpose of this MoU is to establish a strategic partnership between the Parties and shall form the framework for future interaction between the Parties concerned.

This MoU encourages Parties to participate and co-operate in:

- 5.1. Engendering close working relationships between _____ and XXX Municipality and XXX Department to share and inform each other on specific 'adoption' initiatives;
- 5.2. Exchanging information regarding policies, strategies and on service delivery challenges experienced by XXX Municipality; and
- 5.3. Exploring opportunities and possibilities to enable Parties to respond effectively to the Business-Adopt-a-Municipality initiative.

6. SUBSTANTIVE UNDERTAKING (EXAMPLE)

The Parties commit to the following:

- 6.1 XXX Municipality accepts that the primary responsibility to address the institutional as well as service delivery challenges that affect this municipality remains with them;
- 6.2 _____'s assistance shall be subject to their own operational constraints with respect to resources, availability, etc.
- 6.3 _____ shall provide training on _____ for the _____ staff of XXX Municipality at no cost to the Municipality;

- 6.4 _____ shall provide training exposure to XXX Municipality on _____ at no cost to the Municipality;
- 6.5 _____ shall provide guidance in the development of a planned _____;
- 6.6 _____ shall provide _____ training;
- 6.7 Potential future areas of support:
- 6.7.1 _____ shall provide _____ training and support with a focus on capital project procurement and expenditure management;
- 6.7.2 _____ shall provide training on customer care to selected XXX Municipality employees;
- 6.7.3 _____ shall assist with identification of the latest technology and systems that will ensure that the administration of the municipality is strengthened and a culture of performance management is instilled;
- 6.7.4 _____ shall assist, with among others, the development of interventions for the monitoring and clean up of river pollution.
- 6.7.5 Other areas will be agreed upon from time to time.

7. BONA FIDE NEGOTIATIONS

- 7.1 Parties shall collaborate in good faith towards achieving the objectives of this MoU set out in Clause 6; and
- 7.2 Parties shall always treat the interest of the public as paramount, subject to the applicable laws, regulations and ethical standards.

8. ROLES AND RESPONSIBILITIES OF PARTIES

- 8.1 XXX Municipality shall assume the following roles and responsibilities:
- 8.1.1 Ensure that a conducive environment is created for _____ to provide support; and
- 8.1.2 Make resources available where necessary to facilitate _____'s support,
- 8.2 _____ (Company) will assume the following roles and responsibilities:
- 8.2.1 In the process of providing support, assist in skills transfer to relevant employees of the municipality.
- 8.3 The Provincial Department will assume the following roles and responsibilities:
- 8.3.1 Support XXX Municipality in creating an enabling environment to ensure that the Business-Adopt-a-Municipality initiative succeeds;
- 8.3.2 Take all the necessary steps consistent with its constitutional mandate to support and monitor the implementation of the initiative; and
- 8.3.3 Ensure that XXX Municipality is adequately resourced to address the institutional as well as service delivery challenges that affect this metropolitan municipality.

9. ROJECTS AND INITIATIVES

Projects and initiatives emanating from the Business-Adopt-a-Municipality initiative shall complement the existing working relations and arrangements between _____ and XXX Municipality, if any.

10. DURATION AND TERMINATION

- 10.1 This MoU is effective upon the day and date last signed by the duly authorised Parties and shall remain in force for three years as from _____ ; or
- 10.2 Any earlier of the date upon three months notification in writing by either Party; or
- 10.3 May be extended by written agreement between the Parties as an addendum to this agreement.

11. JOINT STEERING COMMITTEE

- 11.1 The Parties will establish a Joint Steering Committee to perform the following tasks, *inter alia*:
- 11.1.1 All Parties involved shall appoint representatives to form part of the steering committee;
- 11.1.2 Oversee the initiatives identified through this MoU;
- 11.1.3 Monitor the implementation of BAAM initiatives;
- 11.1.4 Serve as the official communication platform for the Parties;
- 11.1.5 Agree on the expertise, resources and management to achieve specific goals; and
- 11.1.6 The convening and chairing of such committee meetings as shall rotate between the Parties on a quarterly basis.
- 11.2 The Parties shall:
- 11.2.1 As soon as possible after the effective date of the MoU establish a Joint Steering Committee;
- 11.2.2 Each Party shall nominate the number of representatives to be members of the Committee;

- 11.2.3 The Committee shall develop its own Terms of Reference to ensure that the objectives of the Parties under this MoU are fulfilled; and

- 11.2.4 Ensure that progress reports are prepared and presented to the Parties to this agreement.

12. REPRESENTATIONS AND WARRANTIES

Each Party represents to the other as of the date hereof that – The execution, delivery and performance of this MoU will not violate any law, statute or regulation, or _____ policies, or any order or decree of any court or governmental instrumentality applicable to such a Party, or conflict with, or result in the breach of, or constitute a default under any material contractual obligation of the Party.

13. VARIATION

Any changes, amendments, relaxation and/or additions to the MoU shall be agreed upon in writing by both Parties and duly signed by the official representative of both Parties.

14. PROTECTION OF CONFIDENTIAL INFORMATION

- 14.1 Subject to any other Confidentiality Agreement which may exist between the Parties, each Party agrees to maintain as confidential and not disclose this MoU, to the extent it may be detrimental to the partnership; and
- 14.2 Either Party may disclose any such information to those of each of the other Party's advisors who, by virtue of their positions, have a need to know. No Party shall issue any press release regarding this MoU or the relationship between the Parties except with the prior consent of the other Party.

15. LIMITATION OF LIABILITY

Neither Party shall have any liability hereunder to the other Party in respect to special, indirect or consequential damages (including, but not limited to, lost profits).

16. COMMUNICATION

16.1 For the purpose of this MoU it is important to keep the communication channels open between the Parties at all times;

16.2 All communication shall be channelled as follows:

XXX Company

Name: _____
 Position: _____
 Tel: _____
 Fax: _____
 E-mail: _____

XXX Municipality

Name: _____
 Position: _____
 Tel: _____
 Fax: _____
 E-mail: _____

XXX Department

Name: _____
 Position: _____
 Tel: _____
 Fax: _____
 E-mail: _____

Notices

The Parties hereby choose domicillium citandi et executandi ("domicillium") for all purposes under the MoU, whether in respect of notices or other documents or any other communication, as follows:

XXX Company

Physical Address: _____

 Tel: _____
 Fax: _____
 Attention: _____

XXX Municipality

Physical Address: _____

 Tel: _____
 Fax: _____
 Attention: _____

XXX Department

Physical Address: _____

 Tel: _____
 Fax: _____
 Attention: _____

THUS DONE AND SIGNED AT _____ ON
THE _____ DAY OF _____ 20XX

As witness:

- 1. _____
- 2. _____

(TITLE/Position and name of signatory)

THUS DONE AND SIGNED AT _____ ON
THE _____ DAY OF _____ 20XX

As witness:

- 1. _____
- 2. _____

(TITLE/Position and name of signatory)

THUS DONE AND SIGNED AT _____ ON
THE _____ DAY OF _____ 20XX

As witness:

- 1. _____
- 2. _____

(TITLE/Position and name of signatory)

21 APPENDIX 3 - WORKPLAN FOR BAAM PROJECTS

Partnership Goal:																		
Project A: <i>Insert project name</i>																		
Project Indicator A1:																		
Outputs/Results	Activities	Q1			Q2			Q3			Q4			Instruments	Budget ZAR	Status of ex- penses ZAR	% spent	Comments
		1	2	3	4	5	6	7	8	9	10	11	12					
Output 1	Activity 1																	
	Activity 2																	
Output 2	Activity 3																	
	Activity 4																	
Output 3	Activity 5																	
	Activity 6																	
Sub-Total (C)																		
Project Indicator A2:																		
Outputs/Results	Activities	Q1			Q2			Q3			Q4			Instruments	Budget ZAR	Status of ex- penses ZAR	% spent	Comments
		1	2	3	4	5	6	7	8	9	10	11	12					
Output 1	Activity 1																	
	Activity 2																	
Output 2	Activity 3																	
	Activity 4																	
Output 3	Activity 5																	
	Activity 6																	
Sub-Total (D)																		

APPENDIX 3 - WORKPLAN FOR BAAM PROJECTS

Continued

Project B: <i>Insert project name</i>																		
Project Indicator B1:																		
Outputs/Results	Activities	Q1			Q2			Q3			Q4			Instruments	Budget ZAR	Status of ex- penses ZAR	% spent	Comments
		1	2	3	4	5	6	7	8	9	10	11	12					
Sub-Output 1	Activity 1																	
	Activity 2																	
Sub-Output 2	Activity 3																	
	Activity 4																	
Sub-Output 3	Activity 5																	
	Activity 6																	
Sub-Total (E)																		
Project Indicator B2:																		
Outputs/Results	Activities	Q1			Q2			Q3			Q4			Instruments	Budget ZAR	Status of ex- penses ZAR	% spent	Comments
		1	2	3	4	5	6	7	8	9	10	11	12					
Sub-Output 1	Activity 1																	
	Activity 2																	
Sub-Output 2	Activity 3																	
	Activity 4																	
Sub-Output 3	Activity 5																	
	Activity 6																	
Sub-Total (F)																		

NOTES

Commissioned by
Department of Cooperative Governance and Traditional Affairs
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Pretoria - SOUTH AFRICA
Website: www.cogta.gov.za

and

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