AN EVALUATION OF THE MVULA TRUST STRATEGIC PLAN WITH SPECIAL REFERENCE TO ITS ABILITY TO SUPPORT THE WATER SERVICES DELIVERY ROLE OF DEVELOPMENTAL LOCAL GOVERNMENT IN NORTHERN KWAZULU-NATAL

By

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DECLARATION

I, Mbongiseni William Buthelezi, hereby declare that 'An Evaluation Of The Mvula Trust Strategic Plan With Special Reference To Its Ability To Support The Water Services Delivery Role of Developmental Local Government In Northern KwaZulu-Natal' is my own work, and that all the sources I have used or quoted have been indicated and acknowledged.

I further declare that this research has not been previously accepted for any degree and is not being submitted in candidature for any degree.

Signed: [Signature]

Date: 15 December 2006
I wish to express my indebtedness to the following people and organizations:

1. My supervisor, Dr Nobubele Potwana, for her guidance, supervision and support throughout the study.

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ABSTRACT

At the dawn of democracy in South Africa, there were still an estimated 12 million people without adequate water supply services and nearly 21 million people without adequate sanitation services (Strategic Framework for Water Services, 2003). Since then South Africa has made great strides in reducing this gross inequality in water services provision. In response to this evident challenge, the South African Government has developed various key pieces of Local Government legislation which aim to address water services. To speed up water services provision, a number of service delivery strategies and agents were explored. The Mvula Trust is one such agent that was established in 1993 with the sole mandate of supporting the Department of Water Affairs and Forestry (DWAF) to develop affordable and sustainable water services in both rural and peri-urban parts of South Africa. After the establishment of Local Government in year 2000, the Mvula Trust had to enter into a new contract with this tier of government for the continuation of their primary constitutional mandate for water services delivery. In order to respond to the new operational requirement put on it and to align itself with the Local Government mandate, Mvula Trust embarked on the process of crafting its new strategy that would strengthen its ability to support the water services delivery role of Local Government. Hence the main objective of this research study was to conduct a rigorous evaluation of Mvula’s Strategic Business Plan (SBP) developed in 2003 by subjecting it to contemporary strategic planning processes. The study also looks at the extent to which the crafted five-year strategy has supported three northern KwaZulu-Natal District Municipalities of Uthungulu, Umkhanyakude and Zululand to deliver water services to their respective communities.

A qualitative approach was employed to gather data about the situation under investigation. The first step was to gather secondary data from documents developed by both Mvula and the Department of Water Affairs and Forestry. The second step entailed collecting data from officials of Uthungulu, Umkhanyakude and Zululand District Municipalities using the questionnaire. The total number of questionnaires administered for the purpose of this study was thirty (30). For data analysis, all twenty-five (25) returned questionnaires were captured and coded using the software called Microsoft Access and subsequently imported into an analytical tool called stata. The main results from literature review and analyses indicate that Mvula’s crafted strategy is not providing the organization with the competitive edge since it was not developed in line with contemporary strategic planning processes. Secondly, the existing strategy is not delivering on services requirements of municipalities. The services articulated by municipalities are mainly Institutional and Social Development (ISD) and quality sanitation development, in which roles Mvula can serve as a Project Agent (PA) instead of an Implementing Agent (IA). Finally, Mvula has not succeeded in supporting the water services delivery role of Northern KwaZulu-Natal District Municipalities. These findings imply that Mvula should embark on a rigorous strategic review. It should develop both a vision statement and a new mission statement which will respectively serve as a roadmap of the organization’s future as well as a description of the organization’s present capabilities, customer focus, activities and business make-up. Mvula should broadly consult with existing and prospective clients to better understand their support services needs. It is recommended that Mvula define its specific niche within the water services sector. Thus, the resulting strategy should adequately support local government towards meeting the 2014 deadline set for the eradication of water services backlog in their jurisdictional areas.
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CHAPTER ONE

INTRODUCTION

1.1 Preamble

The world has enough resources for all to have access to the basic services, such as safe water and sanitation, which are necessary for healthy living. Yet more than one billion people do not have access to potable water supply services and nearly 2.5 billion people are without adequate access to basic sanitation services. At the dawn of democracy in South Africa there were an estimated 12 million people without adequate water supply services and nearly 21 million people without adequate sanitation services (Strategic Framework for Water Services, 2003). Since then South Africa has indeed made great strides in reducing this gross inequality in water services provision. It is estimated that more than 10 million people have, over the past ten years, been provided with basic water services. While this is an impressive achievement, inequality in access to basic services is still a stark reality. Great challenges still remain if the Government has to meet its 2014 deadline to eradicate the current water services backlog in the country, as promised to the citizens.

In response to this evident challenge, the South African Government has developed various key pieces of Local Government legislation, which among other things, aim to address water services. These are the Municipal Structures Act 117 of 1998; the Municipal Structures Amendment Act 33 of 2000 and the Municipal Systems Act 32 of 2000. The Municipal Structures Amendment Act regulates all District Municipalities referred to as Category C, which are allocated the water services authority function. If authorized by the Minister of Provincial and Local Government in consultation with the Minister of Water Affairs and Forestry, Local Municipalities, referred to as Category B, municipalities can also perform the Water Services Authority (WSA) function. The other important piece of legislation is the National Water Act 36 of 1998 which legislates the way that the water resource, surface and ground water is protected, used, developed, conserved, managed and controlled (Water and Sanitation Business, 2001).
The Water Services Act 108 of 1997, on the other hand, regulates the municipal function of providing water supply and sanitation services commonly called water services, while establishing institutional arrangements for water services provision. According to this Act, four different water services institutions exist, and these are the water services authority, water services provider, water board and water services committee. In order to speed up water services provision, a number of delivery strategies, mechanisms and agents were explored. The Mvula Trust is one such agent that was established in 1993 with the sole mandate of supporting the Department of Water Affairs and Forestry (DWAF) to develop affordable and sustainable water services in both rural and peri-urban parts of South Africa. The role of Mvula Trust as a Non-Governmental Organization (NGO) has been that of a Water Services Provider (WSP) under contract to DWAF.

The advantage of engaging an NGO was that government would have access to the rich diversity of experience and thinking of people who are neither in government nor business. Secondly, there is a belief that NGOs work from an ethical or moral base and that they are generally trusted by disadvantaged communities also from a social change perspective (KwaZulu-Natal CSO/NGO Procurement, 2003). After the establishment of Local Government in year 2000, the Mvula Trust had to enter into a new contract with this tier of government for the continuation of their primary constitutional mandate for water services delivery. In order to respond to the new operational requirement put on it and to align itself with the Local Government mandate, Mvula Trust embarked on the process of crafting its strategy that would strengthen its ability to support the water services delivery role under the auspices of Local Government.

1.2 Background of the study

The Mvula Trust (hereinafter referred to as Mvula) is a Non-Governmental Organization (NGO) founded in 1993 by the Development Bank of Southern Africa (DBSA), Kagiso Trust/European Union (KT/EU) and the Independent Development Trust (IDT). Mvula was established as an interim drought relief mechanism that was expected to run for only three years.
Its primary mandate was to develop water and sanitation in both rural and peri-urban areas. The organization has, however, survived all the social and political changes that occurred in the country since 1994. In order to ensure its continued existence as a government-support mechanism, Mvula had to deal with major challenges of adapting to the new operational environment and to redefine its client and services. The latter arises from the fact that almost all WSAs believe that they have enough water services delivery capacity to perform, not only within but beyond, Mvula's role. This challenge meant that Mvula had to carve its new niche as a Water Services Provider now supporting Local Government instead of DWAF. Local Government has its own expectations, imperatives and a different mode of operation. DWAF has now been assigned a distinct role as a Policy Regulator within the water sector. It is these demands and change of roles that led Mvula to embark on an intensive strategic planning process that culminated in the strategic planning document.

It is only recently that Mvula has completed and adopted its first five year-Strategic Business Plan (2003 – 2008) after approximately ten years of existence. It is a strategic review process that was initiated in late 2002, with funding support from the Strengthening Capacities for the Transforming Relationships and Exercising Rights (SCAPE) programme implemented by Co-operative Assistance & Relief Everywhere - South Africa (CARE-SA). The purpose of this initiative was to critically review the challenges facing the South African water sector and their implications for Mvula as a leading NGO; build consensus around the challenges facing Mvula; chart a new direction for the organization over year period ending 2008 and to reposition the organization to function effectively and efficiently within the current and future environment. The start of the SCAPE process was marked by the National Policy Workshop in December 2002, where a comprehensive review of the operating environment and the organization’s own performance were undertaken, through a process of workshops with regional staff, internal leadership, external financial specialists and members of the Board of Trustees. Key challenges and opportunities were identified; most notable was the growing consensus within Mvula that change in its own practice and approach was essential.
This process culminated in a new mission for the institution being adopted which is “To improve the health and livelihoods of poor and disadvantaged South Africans in rural and peri-urban communities through facilitating delivery of integrated and sustainable water, sanitation and related services”.

According to The Mvula Trust Strategic Plan (2003:4) there are a number of organizational challenges Mvula had to grapple with, which invariably necessitated the strategic review process within the entire organization. The operating environment was continuously changing and therefore required a renewed commitment to professionalism and emphasis on skills development. Mvula had traditionally seen itself as a development and advocacy agency, promoting bottom-up approaches to project planning, implementation and management in the interests of equity and sustainability.

In view of the changing context of its work during an era of municipal service delivery, Mvula needed to update its approach and terminology to make explicit its commitment to equity, affordability and sustainability. It had to become considerably more pro-active in communicating its relevance and value to municipalities. Due to this mandate shift, Mvula had to partner with both municipalities and Community-Based Organization (CBOs) to ensure sustainable water and sanitation service delivery and local economic development.

This partnership could be realized through the provision of support in the areas of project planning, project implementation, project management, policy development as well as the development of effective community-based service delivery models. Some municipalities who previously never had a relationship with Mvula found themselves somehow compelled to honour the contractual obligation Mvula had with DWAF and to further accept Mvula’s espoused-service delivery model which they might not be in favour of. Furthermore municipalities increasingly regarded themselves as development implementers, with all the necessary capability and capacity, in a supply-driven environment, and thus growing tensions were emerging around the acceptability of Mvula’s approach, with its emphasis on community management.
Whether this advocacy role would be recognized and appreciated by Local Government still has to be seen. It appeared that Mvula was not the preferred service provider for water work for most municipalities since they regarded this as their core competency. This implied that Mvula's core business was gradually changing from water and sanitation development to sanitation development only, which was the competency of many toilet contractors although employing a different implementation method. Owing to this fierce competition, Mvula had to vigorously market itself in order to secure work.

Other factors that compelled Mvula to change its strategic direction were:

- The loss of income from Build, Operate, Train and Transfer (BOTT) programme which came to an end in July 2003. This was Mvula's strongest financial performer or cash cow.

- The loss of Implementing Agent (IA) Status since most municipalities had taken on the role of Implementing Agents themselves, which Mvula previously secured for itself. In the new era, Mvula was either contracted to assist the municipality as a Programme Manager (PM), or was contracted as a Project Agent (PA). There was no longer the same scope to levy a percentage fee for management or administration.

- The change in Mvula's project implementation role and method since the organization could no longer afford to outsource the bulk of implementation work to external project agents. The approach of using Project Development Facilitators (PDFs) to oversee the work of Project Agents, with PDFs in turn managed by Programme Managers was no longer affordable. PDFs either had to be up-skilled to take over the function of Programme Managers, or PDFs themselves needed to undertake the bulk of implementation work.

It is from this premise that this study attempts to evaluate the extent to which Mvula's crafted strategy has been able to support the water services delivery role of developmental local government in northern KwaZulu-Natal. It will further look at whether the said strategy document was developed according to contemporary strategic planning processes.
1.3 Problem statement

The challenge of water services provision in South Africa and many other developing countries is a very great and more complex than perceived. As mentioned earlier, Mvula was thus established as a direct response to water and sanitation backlog experienced in both rural and peri-urban areas that would eventually be serviced by Local Government. The organization had made tremendous contributions in the water services sector since 1993 until the establishment of Local Government in year 2000. The collaboration Mvula had with DWAF was mainly through the provision of support in the areas of project implementation and management as well as development of policies, sound planning and funding mechanisms, effective delivery models, training and building of institutions.

In the previous dispensation, Mvula had also assumed a role of an advocacy organization on behalf of communities in need of such water services. By advocacy it is meant that where necessary Mvula conducted an analysis of community development needs with a view to conscientizing relevant government departments about such expressed needs. This literally meant advocating on behalf of disadvantaged communities. Promoting bottom up approaches in this context implied that project conceptualization was undertaken in direct consultation with its target beneficiaries or end-users who could articulate their own development needs to which the intended project should respond. This was regarded as Demand-Responsive Approach (DRA). With the advent of a democratic era, this historical alignment with DWAF became a subject of stern criticism by many elected municipalities that had a WSA status. Some municipalities even resented some of the DWAF’s prescriptions for the sector and saw Mvula as an agent of DWAF and thus growing tensions were emerging around the acceptability of Mvula’s approach, particularly with its emphasis on community management (The Mvula Trust, 2003).

Consequently Mvula needed to update its approach and terminology to make explicit its commitment to equity, affordability and sustainability in an era of municipal service delivery. It had to become considerably more pro-active in communicating its relevance and value to municipalities.
Mvula's daunting challenge was to prove its rationale for existence as a necessary intermediary or delivery arm for water services supporting municipalities. Local government which previously never had a constitutional mandate to deliver water services, needed to swiftly develop the necessary capability and capacity in a supply-driven environment in order to address the backlog in terms of both services provision and the required infrastructure. Although this was one most important element of transition in the country, the development of viable and effective developmental local government, which meets the needs and expectations of its constituency continued to be a challenge for national government as well. In order to survive those major changes, Mvula had to carve its new niche in the water sector by positioning itself as a strategic ally for municipalities in the delivery of water services.

The foregoing account has outlined the management dilemma facing Mvula as a result of the changing operational environment. In response to those inevitable political and operational changes, it became imperative for Mvula to embark on a strategic planning exercise. This process was an endeavour to better prepare itself for the future so that it could remain relevant and indispensable within the water sector. As to whether Mvula's newly crafted strategy has been able to support the water services delivery role of developmental local government with special reference to three northern KwaZulu-Natal municipalities is the issue at hand in this research study.

1.4 Purpose of the study

The purpose of this research study is to conduct a rigorous evaluation of Mvula's Strategic Business Plan (SBP) developed in 2003 with a view to supporting the water services delivery role of developmental local government. The study also looks at how the developed strategy supports the organization's emerging mission, which is to improve the health and livelihoods of poor and disadvantaged South Africans in rural and peri-urban communities through facilitating delivery of integrated and sustainable water, sanitation and related services.
The extent to which the crafted five-year strategy has supported three northern KwaZulu-Natal District Municipalities of Uthungulu, Umkhanyakude and Zululand to deliver water services to their respective communities in a more efficient, cost-effective and sustainable manner will be looked at. This research study also subjects Mvula’s strategic plan to contemporary strategic planning processes. It does that through an extensive literature search on this subject. Finally, the study will provide recommendations that will enable Mvula to firm up and effectively execute its strategic plan.

1.5 Research questions

In order to meet the purpose of this study, the research questions mentioned hereunder will be addressed:

1.5.1 Has Mvula’s strategy been crafted in line with contemporary strategic planning processes?

1.5.2 Is Mvula delivering on the services requirements of Local Government particularly in the municipalities of Uthungulu, Umkhanyakude and Zululand?

1.5.3 Does the existing strategy of Mvula enable Local Government to meet its service delivery mandate?

1.6 Hypotheses

The study attempts to test the following assumptions that have been postulated:

1.6.1 Mvula’s strategy has been crafted in line with contemporary strategic planning processes.

1.6.2 Mvula is delivering on the services requirements of Local Government pertaining to the municipalities of Uthungulu, Umkhanyakude and Zululand.

1.6.3 The existing strategy of Mvula enables Local Government to meet its constitutional service delivery mandate.
1.7 Limitations of the study

Mentioned below are practical constraints that have been identified for the research study:

1.7.1 There are geographical limitations in that the study involves only three northern KZN District Municipalities instead of eleven (11) Municipalities which comprise the whole of KwaZulu-Natal. These are the only municipalities that were supported by the Empangeni Region of Mvula. The study population is scattered over three wall to wall District Municipalities which are virtually 300 km apart.

1.7.2 As a result of financial limitations, other areas or regions where Mvula is operational are not covered by the study.

1.7.3 Time constraints exist in that this study is only conducted over a short period of six months.

1.9 Structure of the study

The research report is structured as follows:

Chapter One
This is an introductory chapter that presents the background and the motivation of the research. It further looks at the problem to be investigated as well as the objectives of the study.

Chapter Two
A detailed review of Mvula case study is presented in this chapter. The review entails the historical background of Mvula, its services, its geographic spread as well as its customer base.

Chapter Three
This chapter provides the theoretical framework for strategic planning and strategy evaluation. It describes in detail the rigour strategic planning from a diversity of perspectives. It pulls together the strands of the “what” element of strategy gets evaluated to gauge the correctness and effectiveness of the chosen strategy. This is evaluated against what Mvula has done.
Chapter Four
The research methodology is presented here and a detailed account of the research design, the sampling procedure and methods employed for data collection, namely, the research instrument. It further gives a detailed data analysis with the specific statistical tool used.

Chapter Five
The chapter presents findings or results and the detailed analytical discussion of results obtained from the questionnaires administered to the officials of three District Municipalities under study.

Chapter Six
This is the last chapter of the case study presenting both the conclusions and recommendations. This chapter points out the strengths and weaknesses in the developed strategy. It will therefore reinforce positive aspects of Mvula’s strategy and address any gaps or shortcomings that may exist in the crafted strategy.

1.10 Concluding summary
This chapter has outlined the rationale, objectives, and limitations of the study as well as the problem to be investigated. These issues were considered in an attempt to evaluate the extent to which Mvula’s Strategic Plan (2003–2008) supports the water services delivery role of Umkhanyakude, Uthungulu and Zululand District Municipalities. The next chapter gives a detail account on the historical background of Mvula, its services or products, its organizational challenges, its geographic spread as well as its customer base.
CHAPTER TWO

CASE STUDY

2.1 Introduction

In chapter one, a brief overview of the background of Mvula was given. The specific circumstance under which Mvula was established was the severe drought that was adversely affecting rural and pre-urban people. This situation was exacerbated by the collapse of the former homeland administrations that were responsible for maintaining rural water supply infrastructure. There was an urgent need to address the situation, at least until the new government could set up a rural water supply and sanitation programme. The following details on Mvula were obtained from The Mvula Trust: Still a blue-chip NGO? (2003) document, with the permission of the Empangeni regional manager.

2.2 Historical overview of Mvula

Mvula's initial funding was provided by the Independent Development Trust (IDT) and the Kagiso Trust/European Union (KT/EU). The former was managing a South African parliamentary grant whereas the latter was managing the European Union finance. The third co-founder, the Development Bank of Southern Africa (DBSA) provided loan finance credits. However, from the outset Mvula was essentially a non-governmental, independent initiative managed by an independent board building on the initiative of a number of individuals active in the Standing Committee on Water and Sanitation (SCOWSAS). The latter was a visionary civil society initiative which functioned during the transition period from apartheid to democracy. The founding Board of Trustees consisted mainly of representatives of the three co-founding organizations, rural development activists and sector professionals. At inception, the organization was conceived as a four-year project, whose future would depend on performance in the early years and future needs.
The aim was to set up a fast and effective mechanism to fund community driven water and sanitation projects and alleviate the critical situation in the early 1990s, drawing its approach from international practice, adapted to the particular environment in South Africa. In the transition Mvula was able to play a critical advocacy and policy development role in support of the new government. At the outset, therefore, the intended relationship between Mvula and the new government was defined as one of cooperation and constructive engagement. This feature of Mvula was particularly significant and visionary at the time, since there was a strong tradition of NGOs in the apartheid era being anti-government and activist in their orientation. Subsequent events have shown that many, if not most, of the rural development NGOs that were established under the apartheid regime, found it difficult to adopt a different stance towards government after the transition to a democratic era (The Mvula Trust: Still a blue-chip NGO, 2003). Mvula was also different in that it was consciously developed as a professional organization emphasizing efficiency and paying market related salaries, as distinct from the voluntarism ethic promoted by most NGOs. However, at the same time it also espoused traditional NGO principles, such as a focus on the poor, on people-centred development, on appropriate technologies, on being mission-driven rather than profit-oriented and on process as much as product.

One of the first initiatives of the new government in 1994 was to develop a water supply and sanitation White Paper. Mvula was a major contributor to this first sector policy document, and all the principal authors were strongly influenced by international experience and in particular by the lessons of the UN Water and Sanitation Decade (1980-90). The policy emphasized Demand Responsive Approaches (DRAs), cost recovery, community involvement and all the other policy approaches being promoted by Mvula. During the first four years of Mvula's existence (1994-1997), the policy environment was very favourable and supportive, at least on paper. In practice there was little support for real demand responsiveness, community management and other critical elements of sustainable development.
2.3 Co-operation agreement with DWAF

In January 1996 the co-operation agreement signed between Mvula and DWAF came into effect and that year over R40m of projects were approved for funding by DWAF. At the same time the new transitional local government structures, elected in 1995, started making their presence felt, and DWAF began setting up planning forums that included local government. However, Mvula was still free to implement projects very much in accordance with its own approach. The most significant initiative taken by Mvula in 1996 was the commissioning of an external evaluation. Its significance in the context of the legal and institutional framework was its failure, in hindsight, to take into account the new constitution approved that year which, together with the emergence of rural local government, was to have a profound impact on the environment in which the organization would have to operate over the succeeding years. The evaluation gave a firm endorsement of the Mvula approach and the results achieved in the field, and recommended the transformation of Mvula into a permanent organization. The next significant change in the legal and institutional framework came in August 1997, with the promulgation of the Water Services Act. It established the legal framework for the provision of water services, defining the role of local government and, in terms of the Mvula approach, made it possible for Community Based Organizations (CBOs) to be appointed as legally recognised Water Services Providers (WSPs).

Some of the funding provided by the Mvula-EU NGO Support Programme, approved that year, was to be used in the years ahead to try and establish the first community based organization as a water services provider (CBO-WSP). In January 1998, Mvula-DWAF Agreement was renewed for a further five years and a large number of new projects, under the so-called RDP4 round of funding, were approved. By this year the pressure of the differences between the DWAF and Mvula approaches to project implementation forced Mvula to do away with its policy of community contributions to capital costs. It was no longer possible to implement projects funded by DWAF in the same way as those funded by the original core fund, because on DWAF projects no community contribution was required. This was another example of how DWAF ignored its own policy of demand responsiveness.
By 1999 Mvula had become aware of the need to shift its focus, in terms of partnering with government, from DWAF to local government. A major effort was made over the succeeding years, to educate Mvula staff about the new institutional set-up and to develop relationships with the new rural municipalities. In 2000 the final demarcation of local government was completed and the second local government elections were held later in the year. At the same time the Division of Revenue Act (DoRA) of 2000 introduced conditions for DWAF funding that gave considerable decision-making powers to municipalities. Successive DoRAs have pushed this shift even further and, as from the 2002/2003 financial year, all work carried out in the implementation of projects under the DWAF capital programme would be done on direct appointment from municipalities.

2.4 Change in the funding environment

Another key driver of change within Mvula, and in the sector in general, was the funding environment. The said changes included the nature of funding: who provided it, what kinds of activities different funders would support, and how that funding was accessed and the impact on those receiving the funding. The differences between core-funding and project specific funding with an implementation fee, and between funding allocated by government and that provided directly by donors, had a fundamental impact on how an organization was structured, how it operated, its organizational culture, its political independence and many other aspects. Mvula was set up with a core fund of R98m from the Independent Development Trust (IDT) and the Kagiso Trust/European Union (KT/EU). The third co-founder, the Development Bank of Southern Africa (DBSA) provided loan finance credits which subsequently increased the initial funding to R101m.

By the end of 1996, most of this funding had been committed and the remainder was utilized to top up operating income earned on DWAF and donor funded projects, to cover operating costs, until the end of 1998. From the 1999-2000 financial years, all of Mvula's operating costs had been covered by income earned from project implementation fees. This shift in the nature of project funding required a major shift in the organizational culture and way of operating of Mvula.
In 1998 time sheets and a time billing system were introduced and "Mvula Facilitation Costs" were included as a line item on project budgets for the first time, even for non-infrastructure projects. The effectiveness with which the organization managed this budget item was still a long way from being satisfactory. The two main challenges that faced Mvula after the first five years were adapting to the new role of local government and to operating without core funding. With regard to the first, the leadership that followed the first regime played a decisive role and, in balance, was as successful as the conditions and funding constraints allowed. With regard to the second challenge, the change in leadership to one that was more focused on internal systems and processes and on coming to terms with the new environment was fundamental in ensuring Mvula's survival and continuing relevance.

2.5 Mvula's influence on water services' policy development

Regional managers played a particularly pivotal role with relatively little support from head office, in implementing the decentralization of project management authority to the regions, and in changing the organizational culture to one of funding operating costs from claiming project management fees. Mvula could rightfully be proud of its achievements in this regard, although much still needed to be done to improve systems and project management efficiency and effectiveness. It was vitally important in recruiting staff in the future that Mvula continued to strike a sensible balance between professional competence and experience on the one hand, and commitment to Mvula's developmental vision and ethos on the other. Either without the other would not enable Mvula to achieve its mission and objectives.

Mvula's close working relationship with DWAF enabled it to influence government policies by demonstrating good practice and by having a seat at the table when policy issues were considered. In particular, its focus on community based approaches and its understanding of poor community priorities and capabilities had influenced the government's approach to rural development, especially DWAF's approach to Institutional & Social Development (ISD). This impact on policy had been particularly strong in sanitation.
The approach used until recently on all government sanitation programmes was piloted by Mvula between 1994 and 1997 and Mvula had a major input into the sanitation policy, published in 2001. Over 80% of the government's sanitation programme has been implemented by Mvula, and its sanitation specialists had been contracted to advise government on the current scaling up of the programme and to assist in training government officials. However, its impact on water policy had been subtler. While few of the elements of Mvula's demand responsive, community management model had been fully adopted by government, Mvula worked very closely with DWAF over the years, developing the tools and guidelines used in the implementation of the government programme. Mvula was and is a member of the Water Services Sector Leadership Group, which is led by the government, and was one of the two representatives of civil society on the government's Water Services Programme Steering Committee, Masibambane. Mvula was also a member in its own right, of the National Sanitation Task Team, and was represented on some provincial sanitation and sector coordinating bodies.

Some of the major inputs Mvula had made to policy and good practice include:

- Input into the 1994 White Paper.
- Influence on sanitation policy, including approach to school sanitation.
- Development of tools and guidelines for DWAF.
- Impact on DWAF approach to training and capacity building.
- Implementation of a number of important Water Research Commission projects.
- Introduction of PHAST into SA.
- Revisiting projects initiative.
- Evaluations of DWAF projects.
- Promotion of CBOs as Water Services Providers.
- Positive influence on approach to ISD in two BOTT consortia.
- Input into new Water Services White Paper.
- Developing a more appropriate model for NGOs to thrive in the new environment in the sector.
However, all this work impacted mainly on DWAF and very little on local government. Effectively, the sector had to start with an almost clean slate to do the same work with local government, at a time when there was virtually no independent funding to do so. The only role Mvula was able to play was on appointment by DWAF or municipalities. During the early years these principles were just principles that were desirable as a measure of good practice. Over time, as the organization transformed itself into a project management agency and began to compete with the private sector for work, they became absolutely essential for Mvula's survival in an increasingly competitive environment.

2.6 Mvula’s approach to project management
When Mvula began funding projects in early 1994, its practice was guided only by a policy document and a set of rules for appraising funding applications and channeling funds. The contract between Mvula and the project committee was the most detailed description of project management rules. Funding applications, appraisals, approvals and disbursements were tracked by means of a software package called the Project Tracking System (PTS), developed by Praxis for the Kagiso Trust. It functioned effectively as a tracking system and electronic document filing system, but could not track expenditure against specific project budget line items.

In 1996 the first set of project implementation procedures and guidelines for staff and consultants was developed by the regional manager of the Northern Province and the Projects Director, based largely on the experience of the Northern Province, which had the largest and most developed programme at the time. Staff and consultants were workshopped on the document in a series of workshops in all four provinces in which Mvula was operating. At the same time unsuccessful attempts were made to modify the PTS to enable it to manage project expenditure against line items. The following year this document was considerably improved through rationalizing and updating it and linking the provision of certain key documentation to the approval of disbursements, with check lists as key control tools. It is important to note that, until 1999, all project budget management and control were carried out centrally at Head Office, by the Projects Administration Department, which reported to the Financial Director.
It was mainly due to the inability of this work to be done effectively at Head Office, as the number of projects increased enormously every year that the decision was taken to decentralize this function in 1999. However, regions, including Empangeni, were given little support to do any better, and the variable results tended to reflect the individual abilities of different regional managers. The PTS was used only by some regions and this contributed to the very poor document storage and record keeping which then afflicted all offices. Different software packages were used for time capturing and billing. Excel was used for managing project budgets, with poor reconciliation effected between this system and the accounting system. The ineffectiveness of financial accounting in Mvula had also been a major factor in the generally poor project and financial management in the organization. The original system was designed to manage a core fund and was not adapted to cope with multiple funders and different kinds of funding. Not enough attention was paid to this area of Mvula’s operations. It was treated as a subsidiary support service, instead of as one of the three core functions of Mvula, namely project implementation, policy development and financial management.

In 1999, a new accounting system was designed and implemented, by an independent accounting company. The same company designed and implemented a new internal audit programme. However, although on paper the system was good, in practice it had not worked as intended. The result had been a continuation of most of the problems of the past, most notably delays in auditing of accounts, and poor project budget control, leading to large amounts of potentially bad debt. The system was being redesigned and the new one would come into effect in July 2003. It included further decentralization of authority to regions, linked to a more effective internal audit regime. The weakness of internal audit, from inception until year 2002, had been a major contributor to poor project management in Mvula. This was then changing and it was thought that the introduction of the Quality Management System (QMS) would go a long way to improving Mvula’s effectiveness and efficiency as a project and programme manager.
2.7 The organization's changing work context and portfolio

Until 2000 Mvula's main role in project implementation was as that of an Implementing Agent (IA) of DWAF water projects and the 10% fee earned as an IA, together with the time based facilitation fee were adequate to cover operating costs. Most municipalities took on the role of Implementing Agents themselves, which Mvula had previously secured for itself. Mvula was either contracted to assist the municipality as a Programme Manager (PM) or was contracted as a Project Agent (PA). There was no longer the same scope to levy a percentage fee for management or administration. Sanitation became the main activity and the income earned, particularly on contract directly to municipalities, was considerably less than that earned previously on water projects. Although it appeared that a small surplus of income over expenditure was generated in the 2001/02 financial year, the trend was decidedly negative.

Mentioned hereunder are the core values Mvula agreed to adopt in November 2001 in order to ensure organizational cohesion despite the changing work context:

- Empathy
- Loyalty
- Innovation
- Honesty
- Respect
- Commitment
- Adaptability
- Staff development
- Learning organization
- Good communication

The foregoing values are grounded on the broad development principles, forming the cornerstone of any social development intervention, which the organization fully embraced, and these are:

- The principle of people participation.
- The principle of sustainability.
The principle of integrated development.

The principle of poverty orientation.

The principle of target group orientation.

The core business of Mvula then involved the following clearly defined elements:

- Sanitation Implementation Management (as a Project Agent).
- Water Implementation Management (as an Implementing Agent).
- General Social Facilitation (as an ISD Consultant).
- Policy development and advocacy.

Mvula’s products and services could then be defined as follows:

- Project / Programme Management.
- Project Development Facilitation.
- ISD capacity building.
- Policy development and advocacy.

In consequence of its changing work portfolio, Mvula’s emerging mission was “to improve the health and livelihoods of poor and disadvantaged South Africans in rural and peri-urban communities through facilitating delivery of integrated and sustainable water, sanitation and related services”. In order to achieve this mission, the following strategic intents were cited:

- To support local government in the delivery of sustainable, reliable and affordable water services.
- To test and advocate sustainable models of cost-effective water services delivery; and
- To maximize the capacity building and economic benefits of water investments for poor communities.

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2.8 The development of Mvula’s five-year strategic plan

For Mvula to operationalize the above strategic intents, they had to develop a five-year strategic plan. The following strategic objectives were identified as key to repositioning Mvula as a strong, viable NGO role player in the sector (The Mvula Trust, 2003):

- Strategic Objective 1: Reposition Mvula
- Strategic Objective 2: Financial Viability
- Strategic Objective 3: Performance Management
- Strategic Objective 4: Strengthen Integration of Policy, Strategy and Implementation

The main areas under which the strategy would be managed were:

- The organization’s internal resources
- The external environment within which the organization operated
- The organization ability to add value to what it does.

In order to do this, Mvula further cited the following as their focus areas:

- Strategic analysis: This involved the examination and analysis of the organization, its mission and objectives.
- Strategy development: Two strategy options were developed and one eventually selected. The first one proposed the closure of Regional Offices that had a huge deficit. Another option related to the strengthening of all operations within Mvula to render it an efficient strong and viable NGO. The latter was then selected and pursued.
- Strategy implementation: Although very few aspects of the chosen strategy have been implemented.

The strategy development process was shaped and influenced by the Blue Chip document developed by Palmer Development Group entitled “The Mvula Trust: Still a blue-chip NGO?” (2003). This document reviews the broad strategic environment in which Mvula operate. It points to important shifts and changes in the external environment, and highlights the urgency of making important shifts and changes within Mvula.
The review is written in six sections, which together build a rounder picture of the current challenges and opportunities facing Mvula:

- Section 1 asks a core question: What is Mvula’s purpose?
- Section 2 reviews the evolution of Mvula into the organization it is today.
- Section 3 asks some tough questions about Mvula’s existing mission and rationale.
- Section 4 updates and takes forward the SWOT analyses undertaken by each region for Mvula’s National Policy workshop in December 2002.
- Section 5 reviews trends and developments in the water sector.
- Section 6 takes this discussion of trends and developments up a level, to scan some key shaping forces at a national macro level.

2.9 The proposed survival strategy

In a nutshell, Mvula faced three fundamental challenges if it were to survive the following five years, and that was:

- To generate a surplus of at least R2-m a year to clear its deficit. This would require improved operational efficiencies and effective performance management.
- To build the capacity of all staff to respond to the support needs of municipalities.
- To build consensus within Mvula, and understanding beyond the organization of what it stood for as an efficient NGO that offered integrity, creativity and professionalism.

Mvula’s ability to get there depended upon:

- Staying in business.
- Internal clarity and consensus around its purpose in the sector.
- Positioning the organization as a centre of expertise for sustainable service provision, focusing on basic and intermediate services.
• Delivering services cost-effectively so that Mvula could generate a surplus to fund the kind of activities it wished to undertake as a leading advocacy organization
• A renewed focus on building a strong organizational culture of proud professionalism, supported by a comprehensive staff training and development programme straddling policy, application and operational practice.
• Robust performance management systems summarized through a balanced score card.
• Attuning Mvula better to municipalities' real needs
• Redefining the way it worked
• Building Mvula’s credibility as an NGO

2.10 Concluding summary

This chapter has given an elaborate description of Mvula and the process they followed when crafting their strategy. It is now necessary to provide a contemporary view on strategic planning processes. The next chapter will therefore focus on the review of literature that underpins strategic management. Such a review evaluates and compares the extent to which Mvula strategy has been developed in line with the conventionally accepted strategic planning processes.
CHAPTER THREE

LITERATURE REVIEW

3.1 Introduction

The case on Mvula that was outlined in the previous chapter illustrates how this organization had to rethink and reorganize its business. The resultant strategic plan was also given. The question to be answered is whether this strategy will fulfill the desired objectives. In order to interrogate this strategy this chapter provides the theoretical framework for strategic planning and strategy evaluation. It describes in detail the rigour of strategic planning by pulling together the strands of the "what" element of strategy gets evaluated to gauge the correctness and effectiveness of the chosen strategy.

3.2 Defining strategic management

A number of authors have written books on strategic management. For example Jauch and Glueck (1988:25) define strategy as a unified comprehensive and integrated plan relating the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization. It can thus be inferred that a strategy is not just any plan, but a unified plan which ties all the parts of the enterprise together. It is comprehensive as it covers all the major aspects of the enterprise. All the parts of the plan are compatible with each other and fit together well, thus it is integrated. Hunger and Wheelen's (1995:150) view is that corporate strategy specifies the firm's orientation toward growth and the industries or markets in which it will compete. It can provide a strategic platform or the ability of the organization to handle businesses in various environments with a common set of strategic capabilities. David (2001:5) defines strategic management as the art and science of formulating implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives. David's definition, therefore, concurs with Glueck's view that strategic management focuses primarily on integrating diverse functions to achieve organizational success.
David (2001:5) also postulates that strategic management is often used synonymously with the term strategic planning and that the latter term is more often used in the business world, whereas the former is often used in academia. He further contends that the purpose of strategic management is to exploit and create new and different opportunities for tomorrow; long-range planning in contrast, tries to optimize for tomorrow the trends of today.

In their definition of strategic management, Johnson and Scholes (2002:10) focus on the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholders' expectations. The strategy of an organization can therefore be seen as the matching of the resources and activities of an organization to the environment in which it operates. This is sometimes known as the search for strategic fit. The notion of strategic fit is developing strategy by identifying opportunities in the business environment and adapting resources and competences so as to take advantage of these.

Porth (2003:2) defines strategic management as a process of formulating, implementing and evaluating cross-functional decisions that enable the organization to define and achieve its mission and ultimately to create value. According to this definition each step of the process focuses on one overriding purpose namely value creation. The latter constitutes the ultimate outcome of successful strategic management no matter whether the organization is large or small, privately owned or public, for profit or not. During the strategic management process, various strategies are explored to provide the organization with the competitive advantage.

Lynch (2003:8) states that corporate strategy is the pattern of major objectives, purposes or goals and essential policies and plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be. This suggests that purpose alone is not strategy, plans or actions need to be developed to put the purpose into practice.
From the foregoing definitions, it can be inferred that strategic management can be viewed as a purposeful and rigorous process of developing the organization’s integrated plan by matching its resources and activities to its operating environment with the ultimate aim of providing the organization with a competitive advantage or edge over its industry competitors through value creation.

3.3 Stages of strategic management

Lynch (2003:19) identifies three core areas or stages of strategic management, namely, strategic analysis, strategic development and strategy implementation. These may constitute either a sequential or simultaneous approach to strategic management. In the sequential approach, depicted in the diagram below, one stage follows another for reasons of clarity and development. On the other hand, in the simultaneous approach, all three stages may be happening at the same time for different parts of the organization.

Figure 1: Sequential approach to strategic management (Adapted from Lynch 2003:19)
Looking at the above and comparing it with what Mvula did, it seems that Mvula followed exactly the same process during its strategic planning process which was sequential in approach:

- **Strategic analysis:** This involved the examination and analysis of the organization, its mission and objectives. Mvula senior management and some Trustees conducted an examination of the objectives and the organization’s relationship with its environment. Coupled with that was the analysis of the organization’s resources.

- **Strategy development:** Various strategy options had to be developed. Two strategy options were developed and one eventually selected. The first one proposed the closure of Regional Offices that had a huge deficit. Another option related to the strengthening of all operations within Mvula to render it an efficient strong and viable NGO that has the ability to develop close relationships with its new client, namely, local government while strengthening its existing relationship with DWAF. The latter was then selected and pursued. It was thought that this strategy option would provide Mvula with advantages over its competitors that would be sustainable over time.

- **Strategy implementation:** A strategy that cannot be implemented is not worth the paper it is written on. Mvula made an effort to implement the chosen option across the board. There were however major difficulties in terms of motivation, regional or provincial dynamics, realignment of operations between Head Office and Regional Offices, and Local Government negotiations. Mvula did not have a dedicated champion or driver of the major strategic changes that had to be implemented over time. Consequently, the organization had to retrench and/or not to replace some of its staff that resigned at both Head Office and Regional levels. The Empangeni Region was no exception as it lost its two Engineers, one Project Development Facilitator and a Financial Administrator. The most drastic action that had to be taken involved the closure of the Ulundi Satellite Office (under Empangeni Region) and some Regional Offices such as Mpumalanga, Kokstad and Umtatha.
On the basis of the foregoing account, it can be concluded that Mvula’s crafted strategy has not enabled the organization to carve its new niche in supporting the service delivery role of local government in many aspects let alone sustaining the operational efficiency levels that existed prior to the strategic planning process. This can be pointed out as a pronounced shortcoming hence a need for strategic review. Deresky (2002:223) highlights the said shortfall stating that the first phase of the strategic management process, the planning phase, starts with the company establishing (or clarifying) its mission and its overall objectives. The next two steps comprise an assessment of the external environment that the firm faces in the future and an analysis of the firm’s relative capabilities to deal successfully with that environment. Strategic alternatives are then considered, and plans are made based on the strategic choice. The second part of the strategic management process is the implementation phase. Successful implementation requires the establishment of the structure, systems, and processes suitable to make the strategy work.

Although some writers identify only three major steps of the strategic management process, in this study five interrelated steps as espoused by Thompson and Strickland (2003:6) have been used. These authors view a company’s strategy as encompassing the competitive efforts and business approach that managers employ to please customers, compete successfully and achieve organizational objectives. This suggests five interrelated managerial tasks of the strategy formulation process which entail:

- Developing a strategic vision & business mission
- Setting objectives
- Crafting a strategy to achieve the objective
- Implementing and executing strategy
- Evaluating performance, monitoring new development and initiating corrective action
Porth (2003:3) also concurs with the five steps, adding that each step contributes towards the challenge of rewarding key stakeholders, especially customers, employees and ultimately owners. These steps are depicted in Figure 2 below:
Figure 2: The five tasks of strategic management (Adapted from Thompson & Strickland 2003:7)

Task 1: Developing a strategic Vision & Business mission

Task 2: Setting Objectives

Task 3: Crafting a strategy to achieve the objective

Task 4: Implementing and executing strategy

Task 5: Evaluating Performance, Monitoring new development and Initiating corrective action

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3.3.1 Developing a mission statement and strategic vision

The mission statement identifies the enduring purpose of the organization and answers questions such as Who are we? What is our business? Why do we exist? Hence, it is grounded in the present, that is, it focuses on the current markets and customers served by the organization. Put in simpler terms, the mission statement tends to deal with a company’s present business scope, namely, “who we are, and what we do”. The mission statement broadly describes an organization’s present capabilities, customer focus, activities and business makeup (Thompson and Strickland, 2003).

On the other hand, the strategic vision or strategic intent is a roadmap of a company’s future -- providing specifics about technology and customer focus, the geographic and product markets to be pursued, the capabilities it plans to develop and the kind of company that management is trying to create. A strategic vision thus reflects management’s aspirations for the organization and its business, providing a panoramic view of where it is going. It points out an organization in a particular direction and charts a strategic path for it to follow. Harrison (2003:18) defines strategic vision as the statement that expresses what the organization wants to be in future, which may involve a fundamental change in its business. Ordinarily, developing a vision statement is considered the first step in strategic planning. Therefore both the vision and mission provide long term direction, delineate what kind of enterprise the company is trying to become and also infuse it with a sense of purposeful action. Over and above or in lieu of the vision and mission statements an organization may have a credo, which serves essentially the same purpose as a mission statement. A credo can be defined as a statement of the organization’s values or a philosophy of business.

The new mission developed by Mvula during this stage was to improve the health and livelihoods of poor and disadvantaged South Africans in rural and peri-urban communities through facilitating delivery of integrated and sustainable water, sanitation and related services.
In order to achieve this mission, the following strategic intents were cited:

- To support local government in the delivery of sustainable, reliable and affordable water services.
- To test and advocate sustainable models of cost-effective water services delivery; and
- To maximize the capacity building and economic benefits of water investments for poor communities.

3.3.2 Situation analysis

This is a careful and ongoing assessment of the organization’s external and internal circumstances. The situation analysis is performed in two parts, namely, an internal and external audit. An internal audit tends to identify the organization’s Strengths and Weaknesses (SW) whereas an external audit determines Opportunities and Threats. The latter audit is also known as environmental scanning. Collectively, these audits are referred to as a SWOT analysis. Ambrosini (1998:122) defines the SWOT analysis as “a popular tool used by managers as an organizing framework for intuitive information and as a means of summarizing and integrating more formal analyses about the external operating environment and an organizations current resources and capabilities”.

Strengths can serve as a foundation for building a competitive advantage, and weaknesses may hinder it. So by understanding the four aspects of its situation, a firm can better leverage its strengths, correct its weaknesses, capitalize on golden opportunities and deter potentially devastating threats (Internet 1). On the other hand Harrison (2003:17) broadly defines situation analysis as an analysis of stakeholders inside and outside the organization as well as other external forces. He further contends that this analysis should be concluded at both the domestic and international levels. Figure 3 below illustrates the strategic management model championed by Harrison (2003) as well as analyses involved therein.
Define / clarify mission and objectives

Access environment for threats, opportunities

Assess internal strengths and weaknesses

Consider alternative strategies using competitive analysis

Choose strategy

Implement strategy through complementary structure, systems, and operational processes

Set up control and evaluation systems to ensure success, feedback to planning

Figure 3: Strategic management process (Adapted from Harrison 2003:17)
Harrison’s approach to strategic management identifies two stages, namely, strategic planning and implementation. In this model strategic planning entails defining the organization’s mission and objectives, the SWOT analysis as well as the selection of the strategy after a thorough consideration of available alternatives. The next stage, implementation, involves putting the chosen strategy into use and the establishment of control and evaluation systems to ensure feedback to the initial planning process. On the other hand the three-stage approach espoused by Lynch (2000) includes strategy analysis, strategy development and strategy implementation. The first step, strategy analysis, involves the examination and analysis of the organization, its mission and objectives, its resources and its relationship with its operating environment.

During the second stage, various strategy options are developed and one is eventually chosen. The final stage, implementation, entails the enactment of the chosen strategy. The comparison between the two approaches reveals both similarities and differences. They are both similar in terms of processes to be followed by an organization during strategic management. The major difference lies in that Harrison identifies only two stages whereas Lynch (2000) looks at strategic management as a process comprising three clearly defined sequential stages. Both approaches are geared towards the implementation and regular evaluation of the chosen strategy.

The internal audit, conducted as an integral part of the situation analysis, concerns itself with an evaluation of the organization’s financial condition as well as a survey and assessment of infrastructure, human resources, technology development, procurement, inbound and outbound logistics, operations, marketing and sales and support services. Michael E. Porter (in Harrison, 2003) developed a diagrammatical representation figure of organizational processes, which he divided into primary and support activities that create value for the customer. This is what is called the value chain (Figure 4). The value chain is a useful tool in identifying potential sources of competitive advantage. According to this framework value-adding activities are a source of strength of competitive advantage if they meet such requirements as value uniqueness, non-substitutability and inimitability.
Figure 4: The value chain (Source: Harrison 2003:83)

Inbound logistics includes activities associated with acquiring inputs that are used in the product such as warehousing, materials handling, and inventory control. The term "operations" refers to transforming inputs into the final product through activities such as machining, assembly, molding, testing, and printing. Outbound logistics are activities related to storing and physically distributing the final product to customers, such as finished goods warehousing, order processing, and transportation. Marketing and sales include processes through which customers can purchase the product and through which they are induced to do so, such as advertising, distribution of catalogues, direct sales, distribution channeling, promotion, and pricing. Finally, service refers to providing service to enhance or maintain product value, such as repair, parts supply, or installation. Organizations also engage in activities that support these primary functions. These activities are placed above the primary activities in the value chain diagram. Resource procurement refers to the actual purchase of inputs, and not to the inputs themselves or to the way they are handled once they are delivered. All of the primary processes need purchased resources, many of which are not raw materials. Examples of these inputs include typewriters, accounting firm services, and computers.
Technology development refers to learning processes, which result in improvements in the way organizational functions are performed. Human-resource management includes human-based activities such as recruiting, hiring, training, and compensation. Finally, administration consists of general-management activities such as planning and accounting. The dotted lines connecting most of the support activities with the primary activities demonstrate that the support activities can be associated with each of the primary activities as well as support the complete chain. Administration is the only exception, since it applies to the complete chain instead of to any one unit. Profit is found at the right side of the chain, an indication that firms can achieve higher profit margins through the development of competencies and superior resources based on their value-chain activities. The external audit on the other hand, concerns itself with external factors or forces or trends outside the company that affect its ability to create value. Such external forces create Opportunities and/or threats for an organization. During the situation analysis, the external environment is monitored and emerging or potential strategic opportunities and threats are identified. The external environment of any organization entails both a macro and task environment.

The former is made up of broad forces such as technology, economic and social conditions, demographic trends and political and international forces. The task environment comprises customer’s competitor’s supplier’s creditors, government agencies and regulators. Each component of the external environment may have a critical influence, either positive (opportunity) or negative (threat) on the organization and its ability to create value. The monitoring and evaluation of each component become a critical factor during situation analysis. The external audit not only informs strategic choice, but through a feedback mechanism, may suggest the need to revise the firm’s vision and mission (Porth, 2003).

3.3.3 Setting strategic objectives and crafting a strategy

Thompson and Strickland (2003:10) state that “objectives are the ‘ends’ and strategy is the ‘means’ of achieving them”. Strategic objectives relate to outcomes that strengthen and organization’s overall business position and competitive vitality. A company’s strategy consists of the competitive efforts and business approaches that managers employ to please customers compete successfully and achieve organizational objectives.
Put differently, strategy is the organization's means to achieve its vision, mission and objectives. The process of crafting a strategy is also known as strategy formulation or development which includes deciding what new businesses to enter, what businesses to abandon, how to allocate resources, whether to expand operations or diversity, whether or merge or form a joint venture and how to avoid a hostile takeover (David 1999). Strategy formulation takes place at three different levels of the organization namely corporate, business and functional.

The corporate or organizational level strategy focuses on two major issues: (i) determining the organization's business scope that is in what business the organization will compete and (ii) determining how organizational resources are allocated to these businesses. This strategy defines the organization's domain of activity. Johnson and Scholes (2002:11) contend that this level of strategy is concerned with the overall purpose and scope of an organization and how value will be added to the different parts (business units) of the organization. Corporate level strategy can involve decisions about: business-closure, disposal, acquisition, re-organization, start up or the impact of doing nothing different (Williamson et al, 2004).

The next strategy formulation level, the business unit strategy, is about how to compete successfully in particular markets. The concerns are therefore about how advantage over competitors can be achieved, what new opportunities can be identified or created in markets, which products or services should be developed in which markets, and the extent to which these meet customer needs in such a way as to achieve the objectives of the organization.

Grant (2002:23) contend that business strategy is concerned with how the firm competes within a particular industry or market. If Mvula is to prosper within its industry, it must establish a competitive advantage over its rivals. Hence, this area of strategy or these domain direction and navigation strategies are referred to as competitive strategies. A strategic business unit (SBU) is a part of an organization for which there is a distinct external market for goods or services that is different from another SBU.
In public sector organizations, a corresponding definition of a SBU might be a part of the organization or service for which there is a distinct client group, for instance, Department of Health and Department of Housing.

The third level of strategy is at the operating end of an organization. Here there are functional or operational strategies, which are concerned with how the component parts of an organization deliver effectively, the corporate and business level strategies in terms of resources, processes and people. Harrison (2003:19) argues that functional level strategy gives "details of how functional resources areas such as marketing, operations and finance should be used to implement business-level strategies and achieve competitive advantage. Basically, functional-level strategies are strategies for acquiring, developing and managing organizational resources". Functional strategies may also attempt to integrate activities (linking strategies) to create internal capabilities across functions. In conclusion for simplicity sake, it is sometimes useful to think of corporate-level strategies as "Where to compete?" business-level strategies as "How to compete in those areas" and functional-level strategies as "The functional details of how resources will be managed so that business-level strategies will be accomplished".

These characterizations clearly denote that all three strategy levels should be coherent and properly co-ordinated. Thompson and Strickland (2003:12) make a very interesting observation that "strategy is both proactive (intended and deliberate) and reactive (adaptive)". This simply means a company's actual strategy is partly planned and partly reactive in that managers shape and reshape it as events transpire outside the company and as the company's competitive assets and liabilities evolve in ways that enhance or diminish its competitiveness.

3.3.4 Strategy implementation and execution

Thompson and Strickland (2003:18) point out that the managerial task of implementing and executing the chosen strategy entails figuring out what must be done to put the strategy in place, carry it out proficiently and produce good results.
On the other hand Harrison (2003:20) regards strategy implementation as the process of managing stakeholder relationships and organizational resources in a manner that moves the organization towards the successful execution of its strategies, consistent with its strategic direction. From these two definitions, it can be deduced that the strategy-implementing or strategy-executing task is the most complicated and time consuming part of strategic planning or management since it cuts across virtually all facets of managing and must be initiated from many points inside the organization. It can further be concluded the strategy implementation concerns the managerial exercise of putting a freshly chosen strategy into place whereas strategy execution deals with the managerial exercise of supervising the ongoing pursuit of strategy, making it work, improving the competence with which it is executed and showing measurable progress in achieving the targeted results.

According to Thompson and Strickland (2003) identify the following aspects as key to managing the strategy execution process:

- Building an organization capable of carrying out the strategy successfully.
- Allocating company resources so that organizational units charged with performing strategy-critical activities and implementing new strategic initiatives have sufficient people and funds to do their work successfully.
- Establishing strategy-supportive policies and operating procedures.
- Putting a freshly chosen strategy into place.
- Motivating people in ways that induce them to pursue the target objectives energetically and, if need be, modifying their duties and job behavior to better fit the strategy requirements of successful execution.
- Tying the reward structure to the achievement of targeted results.
- Creating a company culture and work climate conducive to successful strategy implementation and execution.
- Installing information, communication and operating systems that enable company personnel carry out their strategic roles effectively day in, day out.
- Instituting best practices and programs for continuous improvement.
- Exerting the internal leadership needed to drive implementation forward and to keep improving on how the strategy is being executed.

Good strategy execution involves creating a strong "fit" between the way things are done internally and what it will take for the strategy to succeed. The stronger the methods of implementation fit the strategy’s requirements, the better the odds that performance targets will be achieved. The most important fits are between strategy and organizational capabilities, between strategy and the reward structure, between strategy and internal support systems, and between strategy and the organization’s culture. Fitting the organization’s internal practices to what is needed for strategic success helps unite the organization behind the accomplishment of strategy. In short, translating strategy into action is concerned with ensuring that chosen strategies are working in practice. Thus a strategy is only meaningful when it is actually carried out. Strategy implementation and execution may be thought of in terms of the following as reckoned by Johnson and Scholes (2002:21):

- Structuring an organization to successful performance.
- Enabling success through the way in which the separate resource areas of an organization support strategies and also the reverse of this the extent to which new strategies are built on the particular resource and competence strengths of an organization.
- Strategy very often involves change to day-to-day routines and cultural aspects of the organization and overcoming political blockages to change.

The ultimate responsibility for leading the tasks of forming implementing and executing a strategic plan rests with the Chief Executive Officer (CEO), even though other senior managers normally have significant leadership roles also. The CEO title carries with it the mantles of chief direction setter, chief objective setter, chief strategy maker and chief strategy implementer for the total enterprise.
On the other hand, the immediate task of the board of directors or trustees is to be supportive critics that critically appraise and ultimately approve strategic action plans and evaluate the strategic leadership skills of the CEO and others in line to succeed the incumbent (Thompson & Strickland, 2003).

3.3.5 Strategy evaluation

Glueck et al (1988:385) point out that evaluation is typically assumed to be an after-the-fact or real-time method of detecting whether the content of strategy is working or has worked. Thompson (2001:527) contends that there is no single evaluation technique or framework as such that will provide a definite answer to which strategy or strategies a company should select or follow at any given time. Particular techniques will prove helpful in particular circumstances. There are, however, certain essential criteria that should be considered in assessing merits and viability of existing strategies and alternatives for future change. They further distinguish between qualitative and quantitative criteria. Rumelt (in Thompson, 2001) argues that corporate strategy evaluation at the widest level involves seeking answers to three questions:

- Are the current objectives of the organization appropriate?
- Are the strategies created previously, and which are currently being implemented to achieve these, still appropriate?
- Do current results confirm or refute previous assumptions about the feasibility of achieving the objectives and the ability of the chosen strategies to achieve the desired results.

According to Thompson (2001) key aspects of any proposed changes, in many respects, concern the strategic logic which relates to:

- The relationship and fit between the strategies and the mission or purpose of the organization and the current appropriateness of the mission, objectives and the strategies be pursued.
- The ability of the organization to match and influence changes in the environment.
- Competitive advantage and distinctiveness
- The availability of the necessary resources
These aspects suggest that matching resources and environment needs involves the culture and values of the organization and decisions about future changes involve an assessment of risk, referred to as the environment-values-resources (EVR) congruence.

**Figure 5:** E-V-R Congruence (Source: Thompson 2001:528)

In order to evaluate or assess the viability of the Mvula’s Strategic Plan, three fundamental criteria identified by Johnson and Scholes (1997:392) can be employed.

These criteria are:

1. Suitability: This is a broad assessment of whether a strategy addresses the circumstances in which the organization is operating. It is often a qualitative assessment of the rationale of strategy.
2. Acceptability: This criterion relates to three issues, namely, the return from a strategy, the level of risk and the likely reaction of stakeholders.
3. Feasibility: It is concerned with whether an organization has the resources and competences to deliver a strategy
Finlay (2000:371) calls them screening processes or audits that are used to judge whether any particular initially plausible pathway is practical and appropriate. On the other hand, Thompson (2001:527) refers to these criteria as appropriateness, desirability and feasibility respectively. He further states that his categorization has been selected for convenience, as there is overlap or commonality among them. It is important to emphasize that there is no such thing as a right or wrong strategy or choice in absolute terms. In other words, there is no single evaluation technique or framework as such that will provide a definite answer to which strategy or strategies a company should select or follow at a given time. However certain factors will influence the effectiveness of strategies and the wisdom of following certain courses of action.

i) Analyzing suitability

Johnson and Scholes (1999:355) state that suitability concerns whether the strategy addresses the circumstances in which the organization is operating. Assessing suitability can be a useful basis on which to screen options before more detailed analyses are undertaken concerning the acceptability and feasibility of those options. Thompson (2001:531) assert that in reviewing current strategies, assessing the impact of adaptive incremental changes that have taken place and considering strategic alternatives for the future, it is important to check that the strategies are consistent with the needs of the environment, the resources and values of the organization, and its current mission. Simply put, this criterion concerns the extent to which the crafted strategy would fit the future trends and changes in the environment or how the strategy might exploit the core competencies of the organization. This can form the basis of a qualitative assessment concerned with testing out the rationale of a strategy and as such can be useful for screening options. This process consists of two stages, namely, establishing the rationale or strategic logic for each option and establishing the relative merits of each option. The latter is also known as the screening of strategic options.

☐ Establishing the rationale

This is concerned with whether a chosen strategy addresses the circumstances in which the organization is operating or wishes to operate. According to Thompson (2001), assessing the suitability of strategic option entails evaluating:
Mission and objectives: Does the strategy fit the current mission and objectives of the organization? Is it acceptable to the strategic leader and influential leaders?

Effect on the strategic perspective: Does the strategy proposed have the potential for improving the strategic perspective and general competitive position of the organization? In other words, will the individual business not only have a strong competitive position but also be able to make a positive and synergistic contribution to the whole organization? This means that the organization must be responsive to changes in the environment and it may wish to be proactive and influence its market and industry. All the time, it should seek to become and remain an effective competitor.

Current strategic position: Is the strategy able to capitalize and build on current strengths, competencies and opportunities, and avoid weaknesses and potential threats (SWOT)? Is the strategy appropriate or suitable for the current economic and competitive environment? To what extent is the current strategy able to take advantage of emerging trends in the environment, the market and the industry?

Available and needed skills, competencies and resources: Are the strategies being pursued and considered sufficiently consistent that skills, competencies and resources are not spread or stretched in any disadvantageous way? Does any new proposal exploit key organizational competencies? This consideration embraces both opportunity-driven and resource-based perspectives on strategy.

Culture: Does the strategy fit the culture and values of the organization? If not, what are the implications of going ahead?

E-V-R Congruence: Is there congruence between the environment, values, and resources?
Simplicity: Is the strategy simple and understandable? Is the strategy one, which could be communicated easily and about which people are likely to be enthusiastic? All the above are depicted in the diagram below.

Figure 6: Establishing the rationale (Adapted from Thompson 2001:532)

Mvula’s approach to crafting a strategy that would establish the organization as a strong NGO supporting the water services delivery role of local government was based on the organizational skills, resources and competencies that were available then. Instead of identifying an aggressive strategy that would provide the organization with a competitive edge, Mvula still regarded itself as the largest water and sanitation NGO countrywide. This somehow created a spirit of complacency. The developed strategy was still based on the previous mission of the organization. It was not embedded in the emerging mission, that of supporting Water Services Authorities. The adopted approach did not result in the clear communication of the developed strategy across the organization. This lack of simplicity of the strategy created in staff apathy and evident lack of enthusiasm. In a nutshell, most of the screening options mentioned earlier on were not taken into cognizance.
In their analysis Johnson and Scholes (1999:356) identify a number of ways, several of which can be used to test the suitability or appropriateness of a strategy. These include, among others:

**Life cycle analysis**

The life cycle analysis assesses whether a strategy is likely to be appropriate given the stage of the product life cycle. Some analyses combine this with the relative strength or weakness of the organization in its market to produce a life cycle or portfolio matrix. The matrix consists of two dimensions, namely, the market or industry situation and the competitive position. The purpose of the matrix is to establish the appropriateness of particular strategies in relation to these two dimensions. The crucial issue is establishing where an organization is currently positioned on the matrix and therefore what types of strategies are most likely to be suitable. The competitive position of the organization within its industry can take either of these forms: a dominant position, which is a quasi-monopoly in the private sector and a legalized monopoly in the public sector (e.g. public utilities like Eskom & Telkom). The second one is a favourable position where no single competitor stands out, but the leaders are better placed. Finally, the organization attains a tenable position which is maintained by focus or specialization. The fundamental question is does the strategy fit the stage the organization will be in?

**Positioning**

This is a key test of suitability used to determine whether demand is likely to grow or decline. The uniqueness of the competences, which underpin the value-added features of a product or service, will determine the suitability of a positioning of differentiation. The extent to which an organization is capable of supporting a particular positioning in its markets can be examined by listing key resources and competences underpinning the strategy. These key resources are then examined in terms of different bases of the product or market strategy. Finally, each of these resources and competences is restricted to establish whether it is sustainable or difficult to imitate. In other words, if it is a genuinely unique resource or core competence, it provides a competitive advantage to the organization (Johnson & Scholes, 1999).
The criteria used to judge a competitive advantage require an assessment of the extent to which competences are valuable to buyers, rare (not easily obtained by competitors), complex (made up of several organizational processes) and embedded in the tacit knowledge or routines. The major question relating to this suitability test is: Is the positioning viable?

**Value chain analysis**

According to Dobson et al (2004) value chain analysis considers where and how the firm adds value, namely, internal factors that drive profitability. The primary activities, that is, the main value-adding activities, of the organization are grouped into five (5) main areas with each of these areas linked with four supporting activities: procurement, technology development, human resource management and firm infrastructure. In short, it describes the activities within and around an organization and relates them to an analysis of the competitive strength of the organization. The suitability of strategic developments may also be tested by the extent to which the strategy will reconfigure the value for money and the competitive position of the organization. The concept of synergy becomes critical in this connection as it is concerned with assessing how much extra benefit (value for money) can be created from reconfiguring the linkages in the value chain. Synergy can therefore be sought in several ways, which include, market development, product development and backward integration.

**Portfolio analysis**

According to Johnson and Scholes (1999:362) portfolio analysis analyses the balance units. If the original BCG matrix were used, the following questions could be asked: Will the strategy move the company to a dominant position in its markets? Which strategies are most likely to ensure a move from question marks through to stars and eventually to cash cows? Since question marks and stars require an investment of funds, will there be sufficient cash cows to provide this necessary investment? The matrix can also help in thinking about acquisition strategy. There may be nothing wrong with acquiring a question mark provided the resources and competences are there to move it towards stardom.
Business profile analysis

It shows the extent to which a strategy matches the favourable performance parameters from PIMS analyses. The important issue; however is that these drivers of profitability are interconnected and building a strong business profile is more difficult than might appear. Any strengthening of one parameter may weaken others and therefore not necessarily improve the business profile overall. The interrelationships need to be taken into account when evaluating the suitability of business strategies.

Figure 7: Testing suitability (Adapted from Johnson & Scholes 1999:356)

- Life Cycle Analysis
  - Does it fit the stage the company will be in?

- Positioning
  - Is the positioning viable?

- Value Chain Analysis
  - Does it improve value for money?
  - Does it exploit core competencies?

- Business Profile
  - Will it lead to good financial performance?

- Portfolio Analysis
  - Does it strengthen the balance of activities?

Screening options

Johnson & Scholes (1999:366) argue that screening is the process of comparing the relative merits of different strategies. There are three contrasting approaches to the screening of options, namely:
Ranking
This involves the assessment of strategic options against key factors in the environment, resources and stakeholder expectations. A score and ranking are established for each option.

Decision trees
Options are ranked by progressively eliminating others.

Scenario planning
Here options are matched to different future scenarios and necessary contingency plans are prepared.

During its strategic planning process, Mvula employed the scenario planning approach to the screening of options. Various future scenarios were developed which included the closure of some units within the organization and others centred on the projection a positive future of the organization. Necessary contingency plans were also developed. Some of such plans looked at possibilities of staff redeployment to sustainable Regional Offices or units or to municipalities in order to strengthen the working relationship. In the vent the organization had to shut down its operation in future, a retrenchment strategy or plan was also considered. It was agreed that the Last-In-First-Out (LIFO) principle would be used.

ii) Analyzing acceptability
According to Johnson and Scholes (1999), acceptability is concerned with the expected performance outcomes such as risk or return, if a strategy is implemented. Simply put, acceptability strategies can be assessed in three broad ways: return, risk and stakeholder reaction. It is always advisable to use more than one approach or technique in building up a picture of the acceptability of a particular strategy:
Return

An assessment of the returns likely to accrue from specific options is a key measure of the acceptability of an option. Mentioned hereunder are different approaches to the analysis of return:

**Profitability analysis:** Traditional financial analyses have been used extensively in the evaluation of the acceptability of strategies.

Three of the more commonly used approaches are forecasting the return on capital employed (ROCE), payback period and discounted cash flow (DCF) analysis.

**Cost–benefit analysis (CBA):** This tries to put a money value to all costs and benefits of a strategic option including tangible and intangible returns to people and organizations other than one sponsoring the project or strategy.

**Shareholder value analysis (SVA):** It is concerned with how corporate development strategies are or are not generating shareholder value. Applying the shareholder value analysis (SVA) within the strategic management process requires a new mindset called value management. The latter emphasizes that discounted cash flow analysis should concentrate on evaluating strategies at the strategic business unit (SBU) level and not just separate investment projects. It is critical to identify the key cash generators of the business, which are called the value drivers (Johnson and Scholes, 1999). Value management's big contribution is to emphasize how important managing value-drivers is to making strategic decisions and in implementation and control.

Risk

Another measure of acceptability is the risk that the organization faces in pursuing a particular strategy. Such risk can be particularly high for organizations with major long-term programmes of innovation or where high levels of uncertainty exist about key issues in the environment. Risk analysis entails:

**Financial ratio projections:** The projections of how key financial ratio would change if a specific option were adopted can provide useful insights into risk.
Sensitivity analysis: This is a useful technique for incorporating the risk during strategy evaluation. It is sometimes referred to as what if? analysis.

Simulation modeling: Johnson and Scholes (1999:379) argue that strategic simulation models attempt to encompass all the factors considered by the separate analysis discussed in the foregoing account into one quantitative simulation model of the company and its environment.

Stakeholder reactions

Stakeholder mapping is a way of analyzing and prioritizing the political agenda for an organization. These stakeholder maps are drawn only in relation to specific strategic options. They are in fact a valuable tool in assessing the likely reactions of stakeholders to new strategies, the ability to manage these reactions and hence the acceptability of a strategy. Johnson and Scholes (1999:382) define stakeholder mapping as a useful tool for encouraging managers to predict both the degree of interest that stakeholders are likely to exhibit for or against a strategy and whether they have the power to help or hinder the adoption of that strategy.

On the basis of the foregoing definition, it can be pointed out that during strategy development Mvula engaged in an intensive exercise of predicting the likely reactions of its stakeholders which included the Board of Trustees, the community, DWAF and Local Government. It was envisaged that the Board would endorse the new strategy which was based on the analysis of the operating environment the organization found itself in. It was further thought that the community would still be able to closely with Mvula despite the shift of its role from being an Implementing Agent to a Project Agent the role that was previously outsourced to other NGOs, Community Based Organizations (CBOs) and technical consultants in the past. These two stakeholders showed no objection to the newly crafted strategy. In 2003 the Board of Trustees ratified the new strategic plan which was implemented with immediate effect and accepted by rural communities.
With regards to DWAF, Mvula reckoned that DWAF would understand the rationale behind this strategic change and would support Mvula in carving its new niche as an ally or Service Support Agent (SSU) to local government. To the contrary, the KZN DWAF Regional Office, for example, never came out clear in support of Mvula as a credible water services delivery NGO in the province.

Although the Masibambane-NGO Programme of the Department stipulated that 25% of the European Union (EU) funding had to be spent through the meaningful involvement of Civil Society Organizations in the implementation of both water and sanitation projects in all municipalities, DWAF did not want to prescribe to District Municipalities as to how the EU requirement could be implemented. DWAF’s reaction was assumed to originate from the negative perception most municipalities had about the past strategic relationship DWAF had with Mvula. It did not want to be viewed as advocating and promoting Mvula as a preferred or sole credible NGO within the water services sector that had the ability to support the service livery role of municipalities.

Mvula management also thought re-branding the organization as a Project Agent would somehow signal to municipalities that Mvula fully recognized their new role as Implementing Agents. Another assumed reaction was that Mvula given its previous track record within the sector it stood a better chance to be contracted directly by municipalities that experienced a lack of expertise to deliver on their constitutional mandate in terms of water services and policy development. The latter was going to be a new competence to be built at Regional level. Most municipalities were at first confused by Mvula’s strategic shift which was never communicated to them. Secondly, almost all municipalities had funding from national government that was geared towards building and strengthening both capabilities and capacity of staff within ISD, Technical and WSA Departments that would jointly perform the task of water services delivery. Finally, some municipalities never liked Mvula’s approach of community involvement in all project management phases.
They thought it was time-consuming and unnecessary. Hence preference was given to consultants especially when it came to water projects. In conclusion it is worth mentioning that Thompson (2001:532) refers to the acceptability criterion discussed as desirability. He argues that the latter comprises:

**Strategic needs or the planning gap:** The ability of the strategy to produce results in either the short term or the longer term should be assessed in the light of the needs and priorities of the firm. Another important consideration is the ability of the crafted strategy to satisfy the objectives of the organization and to help close any identified planning gap.

**The level of returns expected:** Decisions concerning where a company's financial resources should be allocated are known as investment or capital budgeting decision. Competitive advantage and corporate strategic change are both relevant issues. The ability to raise money and the cost involved are key influence that should be considered alongside two other strategic issues: Does the proposed investment make sense strategically given present objectives and strategies? Will the investment provide an adequate financial return?

**Synergy:** Effective synergy should ideally lead to a superior concentration of resources in relation to competitors. The prospects of synergy should be evaluated alongside the applications for the firm's strategic perspective and culture. These factors in combination affect the strategic fit of the proposal and its ability to complement existing strategies and bring an all-round improvement to the organization.

**Stakeholder needs and preferences:** This relates to the expectations and hopes of key stakeholders, the ability of the organization to implement the strategy and achieve the desired results and the willingness of stakeholders to accept the inherent risk in a particular strategy.
This highlights the importance of the power of influence of the strategic leader in the choice of major strategic changes and his or her ability to convince other stakeholders.

iii) Analyzing feasibility

Feasibility is concerned with whether an organization has the resources and competences to deliver a strategy (Johnson and Scholes, 1999). A number of analytical approaches can be used to assess feasibility. Some of them are mentioned below:

- **Funds flow analysis**
  
  This valuable piece of analysis seeks to identify the funds that would be required for any strategy and likely sources of those. Such an analysis should quickly highlight whether the proposed strategy is likely to be feasible in financial terms.

- **Break-even analysis**
  
  According to Johnson and Scholes (1999) break-even analysis is a simple and widely used technique which is helpful in exploring some key aspects of feasibility. It can be used to assess the feasibility of meeting targets of return or profit and as such, combines a parallel assessment of acceptability. Break-even analysis can be a simple way of quantifying some of the key factors that would determine the success or failure of a strategy.

- **Resource development analysis**
  
  While it is necessary to assess feasibility in financial terms, it is also useful to make a wider assessment of the resources and competences of the organization in relation to specific strategies. This is called a resources development analysis. The requirements of alternative future strategies are identified and matched with the key resources and competencies for each strategy. Resource development analysis can assist in determining whether the organization should stay in the business and compete successfully.
Some important questions to employ when assessing this feasibility:

- Does the organization lack necessary resources?
- Is it currently performing below threshold on any activity?
- Which unique resources already exist?
- Which core competences already exist?
- Could better performance create a core competence?
- What new resources or activities could be unique or core competences?

Thompson (2001:533) identifies five important issues the feasibility analysis should concentrate on:

*Change demands- issues of implementation*: Is the strategy feasible in resource terms? Can it be implemented effectively? Is it capable of achieving the objectives that it addresses? Can the organization copy with the extent and challenge of the change implied by the option?

*Finance and other resource availability*: This is very important since a lack of any key resource can place a constraint a certain possible development.

*The ability to meet key success factors*: No strategic alternate is feasible if the key success factors dictated by the industry and customer demand, such as quality, price and service level cannot be met.

*Competitive advantage*: The effectiveness of a strategy will be influenced by the ability of the organization to create and sustain competitive advantage. When formulating a strategy, it is important to consider the response of existing competitors in order to ensure that the necessary flexibility is incorporated into the implementation plans.

*Timing*: This is related to the opportunity on the one hand and risk of the organization to create and sustain competitive advantage. It may be important for an organization to act quickly and decisively once an opening window of opportunity is spotted. Managers should make sure that they allow themselves enough time to consider the implications of their actions and organize their resources properly.
3.4 Concluding summary

This chapter has presented various definitions of strategic management which all point to the development of an integrated plan that enables an organization to compete successfully in its operating environment and industry. It further described in a more comprehensive manner a five-stage model of strategic management which has been adopted in this study. This model was preferred to other approaches discussed in the study because of its comprehensive and rigorous nature. The adopted model looked at the theoretical strategic management framework Mvula had to follow in developing the strategy discussed in detail in Chapter 2.

The comparison between Mvula’s approach and this model reveals three manifest shortcomings. Firstly, Mvula never developed a strategic vision or strategic intent which is a roadmap of an organization’s future that reflects management’s aspirations for the organization and its business and thus provides a panoramic view of where it is going. This means that Mvula as an organization lacked a statement that could chart a strategic path or direction for it to follow. Ordinarily, developing a vision statement is considered the first step in strategic planning. Secondly, the organization has not embarked on strategy evaluation so as to initiate needed corrective actions that could have averted the downsizing and rightsizing processes that have already occurred within Mvula and the Empangeni Regional Office in particular. This was looked at as part of the three main criteria employed universally in evaluating organizational strategy, namely; suitability, acceptability and feasibility. Thirdly, Mvula’s major shortcoming during its strategic planning was the complete exclusion of its strategic partners and stakeholders that ranged from the rural community to municipalities.

To achieve the objective analysis of its capabilities, challenges and operating environment, Mvula was supposed to invite DWAF, sampled municipalities and community representatives to actively participate in its strategic planning process. The result could have been the crafting of an objective and viable strategy which could effectively respond to the support needs of municipalities in terms of water services provision.
The next chapter presents the methodology that will be employed when conducting research. This will involve a full description of the research design, the sampling procedure and methods employed for data collection, namely, the research instrument.
CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

The process involved in strategic planning and strategy evaluation was presented in the previous chapter. This chapter discusses the methodology that will be employed when conducting research in the identified District Municipalities. This will involve a full description of the research design, the sampling procedure and methods employed for data collection. The research methodology chosen for the purpose of this study is aimed at evaluating the suitability of Mvula’s existing strategic plan. It is therefore imperative that a chosen research methodology is scientifically correct, relevant and replicable since it has to ensure the reliability and validity of the research results.

4.2 Research design

Mouton & Marais (1991:33) state that the aim of a research design is to plan and structure a given research project in such a manner that the eventual validity of the research findings is maximized. A research design is, according to Kerlinger (in Kumar, 2005), “a plan, structure and strategy of investigation so conceived as to obtain answers to research questions or problems. The plan is the complete scheme or program of the research. It includes an outline of what the investigator will do from writing the hypotheses and their operational implications to the final analysis of data”. As Kumar (2005:84) postulates the researcher, through a research design, conceptualizes an operational plan to undertake various procedures and tasks required to complete the study. Secondly, the design ensures that these procedures are adequate to obtain valid, objective and accurate answers to the research questions.

In line with the foregoing postulation this study employs a qualitative or exploratory approach to evaluate whether Mvula’s crafted strategy is able to support the water service delivery role of Uthungulu, Umkhanyakude and Zululand District Municipalities.
The qualitative or exploratory study approach is, according to Mouton & Marais (1991), more preferred because it will enable the researcher:

- To gain new insights into the phenomenon under investigation.
- To follow an open and flexible research strategy.
- To conduct a review of secondary data and literature pertinent to the research topic.
- To conduct a survey of people who have had practical experience of the problem to be studied.
- To use methods such as literature reviews, interviews, case studies and informants, that may lead to insight and comprehension.

In broad terms, it can be stated that there are two factors that impact on the chosen research design: these are of an academic and applied nature. On the one hand, the academic factor suggests that the research is geared towards exploring things for their own sake without any regard for their own applicability. Its fundamental purpose is to provide the student with experience to find knowledge that is useful to the real world. Secondly, this study will also take the form of applied research since it purports to provide a solution to the organizational problem. It will do this by presuming that some kind of knowledge regarding Mvula strategic plan has been revealed and it needs further refinement and explanation. During the implementation stage, the level of confidence will be heightened by the fact that the research will have identified gaps or shortcomings and suggested remedial action. The major pitfall the researcher will endeavour to avoid is allowing preconceived ideas to exercise a determining influence on the direction or nature of the research. Two of the exploratory techniques to be employed include:

4.2.1 Secondary data analysis

According to Cooper and Schindler (2003) the first step in an exploratory study is to analyze secondary data. This involves a search of the secondary literature, which is usually in the form of studies made by others for their own purposes. Within secondary data exploration, the researcher will start first with the organization’s own data archives.
Prior research studies were reviewed in order to identify research methodologies that proved either successful or unsuccessful. In line with this guideline, for the purpose of this study, a few relevant documents have been developed during Mvula strategic planning process. These entail such documents obtained from Mvula as the Strategic Plan, the Blue Chip document designed to dissect the organization in its current form and the “CSO/NGO procurement by the KZN Water Services Authority” document. The organization’s data archives were explored so as to reveal an extensive amount of historical and current data. This helped in the identification of methodologies used, and gaps in the strategic plan. Authors outside Mvula prepared the last two documents mentioned above as a valuable second source of secondary data. Hence they hold an objective view or perspective on the organization. These documents are current and take cognizance of the new role of local government, which creates a new dispensation for the organization.

4.2.2 Experience survey

In the light of the shortcomings associated with archived data, it has been imperative for the researcher to seek information from persons experienced in the area of study, tapping into their collective memories and their experience. This has therefore constituted primary data from primary sources providing first-hand data. Municipal officials from relevant service delivery Units, namely Technical, Waters Services authority (WSA) and Institutional & Social Development (ISD) have been approached in order to seek ideas about important issues or aspects of the subject and to discover what was important across the research topic’s range of knowledge. The investigative format used was flexible to facilitate the exploration of various avenues that emerged during questionnaire administration. It should also be noted that this sample of Mvula clients was chosen to elicit insightful information.

In order to implement the foregoing techniques, the following methods were employed:

- Literature survey or review
- A structured questionnaire was administered to existing clients of Mvula.
Gap Analysis was another useful technique used in this study. This technique moves from the premise that there is a gap, which management need to close, manage the process of change and finally monitor the process to ensure that the same gap does not reappear and, if possible, to open a favourable gap with the competition. A simple, but very powerful, approach to gap analysis centres around three questions, that will help close the gap between the existing strategy and the refined one (Ambrosini 1998:221): Where are we now? Where do we want to get to? How can we get there? A model of gap analysis can be portrayed pictorially as shown below:

**Figure 8: Gap analysis (Adapted from Ambrosini 1998:221)**

1. Recognize there is a gap
2. Develop strategies to close the gap
3. Manage the process of change
4. Monitor and widen the advantage over competitors

Performance gap analysis is also useful in assessing the existent strategic by allowing the application of other strategic planning techniques such as PEST, SWOT and culture web with a purpose and direction. A similar approach was followed by Mvula during its strategic planning process. The details of performance gap analysis were given in Chapter 2 which looked at Mvula’s situation prior to the development of its current strategic plan, where it wanted to get to and how it would get there. A simple performance gap analysis can be illustrated as follows:
4.3 Sampling procedure

Coldwell & Herbst (2004:74) define sampling as the act, process or technique of selecting a representative part of a population for the purpose of determining parameters or characteristics of the whole population. Melville and Goddard (1996:30) state that samples must be representative of the population of concern; otherwise no general observations about the population can be made from studying the sample. The population in this regard is all municipalities in KwaZulu-Natal which have the Water Services Authority status. In order to avoid a sample bias, namely, the over- or under-representation of particular subgroups of the population, the researcher set out to involve all staff within water services delivery units, these being Technical, WSA and ISD, in three northern KwaZulu-Natal District Municipalities. This was possible given the size of the target population. Since the study focus was on Umkhanyakude, Uthungulu and Zululand District Municipalities with the total number of thirty-five (35) employees within the said units, an effort was made to obtain informed consent from all of them. Only thirty (30) showed the willingness and thus agreed to participate in the study.
Hence stratified random sampling procedure was used to ensure that appropriate numbers were selected from each group (stratum) so that the overall sample reflects each group in the known proportions. Another reason for this choice of procedure over simple random sampling was that members within each stratum were fairly similar (homogeneous) whereas there were marked differences between members of one group and those of another. The differences were mainly due to the fact respondents were from different District Municipalities. Homogeneity existed in that all respondents operated within local government environment with the same constitutional mandate; functions of each unit were the same across municipalities except for insignificant variations and they all had Mvula as their Implementing Agent.

4.4 Data Collection Methods

Two approaches were employed to gather data about the situation under investigation. One approach was to gather secondary data since some of the information that was required for the study was already available and only needed to be extracted (Kumar, 2005). Such secondary data was obtained from secondary documents such as the organization’s Strategic Plan (2003 – 2008), Mvula’s Blue-chip NGO Document, earlier research undertaken, the KwaZulu-Natal CSO/NGO Facilitation Meeting document and other Mvula records and documents developed by DWAF.

The second approach entailed collecting data using a primary source, the questionnaire, in order to find out the perceptions of municipal officials on Mvula’s ability to support water services delivery at local government level. The total number of questionnaires administered for the purpose of this study was thirty (30).

In accordance with Lancaster (2005:138) the key aspects of questionnaire design and implementation considered by the researcher included, among others:

- The range and scope of questions
- Question types, for example, open or closed
- Content of individual questions
- Question Structure
In this study questions to respondents were structured in such a way that the questionnaire contained both closed and open questions. The latter questions were included so as to capture responses that otherwise could not have been obtained through closed ones. The simple wording of questions allowed respondents not to spend time trying to understand the question but to rather focus on the content of the response. Although all questionnaires were hand-delivered, no questionnaire was administered face to face. Most questionnaires were collected from respondents whereas a few of them were returned by facsimile. All returned questionnaires were captured and coded using the software called Microsoft Access and subsequently imported into an analytical tool called stata.

Although there were a number of data collection methods that could have been employed for the purpose of the study, the questionnaire (Appendix 4) was chosen, over interviewing and observation, as the most practical research instrument.

Reasons for such preference are mentioned hereunder:

- The nature of the investigation. Since the study was about the evaluation of the performance of the organization the researcher was previously working for, some respondents might become reluctant to discuss their perceptions or views with the researcher. The questionnaire was the best choice as it ensures anonymity.

- The geographical distribution of the study population. Potential respondents were scattered over a wide geographical area, namely, three wall to wall District Municipalities which are virtually 300 km apart. The use of a questionnaire was comparatively convenient and inexpensive. Since this was a non-funded research project, it was more than necessary to keep the cost of the research to a minimum.
The type of study population. The entire population was literate hence a self-administered questionnaire was a feasible option. Each research questionnaire was accompanied by a covering letter (Appendix 2) and the informed consent form (Appendix 3). Although self-administered, the questionnaires were either faxed back or collected by the researcher.

The questionnaires were administered to thirty (30) officials of the three northern KZN District Municipalities, namely, Umkhangakude (DC 27) Uthungulu (DC 28) & Zululand (DC 26). They were hand-delivered by the researcher to all willing respondents together with the detailed covering letter. Out of thirty questionnaires that were administered only twenty-five were returned.

4.5 Data analysis
Three key steps as espoused by Lancaster (2005:170) were followed during the process of data analysis. The first step was data reduction, which is the process of selecting, focusing, simplifying, abstracting and transforming qualitative data and organizing the data into clear patterns. These patterns best summarized the data and enabled preliminary findings to begin to be determined. This was facilitated through the capturing and coding of all received questionnaires using the software called Microsoft Access.

The very process of selecting and identifying chunks of data into patterns inevitably meant that the researcher's own often subjective viewpoints and ideas shaped and determined the data reduction process. Data was further coded in order to render it in a form which can be presented and analyzed with ease. Finally, data was imported into a social sciences analytical software package called stata which is a fast and powerful statistical package for research professionals of all disciplines, from biostatisticians to political scientists. Stata is a complete statistical, graphical and data-management package with a broad suite of statistical and data-management capabilities. As such it provides commands for analyzing and supports byte, integer, float, double, long and string variables. It further supports research in many fields, including pharmaceutics and epidemiology and has an integrated matrix programming language.
Lancaster (2005:171) state that the second step in analyzing qualitative data is called data display. During data analysis this step involved the presentation of qualitative data in ways which enable others to assess, interpret and evaluate the interpretations and conclusions drawn by the researcher. The data collected using questionnaires was then captured into Microsoft Access and subsequently imported into an analytical software package. The emphasis was on ensuring validity and reliability of data and research undertaken. Data could then be presented in a number of techniques such as graphs and charts. Both data reduction and display enabled the researcher to look for common threads or trends in response patterns. These similar patterns could then be cut apart and matched among three groups, namely, ISD, Technical & WSA, and among all three municipalities, Umkhanyakude (DC 27) Uthungulu (DC 28) & Zululand (DC 26).

The third step entailed drawing and verifying definitive conclusions from the data. It is true that some conclusions began to emerge during the previous stages. Final conclusions, however, evolved from the complete analysis of the qualitative data after data reduction and data display. As further reckoned by Lancaster (2005:171), throughout the process of analysis, initial and tentative conclusions began to firm up and to be verified as the analysis proceeded. This process was also carried out such that conclusions should be open to others to evaluate, again lending validity and reliability to the data and research findings. Cross-tabulation of variables on the questionnaire also confirmed the patterns and conclusions that had begun to emerge.

4.6 Concluding summary

This chapter has described the entire research methodology used for the purpose of this study. It did that by giving an account of the research design, sampling methods or procedures, data collection methods employed during the study. It further looked at the data analytical tool to be used during the analysis as well as three key stages in qualitative data analysis. The analyzed research findings from twenty-five respondents are presented in Chapter Five.
CHAPTER FIVE

PRESENTATION OF FINDINGS

5.1 Introduction

This chapter presents data from research conducted at Umkhanyakude, Uthungulu and Zululand District Municipalities. As outlined in Chapter One, Mvula’s daunting challenge was to prove its rationale for existence as a necessary intermediary or delivery arm for water services supporting municipalities. The establishment of Local Government which previously never had a constitutional mandate to deliver water services was perceived as one most important element of transition in the country. Despite that the development of viable and effective developmental local government which meets the needs and expectations of its constituency continued to be a challenge for National Government as well. In order to survive those major changes in its operational environment and to respond to those new challenges, Mvula had to carve its new niche in the water sector by positioning itself as a strategic ally for municipalities in the delivery of water services. It therefore became imperative for Mvula to embark on a strategic planning exercise. This process was an endeavour to better prepare itself for the future so that it could remain relevant and indispensable within the water sector. As to whether Mvula’s newly crafted strategy has been able to support the water services delivery role of developmental local government with special reference to three northern KwaZulu-Natal municipalities is thus the issue at hand in this research study.

The purpose of this research study was to conduct a rigorous evaluation of Mvula’s Strategic Business Plan (SBP) developed in 2003 to support the water services delivery role of developmental local government. To that end, the total sample size was thirty-five (35), which comprised employees within ISD, Technical and ISD units. Informed consent to participate in the study was obtained from only thirty (30) participants. In the final analysis only twenty-five (25) accurately completed questionnaires were returned, equating to a resultant response rate of 83.3%. The respondent group across all three municipalities was described in terms of two demographic variables; age and gender.
The demographic profile showed that 72% of all respondents were males and 28% were females. The age distribution was such that 44% were between 26-35 years, 40% were between 36-45 years, and 16% were between 46-55 years. Other variables used in the study, related to each respondent’s municipality, department and period of service. 48% of the respondents came from Umkhanyakude, whereas 20% and 32% were from Uthungulu and Zululand respectively. The Technical department had 64% of respondents, whilst ISD and WSA had 20% and 16% each. 76% of respondents had worked for any of the three municipalities for 1-4 years and 24% had worked for 5-9 years which includes the period of service under Regional Councils which were later transformed into district municipalities in 2000. Empirical findings on how municipal employees within the designated departments evaluated Mvula’s strategy and performance are presented in terms of sixteen questions contained in the questionnaire administered to all three municipalities:

5.2 Empirical findings

5.2.1 Capacity in which respondents knew Mvula

The research found that a substantial number (72%) of respondents only knew Mvula as a sanitation development organization. Only 20% regarded Mvula as an Implementing Agent (IA) for both water and sanitation development. The remaining 8% perceived Mvula as an Institutional & Social Development (ISD) organization focusing on social facilitation.

Figure 10: Number of respondents knowing Mvula in different capacities
5.2.2 Services provided by Mvula to district municipalities

Findings suggest that 64% of respondents, the majority from Zululand Municipality, indicated that Mvula provides sanitation development services to their municipalities. The second category comprising 20% mentioned Mvula as an IA responsible for both water and sanitation development. Mvula is known to provide ISD services by 12% of the respondent group. Only 4% were unsure of services the organization provides to the respective municipality.

Figure 11: Services provided by Mvula to district municipalities

5.2.3 Knowledge of Mvula’s mission and vision

The majority (68%) of those who responded did not know both the mission and vision of the organization. Only 32% of them could vaguely state the mission statement only.

Figure 12: Number of respondents knowing Mvula’s mission and vision
5.2.4 Knowledge of Mvula Strategic Plan: 2003 – 2008 document
All respondents (100%) reported that they had never read nor seen the Strategic Plan of Mvula which was created to enhance its ability to support water services delivery at municipal level.

5.2.5 Involvement in the Strategic Plan development process
The findings suggest that 100% of respondents were never involved in Mvula’s strategic planning process.

5.2.6 Consultation for input during and after the strategic planning process
All respondents (100%) indicated that they were never consulted for input during and after the development of Mvula’s strategic plan.

5.2.7 Comment on Mvula’s preferred service provider status
According to the study, 52% of respondents did not regard Mvula as a preferred service provider and 44% still preferred Mvula. Only 4% of respondents were unsure regarding this question. The preference was mainly in terms of sanitation development as some respondents stated that most water projects previously implemented by Mvula were not successful.

Figure 13: Comment on preferred service provider
5.2.8 Any water projects implemented by Mvula within municipalities

The study shows that 52% stated that Mvula was implementing some water projects in their areas whereas 40% indicated there were no such projects in their jurisdictional areas. Only 8% mentioned that Mvula implemented some water projects in the past, not during the time of conducting the study.

Figure 14: Implementation of water projects according to respondents

5.2.9 Any sanitation projects implemented by Mvula within municipalities

Most respondents (92%) agreed that Mvula was appointed for sanitation implementation within their municipalities. Only 8% stated that Mvula was not implementing any sanitation projects in their areas.

Figure 15: Implementation of sanitation projects according to respondents
5.2.10 Increase or decrease in projects allocated to Mvula

The research findings depict that 56% of respondents stated that the number of both water and sanitation projects allocated by municipalities to Mvula has decreased in recent years. The increase of such allocation was only mentioned by 24% of respondents. Only 20% were not sure whether there had been an increase or decrease.

Figure 16: Size of respondents versus status of projects allocated to Mvula

5.2.11 Factors that contributed to either increase or decrease in Mvula projects

A majority of respondents (80%) attributed the decrease in the number of projects allocated to Mvula to the lack of project management capacity or expertise within the organization. Other factors included in this question related to poor work quality and lack of professionalism among employees. Hence Mvula was perceived as adding an unnecessary burden to municipalities instead of providing the necessary impetus in terms of water services delivery role. Only 20% cited funding delays as the main reason for the decrease in Mvula projects. None of the respondents could cite factors that could have potentially contributed to the increase of projects.
5.2.12 Recommendation that current Mvula strategy be revised or strengthened

According to study findings, 88% of respondents recommended that the adopted strategy should be revised and Mvula should engage in broader consultation in order to craft a viable strategy. There were only 12% of those who did not recommend anything because they had never read nor seen Mvula’s strategic plan before.
5.2.13 Aspects of the current Mvula strategy to be revised or strengthened

Most respondents (84%) pointed out that Mvula should involve or consult its clients during strategy formulation. This would lead to a better understanding of client needs that should form the basis for a new strategic direction. Poor articulation of Mvula’s niche within the sector was viewed as another aspect that needed to be looked into. They further recommended that the strategy thus developed should be communicated broadly to all Mvula clients. Finally, it was stated that Mvula should increase in-house technical capacity and avoid desktop project planning process. Only 16% of respondents decided not to point out any specific aspects of the strategy needing revision or strengthening.

5.2.14 Mvula’s success rate in supporting municipal water services delivery role

The study shows that 96% of municipal officials stated that Mvula took too long to complete both water and sanitation projects. Most of the completed projects left much to be desired in terms of quality and sustainability. Mvula’s perceived success was only in terms of institutional and social development training. In general, Mvula was perceived as failing to proactively market and support local government. Its approach was mainly reactive. There were only 4% of respondents who vaguely commented on Mvula’s success rate in this regard. Some mentioned that the organization only succeeded in respect of the quantity, not quality, of projects under its implementation portfolio in the old dispensation, namely, the DWAF era.

Figure 19: Number of respondents who rated Mvula’s performance
5.2.15 Water services delivery support needed by municipalities

In view of this study 84% of respondents reported that in order to meet the 2014 target, district municipalities needed ISD support since they had enough technical capacity to speed up water services delivery. They argued that civil society organizations like Mvula and other sector NGOs had vast experience in the area of community mobilization, community awareness, social facilitation and training.

The delayed and uncertain transfer of funding from the Municipal Infrastructure Grant (MIG) was identified by only 12% of respondents as a major constraint that hindered the adequate provision of basic water services within municipal areas. Only 4% identified studies on impact assessment and transformation issues as strategic support needed by local government.

Figure 20: Water services support needs as per the number of respondents

5.2.16 General comments about Mvula’s role in supporting water services delivery

Although almost all respondents appreciated Mvula’s past contribution in the sector, mainly in terms of policy development, 92% stated that since the newly crafted strategy was not known, it could not be supported by local government.
They further stated that Mvula should realign itself with changes taking place within the water sector and local government sphere in general. They also mentioned that Mvula should strive to meet and even surpass client expectations. Some even pointed out that Mvula was in fact on the verge of working itself out of the job or dying its natural death whilst there were immense opportunities for its continued existence as an NGO in the new dispensation. Only 8% of respondents did not make any general comments.

5.3 Concluding summary

This chapter has presented research findings from twenty five questionnaires that were administered to officials working within Technical, ISD and WSA departments of Umkhanyakude, Uthungulu and Zululand District Municipalities. The results analyzed by means of an analytical tool called stata were presented in a narrative format as well as in graphical representation which included bar graphs and pie charts. Research findings were extrapolated from the data presented by respondents under each of the sixteen questions contained in the research instrument.

The next chapter presents both the conclusions and recommendations emanating from the foregoing research findings and the in-depth literature review conducted in Chapter 3 of this study.
CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

A detailed account of research results obtained from structured questionnaires administered to municipal officials was presented in the previous chapter. The primary aims of the study were outlined in Chapter One as mentioned hereunder:

- To conduct a rigorous evaluation of Mvula’s Strategic Business Plan (SBP) developed in 2003 to support the water services delivery role of developmental local government.
- To establish how the developed strategy supports the organization’s emerging mission, which is to improve the health and livelihoods of poor and disadvantaged South Africans in rural and peri-urban communities through facilitating delivery of integrated and sustainable water, sanitation and related services.
- To examine the extent to which the crafted five-year strategy has supported three northern KwaZulu-Natal District Municipalities of Uthungulu, Umkhanyakude and Zululand to deliver water services to their respective communities in a more efficient, cost-effective and sustainable manner.
- To subject Mvula’s strategic plan to contemporary strategic planning processes.

The foregoing broad research aims together with the following research questions guided the whole research process:

- Has Mvula’s strategy been crafted in line with contemporary strategic planning processes?
- Is Mvula delivering on the services requirements of Local Government particularly in the municipalities of Uthungulu, Umkhanyakude and Zululand?
- Does the existing strategy of Mvula enable Local Government to meet its service delivery mandate?
Chapter Two presented a detailed review of Mvula case study. Such a review entailed the historical background of Mvula, its services, its geographic spread as well as its customer base. It further involved a closer scrutiny of changes in Mvula’s work context and portfolio, changes in the funding environment and the adopted survival strategy. This background information was important in understanding Mvula’s evolutionary trend and in establishing major and inevitable changes in Mvula’s operating environment that led to the strategic shift.

The theoretical framework for strategic planning and evaluation was discussed in Chapter Three. This chapter also described in detail the rigour strategic planning from a diversity of perspectives. It also pulled together the strands of the “what” element of the chosen strategy is evaluated to gauge its correctness and effectiveness. The reviewed literature was evaluated against what Mvula had done during its strategic planning process.

The research methodology was presented in Chapter Four and it involved a detailed account of the research design, the sampling procedure and methods employed for data collection, namely, the research instrument. It further described the data analysis process which was undertaken by means of a specific statistical tool used called stata. In Chapter Five, research findings obtained from the questionnaires administered to the officials of three northern KwaZulu-Natal District Municipalities were discussed and also presented using bar graphs and charts.

Besides pointing out weaknesses while reinforcing positive aspects or strengths of Mvula’s crafted strategy, this Chapter discusses research findings and draws some conclusions. Finally, it will make recommendations that will enable Mvula to realign its strategy with local government imperatives and practical support needs in terms of water services delivery.

6.2 Addressing demographic profile

The research results showed that the largest component within the three District Municipalities involved in the study was the Technical Department. This was followed by the Institutional and Social Development Department (ISD).
It appears that the major thrust of all municipalities is on project implementation as opposed to operating and maintaining existing projects. While municipalities need technical support during implementation, it can however be concluded that municipalities have successfully beefed up their technical capacity in terms of project monitoring as Implementing Agents (IAs). The evident need is in respect of hands-on project implementation as Project Agents (PAs). The staff capacity levels within ISD Departments also reveal that municipalities also need support with regards to institutional and social development support. From this it may be concluded that these are the two niche areas and competencies Mvula should have concentrated on or carved itself. In view of their past involvement in community mobilization and awareness campaigns, Civil Society Organizations (CSOs) are perceived to be competent in dealing with issues relating to social facilitation.

6.3 Addressing the first research question

As mentioned earlier on, this research study was guided by three important research questions. The first one is: Has Mvula's strategy been crafted in line with contemporary strategic planning processes?

The sequential approach followed by Mvula during its strategic planning process entailed strategic analysis as its first step. This involved the examination and analysis of the organization, its mission and objectives. Mvula senior management and some Trustees conducted an examination of the objectives and the organization's relationship with its environment. Coupled with that was the analysis of the organization's resources. The second step, strategy development, enabled the development of various strategy options. The chosen strategy proposed the strengthening of all operations within Mvula to render it an efficient strong and viable NGO that has the ability to develop close relationships with its new client, namely, local government while strengthening its existing relationship with DWAF. Mvula Management and the Board of Trustees thought that this strategy option would provide the organization with advantages over its competitors that would be sustainable over time. The final step, strategy implementation, was faced with major difficulties in terms of motivation, regional or provincial dynamics, and realignment of operations between Head Office and Regional Offices, and Local Government negotiations.
Sadly, Mvula did not have a dedicated change agent or champion or driver of the major strategic changes that had to be implemented over time. Consequently, the organization had to retrench or not to replace some of its staff that resigned at both Head Office and Regional levels. The Empangeni Region was no exception. The most drastic action that was taken involved the closure of the Ulundi Satellite Office (under Empangeni Region) and some Regional offices such as Mpumalanga, Kokstad and Umthatha. On the basis of the foregoing account, it can be concluded that Mvula’s crafted strategy has not enabled the organization to carve its new niche in supporting the service delivery role of local government in many aspects let alone sustaining the operational efficiency levels that existed prior to the strategic planning process.

In this study five interrelated managerial tasks of the strategy formulation process espoused by Thompson and Strickland (2003:6) was used and adopted as a contemporary model for strategic planning. These steps entail:

- Developing a strategic vision & business mission
- Setting objectives
- Crafting a strategy to achieve the objective
- Implementing and executing strategy
- Evaluating performance, monitoring new development and initiating corrective action

This model was preferred and thus adopted instead of other approaches because of its comprehensive and rigorous nature. This is the model Mvula should have followed during its strategic planning process. Hence the comparison between Mvula’s approach discussed in detail in Chapter Two and this model reveals three evident shortcomings.

Firstly, Mvula never developed a strategic vision or strategic intent which is a roadmap of an organization’s future that reflects management’s aspirations for the organization and its business and thus provides a panoramic view of where it is going.
This means that Mvula as an organization lacked a statement that could chart a strategic path or direction for it to follow. Ordinarily, developing a vision statement is considered the first step in strategic planning. Secondly, the organization has not embarked on strategy evaluation to initiate needed corrective actions that could have averted the downsizing and rightsizing processes that occurred within Mvula and the Empangeni Regional Office in particular. This was examined in Chapter Three as part of the three main criteria employed universally in evaluating organizational strategy, namely, suitability, acceptability and feasibility. Thirdly, Mvula’s major shortcoming during its strategic planning was the complete exclusion of its strategic partners and stakeholders ranging from the rural community to municipalities. These manifest shortcomings warrant a need for strategic review if Mvula intends crafting a winning strategy that would better position the organization for the provision of water support services required by local government.

6.4 Addressing the second research question

The second research question this study had to answer is: Is Mvula delivering on the services requirements of Local Government particularly in the municipalities of Uthungulu, Umkhanyakude and Zululand?

The study conducted revealed that 84% of respondents reported that their District Municipalities need ISD support since they had enough technical capacity to speed up water services delivery. Their argument was that Civil Society Organizations like Mvula and other sector NGOs had vast experience in the area of community mobilization, community awareness, social facilitation and training. Only 4% identified studies on impact assessment and transformation issues as strategic support needed by local government while 12% of respondents cited delayed and uncertain transfer of funding from the Municipal Infrastructure Grant (MIG) as a major constraint that hindered the adequate provision of basic water services within municipal areas. This was the analysis of a collective response given to Question 15 of the questionnaire which asked: What service delivery vehicle or strategic support does your District Municipality need to effectively deal with its current water services backlog and thus meet its 2015 target?
From this it can be concluded that municipalities experience serious deficiencies in terms of ISD skills and the majority are not keen to develop in-house capacity and capability in this regard. From Question 2: What services does the Mvula Trust provide in general and to your District Municipality in particular? The research study found that 64% of respondents, the majority of them were from Zululand Municipality, pointed out that Mvula provide sanitation development services to their municipalities. The second category comprising 20% mentioned Mvula as an IA responsible for both water and sanitation development. Mvula is known to provide ISD services by 12% of the respondent group. Only 4% were unsure of services the organization provides to the respective municipality. It can therefore be inferred that Mvula no longer has a role as an IA in the water services sector since District Municipalities are, by default, having an IA status. Secondly, this status was associated with a financial reward in the form of IA fees. Instead of being as a competitor to municipalities, Mvula should rather develop technical skills or capabilities as Project Agent for sanitation projects. Sanitation work if well managed and cost-effectively executed can serve as the organization’s mainstay and cash-cow.

Another new area Mvula can explore with no fear of fierce competition entails conducting impact assessment studies on development programmes implemented by local government. Most municipalities need support in integrated development planning as well as in assessing the impact of implemented projects in terms of job creation, changing people’s quality of life and livelihoods and poverty alleviation. In the light of its vast experience and understanding of communities where it operates, Mvula may potentially develop this capability as the lead NGO.

6.5 Addressing the third research question

The final research question guided the study in establishing whether Mvula’s strategy has been able to support the water services delivery role of developmental local government in northern KwaZulu-Natal. This question was: Does the existing strategy of Mvula enable Local Government to meet its service delivery mandate? Question 14 asked: In general, do you think the Mvula Trust has succeeded in supporting the water services delivery role of your District Municipality? Why do you answer so?
The response given to this question showed that the majority of municipal officials were dissatisfied with Mvula's performance since they took too long to complete both water and sanitation projects. Secondly most of the completed projects left much to be desired in terms of quality and sustainability. They further stated that Mvula's perceived success was only in terms of institutional and social development training. In general, Mvula was perceived by most officials as having failed to proactively market and to support local government. Its approach was seen to be mainly reactive. Some mentioned that the organization only succeeded in respect of the quantity, not quality, of projects under its implementation portfolio in the old dispensation, namely, the DWAF contract. From this it can be concluded that Mvula has not succeeded in supporting the water services delivery role of Northern KwaZulu-Natal District Municipalities.

It is worth mentioning that almost all respondents appreciated Mvula's past contribution in the sector which mainly in terms of policy development. They stated that since the newly crafted strategy was not known, it could thus not be supported by their municipalities. From that premise it is vital that Mvula realign itself with changes taking place within the water sector and local government sphere in general. Mvula should strive to meet and even surpass client expectations. The urgency of this strategic shift was highlighted by some officials who pointed out that Mvula was on the verge of working itself out of the job whilst there were immense opportunities for its continued existence as an NGO in the new dispensation.

6.6 Recommendations

From the foregoing conclusions, the following recommendations are with a view to ensuring that Mvula is able to support the water services delivery role of developmental Local Government, with special reference to three Northern KwaZulu-Natal District Municipalities:

6.6.1 Review strategy in line with the contemporary strategic planning process

The world to which organizations have to adapt appears to be so turbulent and unpredictable that traditional approaches to strategic management are simply not appropriate.

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There is absolutely little to be gained from narrow strategic planning processes with predetermined fixed objectives, outcomes and analysis. Mvula should develop its strategy in accordance with the contemporary strategic planning process discussed at great length in Chapter Three of the study.

6.6.2 Develop vision statement and new mission statement

In Chapter Three the strategic vision or strategic intent was defined as a roadmap of a company’s future that provides specifics about technology and customer focus, the geographic and product markets to be pursued, the capabilities it plans to develop and the kind of company that management is trying to create. Likewise Mvula should develop its own strategic vision which will reflect management’s aspirations for the organization and its business, providing a panoramic view of where it should be going. Such a vision statement should clearly point out an organization in a particular direction and chart a strategic path for it to follow. On the other hand, the mission statement, also defined in Chapter Three, identifies the enduring purpose of the organization and answers questions such as Who are we? What is our business? Why do we exist? Hence, it is grounded in the present, that is, it focuses on the current markets and customers served by the organization. In simpler terms, the mission statement tends to deal with a company’s present business scope, namely, “who we are, and what we do”. The mission statement broadly describes an organization’s present capabilities, customer focus, activities and business makeup (Thompson and Strickland, 2003).

The current mission statement of Mvula is “to improve the health and livelihoods of poor and disadvantaged South Africans in rural and peri-urban communities through facilitating delivery of integrated and sustainable water, sanitation and related services”. Such a mission statement suggests that it is Mvula’s role to improve the health and livelihoods of poor and disadvantaged South Africans living in rural and peri-urban settings. This is not a correct statement or presupposition to make. This is in fact a constitutional mandate that falls squarely within the domain of Local Government.
In view of Mvula's past close working relationship with DWAF, which was negatively perceived by most municipalities, such a statement may appear challenging the mandate of Local Government.

The mission statement also does not describe Mvula's customer focus which is, according to the crafted strategy, Local Government. This should not be implied, but rather expressed in explicit terms to avoid any assumptions or misconstructions. In the light of this shortcoming, it is strongly recommended the Mvula should change the current mission statement and realign it with the one proposed in The Mvula Trust: Still a blue-chip NGO? (2003:22) document. The new mission should state that "The Mvula Trust supports local government in the delivery of sustainable, reliable and affordable water services and thus enables rural and peri-urban communities to manage their own services using local resources and advocates sustainable models for services delivery and management". This mission statement defines local government as Mvula's point of focus in terms of provision of support. It further recognizes the fact that communities have the capacity to effectively manage their own services. Finally, it acknowledges Mvula's advocacy role with regards to best practices within the water sector.

6.6.3 Broad consultation with existing and prospective clients

In order to achieve the objective analysis of its capabilities, challenges and operating environment, the involvement of clients and collaborators during strategic planning become imperative. It was appropriate and necessary for Mvula to invite DWAF, the Department of Provincial and Local Government (DPLG), sampled municipalities and community representatives to actively participate in its strategic planning process. The result could have been the crafting of an objective and viable strategy which could effectively respond to the support needs of municipalities in terms of water services provision.
Through broad consultation, Mvula can have a better understanding of local government needs in terms of integrated planning and integrative thinking and thus enabling municipalities weave sustainable water services into the broader fabric of their constitutional mandate. On the contrary, the strategy formulation process within Mvula was self-driven and thus highly subjective.

6.6.4 Define specific niche for the organization within the water services sector

While most municipalities recognize the significance of ISD skills in facilitating community buy-in and project sustainability, they are determined to outsource these so-called “soft skills” to Civil Society Organizations. In view of Mvula’s historical success in galvanizing and securing community participation in projects, its specialist expertise in implementing Demand Responsive Approach (DRA), its vital role in rural and peri-urban communities as well as its past ISD policy contributions, Mvula should carve this as its specific niche area within the sector and should strive to remain the leader in terms of developing modern methodologies that can facilitate institutional and social development. Mvula need to take advantage of community capacity building interventions such as dissemination of information and municipal and sector policies; training of water committees as Water Services Providers (WSPs); project management training; project operation and maintenance and other sector-related skills. As an advocacy organization, Mvula should be enriching public debate at all levels and help shape municipal thinking in terms of best practices. This can only be realized by building and nurturing relationships of trust and respect with key municipal officials.

6.6.5 Internal and external strategy evaluation

Mvula has not embarked on strategy evaluation so as to initiate needed strategic review or corrective action that could have ensured the realignment of their existing strategy with local government requirements. Such a process could have potentially averted the downsizing and rightsizing processes that have already occurred within Mvula and the Empangeni Regional Office in particular.
6.6.6 Develop viable communications and marketing strategies

Although Mvula has been regarded as the largest NGO within its industry, it is vital that it embarks on a vigorous marketing campaign after re-branding itself as an organization geared towards supporting local government. Management should be equipped with effective communications skills so as to articulate the organization's strategy. For both staff and clients there must be an explicit communications strategy for each major change management project, such as the change in the organization's strategic direction. Given its vast experience with the sector, Mvula should strive to brand and market itself as a learning organization that is capable of continual regeneration from the variety of knowledge, experience and skills of individuals within an organizational culture that encourages mutual questioning and challenge around a shared purpose or vision.

6.6.7 Speed up pace of project implementation

Municipalities are desperate for support and assistance in meeting their developmental responsibilities. The research findings showed that the majority of municipal officials were dissatisfied with Mvula's performance in view of the length of time they took to complete both water and sanitation projects. Secondly, most of the completed projects left much to be desired in terms of quality and sustainability. The reality is that municipalities are struggling to balance the constitutional requirement for developmental local government with the legitimate demands of their constituencies for immediate services. It is therefore up to Mvula to streamline and make their project implementation approaches, management systems and development practices more relevant to the needs of municipalities. Mvula must develop a gearing-up strategy that will support municipalities in terms of rapid water services delivery.

6.7 Concluding summary

This Chapter has presented both the conclusions and recommendations emanating from research findings emanating from questionnaire administered to officials of three District Municipalities supported by Mvula's Empangeni Regional Office. Another source of such recommendations was the in-depth literature review conducted in Chapter 3 of this study.
Conclusions and recommendations made in this study pointed out that there is an urgent need for Mvula to embark on an intensive strategic review process that will result in the realignment of the organizational strategy with the constitutional mandate of Local Government Mvula claims to support in water services delivery. The study has also given insight into the need for broad consultation when an organization sets out to develop a winning strategy that is intended to better position itself in the context of the changing operating environment. The major drawback in Mvula’s strategic planning process is that it was an entirely self-driven and subjective process. Instead of becoming objective, rigorous and ruthless in approach, Mvula became somehow complacent with its past performance as an Implementing Agent as well as its significant contributions to the sector. This precluded the crafting of a strategy that would be informed by its changing work context brought about by the enactment of local government as well as its new role enshrined both in the constitution and the water services legislative framework of South Africa.
REFERENCES


TO WHOM IT MAY CONCERN

The Evaluation Of The Mvula Trust Strategic Plan: 2003 – 2008

The attached questionnaire forms part of a research project I am currently conducting in fulfillment of my Masters Degree in Business Administration (MBA), I am studying through the Graduate Business School of the University Of KwaZulu-Natal (UKZN, Westville Campus). This research will be undertaken in three District Municipalities, namely, Uthungulu, Umkhanyakude & Zululand, which are the major clients of the Empangeni Regional Office of The Mvula Trust.

My research topic is “The Evaluation Of The Mvula Trust Strategic Plan With Special Reference To Its Ability To Support The Water Services Delivery Role Of Developmental Local Government In Northern KwaZulu-Natal.”

Your participation will be most appreciated, as it will enable the researcher to complete his milestone project in the pursuit of knowledge and acquisition thereof. It will further help the Mvula Trust either to consolidate or review its crafted strategy.

Please be so kind to assist me by taking not more than twenty (20) minutes of your time to complete and return the attached questionnaire at your earliest convenience preferably no later than Monday, 18 September 2006.

Contact Person : Mbongiseni Buthelezi
Email : mbuthelezi@africacentre.ac.za
Contact Number : 035 550 7504 (w) or 082 576 3288
Fax Number : 035 551 0344 (home telefax)
Physical Address : Africa Centre For Health & Population Studies
                  R168 to Hlabisa, Somkhele, Mtubatuba 3935

Your participation in the study is absolutely voluntary and you are free to withdraw from the study at any stage and from any reason. No direct benefit (s) will be derived from participating in the study.
The information collected during the study will be kept confidential and you as a respondent will remain anonymous both during and after the research, thus your honest personal views and recommendations are requested.

I take this opportunity to express in advance my heartfelt gratitude for both your earnest effort as well as your most valuable time you have spent in completing this research questionnaire.

Yours faithfully

MBONGISENI W. BUTHELEZI
APPENDIX 2


Introduction

This informed consent document purports to ask for your voluntary participation in this research study being undertaken in three District Municipalities, namely, Uthungulu, Umkhanyakude & Zululand, which are the major clients of the Empangeni Regional Office of The Mvula Trust. This document further gives you information about the study which will also be discussed with you. Once you understand the study, and if you agree to take part in it, you will be asked to sign the consent form in front of a witness. You will be given a copy of the signed form for your own record.

What Are The Objectives Of The Study?

The researcher has identified the following research objectives:

- To evaluate the existing strategic plan of the Mvula Trust using the theoretical paradigm.
- To establish and evaluate the extent to which the strategic plan supports the water services delivery role of Umkhanyakude, Uthungulu and Zululand District Municipalities.
- To determine the need for strategic realignment.
- To gain research experience requisite in finding knowledge that is useful to a real world.

Who Are The Targeted Study Participants?

Municipal officials from relevant service delivery Units, namely Technical, Waters Services authority (WSA) and Institutional & Social Development (ISD) will be approached in order to seek ideas about important issues or aspects of the subject related to the above study objectives. It will also discover what is important across the research topic’s range of knowledge.

What Will It Mean To Take Part In This Study?

Your participation will be most appreciated, as it will enable the researcher to complete his milestone project in the pursuit of knowledge and acquisition thereof. It will further help the Mvula Trust either to consolidate or review its crafted strategy.
What Are The Risks Of Being In The Study?

There are not risks inherent in the study and an effort has been to keep the questions easy and straightforward. Some open-ended questions may require you to share your own perspective or views with the researcher. You are at liberty not to answer any of the questions.

What Are The Benefits Of Participating In This Study?

No direct benefit(s) will be derived from participating in the study. The information collected during the study will be kept confidential and you as a respondent will remain anonymous both during and after the research, thus your honest personal views and recommendations are requested.

What If You Do Not Want To Take Part?

Your participation in the study is absolutely voluntary and you are free to withdraw from the study at any stage and for any reason.

How Will Confidentiality Be Guaranteed?

Anonymity will only be guaranteed in respect of research participants. Participants will not be asked to furnish their names, except for departments they work for within target municipalities. Despite that all questionnaires will be coded during capturing. Anonymity will be precluded with respect to Mvula Trust and three municipalities to be involved in the study. Research findings, as part of the researcher's undertaking to Mvula, will be disseminated to the organization.

Who Can Be Contacted If You Want To Obtain More About The Study?

In the event you require more information before deciding on whether or not to participate or if you participate and later realize that there are questions that to be clarified, you may contact the researcher:

Contact Person : Mbongiseni Buthelezi
Email : mbuthelezi@africacentre.ac.za
Contact Number : 035 550 7504 (w) or 082 576 3288
Fax Number : 035 551 0344 (home telefax)
Physical Address : Africa Centre For Health & Population Studies
R168 to Hlabisa, Somkhele, Mubatuba 3935
INFORMED CONSENT DECLARATION BY RESEARCH PARTICIPANT

I........................................... (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in this research project. I have been fully informed of the study being conducted and understand what is required of me. I know the risks and benefits to participating in the study.

I understand that my participation involve honestly answering questions from the questionnaire by taking not more than twenty (20) minutes of my time to complete and return the attached questionnaire to the researcher.

Under these conditions I am therefore willing to participate in the study and I understand that I am at liberty to withdraw from the project at any time, should I so desire. Withdrawal from the study will under no circumstances affect my relationship with the researcher.

______________________________  ________________
Signature Of Participant             Date

______________________________  ________________
Signature Of Witness                Date
APPENDIX 3

TO BE COMPLETED BY DISTRICT MUNICIPALITY EMPLOYEES WITHIN THE WATER SERVICES AUTHORITY, TECHNICAL AND INSTITUTIONAL & SOCIAL DEVELOPMENT DEPARTMENTS:

SECTION A

INSTRUCTIONS:

The purpose of this questionnaire is to assess your knowledge, understanding of the current Mvula Trust Strategy crafted for 2003 - 2008. It is also intended to evaluate the extent to which the crafted Strategy has been able to support the water services delivery role of your municipality as well as solicit your concrete recommendations to this end. Your honest response will be highly valued. Please answer all the questions; these are for both data collection and statistical purposes.

1) Do not write your name
2) Please provide a complete answer to each of the questions mentioned below
3) Fax the questionnaire to Mbongiseni Buthelezi at 035 551 0344 or send by email to mbuthelezi@afriacentre.ac.za

Name Of Municipality

Department

Period of Service

DEMOGRAPHICS:

(Please tick (✓) the appropriate box for the provided questions)

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SECTION B

1. In what capacity do you know the Mvula Trust?

____________________________________________________________________________________

- 6 -
2. What services does the Mvula Trust provide in general & to your District Municipality in particular?

3. Please state the Mvula Trust’s mission and vision.
   
   **Mission:**

   **Vision:**

4. Have you seen and read the Mvula Trust Strategic Plan: 2003 – 2008 document?

5. Did you take part in the development of the above-mentioned Strategic Plan?

6. As an existing or potential client, were you ever consulted for input during and/or after the Mvula Trust’s Strategy development process? If yes, what input or comment(s) did you make?

7. Is the Mvula Trust your preferred service provider within the water services sector? Why?

8. Does the Mvula Trust implement any water projects within your District Municipality?

9. Does the Mvula Trust implement any sanitation projects within your District Municipality?

10. If your answer to either question 8 or 9 or both is “Yes”, has the number of projects allocated to the Mvula Trust increased or decreased since 2003?

11. What factors do you think might have contributed to either the increase or decrease of projects allocated to the Mvula Trust since 2003?
12. Would you recommend that the current Mvula Trust Strategy be revised or strengthened?

13. What aspect(s) of their current Strategy do you think need to be revised or strengthened to ensure that the Mvula Trust is at the cutting edge of service provision within the water sector?

14. In general, do you think the Mvula Trust has succeeded in supporting the water services delivery role of your District Municipality? Why do you answer so?

15. What service delivery vehicle or strategic support does your District Municipality need to effectively deal with its current water services backlog and thus meet its 2015 target?

16. Any other comment(s) you would like to make regarding this topic?
17 November 2005

P.O. Box 131
KwaMBonambi
3915

Dear Mr Buthelezi

APPROVAL TO CONDUCT YOUR RESEARCH STUDY ON THE MVULA TRUST'S STRATEGIC PLAN

Your letter of request dated 15 November 2005 refers.

This serves to confirm that permission is hereby being granted for your research project that will focus on the evaluation of our organization's Strategic Plan. The topic of your research is "The Evaluation Of The Mvula Trust Strategic Plan With Special Reference To Its Ability To Support The Water Services Delivery Role Of Developmental Local Government." We understand that your study will be confined to three (3) District Municipalities (DMs) in northern KwaZulu-Natal, namely Umkhanyakude, Uthungulu & Zululand. These DMs are supported by our Empangeni Regional Office.

We further note that you have undertaken to make the dissertation report available to the Mvula Trust at completion.

I take this opportunity to wish you all the best with your academic studies.

Regards

XOLA NTOBONGWANA
REGIONAL MANAGER – EMPANGENI
5 OCTOBER 2006

MR. MW BUTHELEZI (202523396)
GRADUATE SCHOOL OF BUSINESS

Dear Mr. Buthelezi

ETHICAL CLEARANCE APPROVAL NUMBER: HSS/06556A

I wish to confirm that ethical clearance has been granted for the following project:

"An evaluation of the Mvula Trust strategic plan with special reference to its ability to support the water services delivery role of developmental local government in Northern KwaZulu-Natal"

Yours faithfully

MS. PHUMELELE XIMBA
RESEARCH OFFICE

cc. Faculty Officer (Post-Graduate Studies)
cc. Supervisor (Dr. N Potwana)