

## SOUTH AFRICA

Capital : Tshwane

Area : 1 221 040 sqkm  
Population : 47 430 000 inhbts  
Density : 38,9 ctzns/km2  
Average growth: 0,8 %



## FOCUS

### **Local democracy and Capacity strengthening for Communities**

*The 1995 Community Elections were widely seen to be the closing chapter in South Africa's transition to democracy. These elections provided citizens with a direct and equal voice in government at the most basic level. They were also seen as the vehicle, which would restore to local government the legitimacy necessary to begin the process of reconstruction and development.*

*In his State of the Nation address on 14 February 2003, President Thabo Mbeki identified the need for a new public service echelon of multi-skilled community development workers (CDW). Deficiencies in service delivery to communities were revealed and a need was identified to examine where the state currently stands regarding delivery of services to the poor and how service delivery can be improved. The programme thus envisaged to deploy CDWs to maintain direct contact with the people where they live and to ensure that government sharply improves the qualities of the outcomes of public expenditure and the delivery of essential services. This approach was also formulated on the need to make information accessible to the people at points that are most accessible to communities.*

*The implementation of the CDW programme is coordinated by all three spheres of government (National, Provincial and Local). The Department of Provincial and Local Government facilitates the relationships between these three spheres around CDWs while the Department of Public Service and Administration (DPSA) is responsible for the overall coordination of the programme. Provincial Administration are the employers of the CDWs while the South Africa Local Government Association (SALGA) and the municipalities, among other things, provide the workplace for the CDWs and create the necessary environment for them to perform their duties. Finally, Provincial Local Government Associations and the offices of the speakers within the municipalities are tasked with overseeing the creation of an enabling environment for the CDWs. The programme has commenced in all provinces with initial training of CDWs before their deployment into communities.*

## GENERAL INDICATORS

<b>Human Development</b>	HDI	0,666	
	Total GDP (millions \$US)	501 667	
	GDP/per capita (units of \$ US)	10 603	
	Annual Growth (2001)	3,7	
	Life Expectancy	49 ,0	
	Literacy (%)	Men	84,1
		Women	80,9
Access Internet/1000 ctzn)	68,20		
<b>Decentralization</b>	Communalized Population	100%	
	Average Communal area		
	Urban Population	56,9	
	Number and Tiers of local governments	Provinces	9
		Metropolitan Municipality (Cat. A).	6
		Local Municipality (Cat. B)	231

### I- The decentralisation policy

#### **Evaluation:**

*The administrative organisation is all geared towards decentralisation. The process has benefited from the new era of democratisation since the end of the Apartheid policy. The new legal framework ensures the vertical division of powers between the three tiers of governance. The administrative arrangements are consistently geared towards ensuring the cooperation between the governance tiers with respect to their autonomies.*

#### **Indicators:**

- 1.1. Establishment of the LG system : ↑↑
- 1.2. Consistency of the legal framework: ↑↑
- 1.3. Consistency of administrative arrangements: ↑↑

#### **The establishment of the local governance system**

Prior to 1994, the vast majority of South Africans were denied access to opportunities, and forced to live in poverty and underdevelopment. Under the decentralization policy of the apartheid government, various “own management” structures were introduced for black residents at a local level. Bantustans were established, where traditional leaders were given powers over land allocation and development matters in areas communally owned. These “Bantustans” however, distorted the national space economy, and together with influx control laws, under investment in infrastructure and inferior education served to create a situation of mass unemployment and poverty in the country. The Community Councils introduced in 1977 were elected bodies but also had no political credibility or meaningful powers. In 1982, the Community Councils were replaced by Black Local Authorities (BLAs). The BLAs

had no significant revenue base and were rejected by the majority of the communities it supposedly represented.

Since 1994 the government has been on a vigorous transformation process to address the imbalances of the apartheid era. The transformation process was broadly outlined in the Reconstruction and Development Programme (RDP). The RDP was underpinned by the vision of “A better life for all”. The RDP contained interrelated objectives of meeting people’s basic needs, building the economy, democratizing the state and society, developing human resources, and building the nation. The RDP set out the social development targets for the country and laid the context for a people-centred approach to development including the establishment of a developmental local government system. The White Paper on Local Government outlines the characteristics and outcomes of

developmental local government system, which provides the legislative framework

### **The Legal framework**

Local government is enshrined in Chapter 7 of the Constitution. Section 152 of the Constitution defines the objectives of local government as:

- To provide democratic and accountable government;
- To ensure the provision of services in a sustainable manner;
- To promote social and economic development and a safe and healthy environment;
- And to encourage the involvement of communities and community organizations in the matters of local government.

### **The Administrative Organisation**

Based on the constitution South Africa is a unitary state subdivided into nine provinces. The Constitution makes provision for three distinctive but inter-dependent and inter-related spheres of government; namely: national, provincial and local government. While each sphere has exclusive powers and functions, they also share concurrent powers.

There are nine provinces in South Africa, namely: Gauteng, Eastern Cape, Free State, KwaZulu Natal, Mpumalanga, Northern Cape, North West Province, Limpopo and Western Cape.

Each Province has a unicameral legislature with representatives elected according to proportional representation for a term of five years. Provincial Premiers are elected by the legislature and Provincial Ministers (MECs) are appointed by the Premier.

The changes brought about by the legislation include the rationalization of municipalities from 843 to 248 and the establishment of three categories of municipalities. Category A comprised of self-standing municipalities referred to as metropolitan municipalities. Category B municipalities are local municipalities and the Category C are district municipalities. There are six metropolitan municipalities and 231 local municipalities under 47 districts.

for local government.

-To achieve the objectives of local government as outlined in the constitution, various pieces of legislation which have been enacted. These include:

- The Municipal Structures Act (1998),
- The Municipal Demarcations Act (1998),
- The Municipal Systems Act (2000),
- The Municipal Finance Management Act (2003) (MFMA)
- The Municipal Property Rating Act (2004).

### *Special Status*

#### *Metropolitan municipalities (Cat. A):*

The six biggest cities of the country are under the (Category A) Metropolitan municipality status. They have more than 500 000 voters and the metropolitan municipality co-ordinates the delivery of services to the whole area. There are metropolitan municipalities in Johannesburg, Cape Town, Durban, Pretoria, Port Elizabeth and the East Rand. These municipalities are broken into wards. Half the councillors are elected through a proportional representation ballot, where voters vote for a party. The other half are elected as ward councillors by the residents in each ward.

#### *Local municipalities (Category B):*

Areas that fall outside of the six metropolitan municipal areas are divided into local municipalities. There are a total of 231 of these local municipalities and each municipality is broken into wards. The residents in each ward are represented by a ward councillor. Only people who live in low population areas, like game parks, do not fall under local municipalities. The areas are called District Management Areas and fall directly under the District Municipality. Half the councillors are elected through a proportional representation ballot, where voters vote for a party. The other half are

elected as ward councillors by the residents in each ward.

**Table 1: Administrative and territorial organisation**

Territorial Division		Local Govt	Constituency	Delib. Organ	Executive Organ
Name.	No				
Provinces	9	Yes	No	Provincial Assembly	Provincial Premier
Metropolitan Municipality (Cat. A)	6	Yes	No	Metropolitan Council	Mayor
Local Municipality (Cat. B)	231	Yes	No	Municipal Council	Mayor
District Municipality (Cat. C)	47	Yes	No	District Council	Mayor
Ward		No	Yes	Ward Committee	Chairperson

**District municipalities (Category C):**

District municipalities are made up of a number of local municipalities that fall in one district. There are usually between 4 - 6 local municipalities that come together in a district council. Some district municipalities also include nature reserves and the areas where few people live -

these are called district management areas. They fall directly under the district council and have no local council. The district municipality has to co-ordinate development and delivery in the whole district. It has its own administration (staff).

**Ward Committees**

Ward committees may also be set up in municipalities where the ward committee model is being used. The purpose of a ward committee is to:

- get better participation from the community to inform council decisions,
- make sure that there is more effective communication between the council and the community,
- assist the ward councillor with consultation and report-backs to the community

Ward committees are elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councillor also serves on the ward committee and should act as the chairperson. Ward committees have no formal powers but can advise the ward councillor or make submissions directly to council. It should also participate in drawing up the integrated development plan of the area.

**II- The implementation strategy**

**Evaluation:**

*The process has got an implementation planning in the first phases. The transfer competencies is quite effective and the national spatial planning is connected to LGs planning policies. There is a real co-ordination between local, provincial and national government with the Ministry for provincial and local government playing a role of first-aid worker.*

**Indicators:**

- 2.1. Implementation planning : ↑
- 2.2. Transfer of competencies and sector-based policies: ↑
- 2.3. Structuring of decentralization and spatial planning: ↑
- 2.4. Technical support and M&E of the process: ↑

**The decentralization implementation planning**

The first five years of democracy was essentially marked by the adoption by the new Constitution, the establishment of the three spheres of government and the legislative framework towards changing the apartheid state and society.

The Local Government Transition Act (LGTA) of 1993 sketched out the process of change for a new local government. The three phases of transition included the:

- Pre-interim phase which made provision for the establishment of local

forums to negotiate the appointment of temporary councils, which would govern until the municipal elections

- Interim phase which would begin the municipal elections and lasting until the new local government system has been designed and legislated upon
- Final phase, which would be the establishment of a new local government system

### ***The Institutions in charge of technical support and monitoring***

The Minister for Provincial and Local Government is responsible for the development of local government policy and legislation, strengthening the institutions of government at a provincial and local level, and promote intergovernmental relations between all three spheres. According to the

Since 1994, the local government system has reformed through the abolition of racially demarcated local authorities, the first democratic local elections held in 1995 and the publication of the White Paper on Local Government in 1998. A new demarcation of local government boundaries reduced the number of local authorities from 843 to 284 in December 2000, also substantially reducing the number of elected members.

Constitution of the Republic of South Africa 1996 and Municipal Systems Act 2000, the National Minister and MEC responsible for local government are empowered to intervene where municipalities are failing to fulfil their obligations in terms of relevant legislation.

### ***The transfer of competencies and sector based policies***

Municipalities have administrative and legislative power with regard to functional areas outlined in Schedules 4B and 5B of the Constitution. Both national and provincial spheres may intrude on these areas, but in a regulatory fashion as outlined in the guidelines (Notice 636 of 2005) published on 22 April 2005.

Local government also has fiscal powers which are entrenched in chapter 13 of the Constitution. Unlike provinces that require enabling national legislation to impose taxes, according to Section 229 (1), municipalities have the power to impose rates on property and surcharges on user fees for services provided. Finally, within the system of cooperative government, local government has a non-voting right to participate in the National Council of Provinces.

The Constitution allocates powers and functions of government. In the absence of assignment and delegation, national, provincial and local governments have original legislative and executive powers, with respect to the functions listed in Schedule 4 and Schedule 5 of the Constitution. Functions that do not appear in Schedules 4 and 5 are "Plenary Functions" with national government as the sole authority with legislative and executive powers. The Municipal Systems Act deals with the allocation of powers and function of local government. However, there is no guidance on when a transfer of functions is appropriate and if so whether delegation or assignment is most desirable.

### ***Decentralisation and spatial planning***

Since 1994 the three spheres are interdependent and interrelated. The South African government has given effect to the principles of co-operative government and intergovernmental relations by:

- Introducing core systems, frameworks and process governing priority setting, strategic planning, budgeting and implementation;

- Establishing inter-governmental forums through which they routinely coordinate the execution of their functions; and
- Implementing programmes and projects, often through joint effort and collaboration where programmes cut across jurisdictional boundaries.

Key to this approach was the introduction of "Integrated Development Planning" (IDP). IDP is an approach to planning that

involves the entire municipality and its citizens in finding solutions to achieve good long-term development. An IDP is a plan that gives an overall framework for development and aims to co-ordinate the work of local government with other spheres of government in a coherent plan to improve the quality of life for people living in an area under its jurisdiction. The municipality is responsible for taking into account the prevailing conditions, challenges and resources available for development. The plan should look at economic and social development and set a framework for land usage as well as what infrastructure and services are required. Furthermore, the IDP approach ensures that municipalities:

- Use resources more effectively,
- Speed up delivery of services,
- Attract additional funding,
- Strengthen democracy,
- Help overcome the legacy of apartheid planning,
- Promote co-ordination between local, provincial and national government.

The role of national government is one of overall responsibility for spatial planning through establishing one, coherent, effective framework and only intervening in exceptional cases. National government is responsible for enabling legislation; land use principles and norms and policy; capacity building; and monitoring and evaluation.

### **III- The local government structures and management**

#### **Evaluation:**

*The LGs organs are functioning with respect to their agendas. The political organs have full control over the technical staff. Trainings are organised to improve their overall performance with support from the ministry in charge of LG. The Ministry also coordinates and supervises LGs activities.*

#### **Indicators:**

- 3.1. Functioning of the political organs : ⇒
- 3.2. Quality of the technical organs: ⇒
- 3.3. The level of the State control: ↑↑

#### **The political organs**

##### *The legislative organ*

The Council is the legislative arm of the municipality, which means that it is empowered to approve municipal by-laws,

The implication of the above approach is that the strategic coordinating development-planning instruments, IDPs, as well as other instruments, mechanisms, systems and structures in the intergovernmental landscape must be grounded in the common platform provided by the National Spatial Development Perspective (NSDP). However, the resultant challenge that has confronted the South African government in this regard has been the effective integration, coordination and alignment of the actions of the spheres of government. A number of studies have been commissioned by the government to establish the underlying reasons for these challenges, including a research commissioned for the Ten Year Review in 2004. Emanating from these studies is a shared understanding that the constraining factors are:

- A lack of institutional preparedness;
- Capacity constraints; and
- Inefficient development planning instruments and systems.

It has also been established that the process would further require:

- Alignment of strategic development priorities and approaches in all planning and budgeting processes;
- A shared agreement on the nature and characteristics of the spatial economy; and
- Strategic principals for infrastructure investment and development spending.

the Budget and the IDP. It also has executive powers to deal with those matters that have not been delegated to the Executive Mayor. Meetings of the Council are open to the public. The

schedule of meetings is advertised in local newspapers to encourage attendance.

**Speaker of Council**

The Speaker is a councillor, elected as the chairperson of the Council. His role is to:

- Preside at meetings of the council;
- Perform the duties and exercise the powers delegated to him,
- Ensure that the council meets at least quarterly;
- Maintain order during meetings;
- Ensure compliance in the Council and Council committees with the Code of Conduct,
- Ensure that Council meetings are conducted in accordance with the rules and orders of the Council.

The Speaker plays a central role in promoting good conduct amongst elected councillors through the application of the Code of Conduct; assess councillors' needs and arranges suitable training in order to develop the municipality's political governance capacity and improve the skills of individual councillors.

**Council committees**

The Council is supported by two types of committees, known respectively as Section 79 and Section 80 committees. The Council appoints members of the Section 79 committees and can delegate functions and duties to them. The Council also established Section 80 committees, but the Executive Mayor appoints the chairpersons from the Mayoral Committee. Section 80 committees, chaired by members of the Mayoral Committee, reflect the political portfolios of the Mayoral Committee. These committees play a key role in the development of policy, as well as the monitoring of service delivery and the oversight of strategic programmes and projects. These multi-party committees normally meet on a monthly basis. The Section 79 Rules Committee develops and reviews a range of procedures and policies, which seeks to promote good governance and participatory democracy.

**Table 2: Different types of Committees**

<b>Portfolio committees</b>	These are the most common and usually have the same names as the different departments in council e.g. health committee, planning committee, finance committee.
<b>Geographically-based committees</b>	These are set up to deal with issues in a specific area. This system is usually used in large metropolitan municipalities that also have sub-councils.
<b>Issue-related committees</b>	These may be set up to deal with a specific issue in a way that involves people from different committees. This helps to stop problems from being treated in isolation.

**The Executive organ**

Every council should have a mayor and an executive. There are 3 different types of executives: Mayoral Executive, Collective Executive and Plenary Executive.

The Executive Mayor is assisted by the Mayoral Committee. The executive powers are vested in Executive Mayor. Each of the members of the Mayoral Committee chairs a portfolio committee, consisting of councillors from all the different political parties.

The Executive Mayor clusters each political portfolio into a mayoral sub-committee to promote planning, integration and alignment. These sub-committees also facilitate working relationships between the political leadership and senior management within the administration.

The Mayoral Committee can also establish ad hoc sub-committees when required.

**Table 3: Different types of Mayors, executives and committees**

<b>Mayoral Executive</b>	Most local councils in the country have an executive mayor. The executive mayor is elected by the full council. He or she may appoint a mayoral committee that will assist in making decisions, proposals and plans that have to be approved by council. The mayoral committee may not consist of more than 10 people or more than 20% of the sitting councillors.
<b>Collective Executive</b>	A number of councils have a collective executive system. Here the mayor is still elected by the municipal council as a whole but the council also elects the executive committee. The members of the executive can be made up from members of different parties. The elections are on a PR ballot and parties will usually get the same percentage of seats on the executive as they have on the council. The mayor is the chairperson of the executive committee. The municipal council must delegate powers to the executive committee. In a collective executive system a speaker is also elected by the council.

Plenar >	A plenary executive system is only used in very small municipalities. The municipal council elects a mayor but there is no executive or speaker. The mayor chairs the council meetings and the council as a whole makes the decisions and plans. So the plenary of the council acts as the executive.
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### **The technical organs**

The administration is sub-divided into a core administration, decentralised administrative regions and separate companies known as Utilities, Agencies and Corporatised entities (UACs).

#### **Core Administration**

The core administration is divided into three groupings. The first grouping provides central distribution functions that deliver services directly to consumers, such as development planning, finance, metropolitan police and emergency management services. The second grouping of functions provides internal support services such as corporate services. The third group comprises functions based on the concept of

separation between policy, monitoring and evaluation on the one hand, and operations on the other. These include health, housing and social development, which incorporate social services, libraries and sport and recreation.

#### **Regional Administration**

Decentralised regional administration is responsible for the direct delivery of primary health care, social services, housing, libraries and sport and recreation. They also operate the multi-purpose centres and host People's Centres to facilitate direct access by local communities to information and customer queries.

## **IV- The Human Resources**

### **Evaluation:**

*The new challenge is to empower grassroots LGs sub-structures with more qualified staffs. LGs have the power to recruit their own staff and are vested with full contracting power regarding their relation with service providers. There is a need to transfer HR to remote LGs to sustain their technical staff.*

### **Indicators:**

- 4.1. The qualifications of local agents : ⇒
- 4.2. The transfer of the human resources: ⇒
- 4.3. The LG contracting power: ↑

### **The existence and qualification level of local agents**

In his State of the Nation address on 14 February 2003, President Thabo Mbeki identified the need for a new public service echelon of multi-skilled community development workers (CDW). Both Presidential and provincial Imbizos (community meetings) revealed deficiencies in service delivery to communities and therefore a need was identified to examine where the state currently stands regarding delivery of services to the poor and how service delivery can be improved.

Whilst many government departments have community development initiatives, the majority of people who fall in the poorer segment of the population are still unable to access the full potential of government programmes. Among the

reasons for this gap between service provision and effective utilisation by the intended recipients are access to information about services and access to the services themselves.

The programme thus envisaged to deploy CDWs to maintain direct contact with the people where they live and to ensure that government sharply improves the qualities of the outcomes of public expenditure and the delivery of essential services.

The implementation of the CDW programme is coordinated by all three spheres of government (National, Provincial and Local). The Department of Provincial and Local Government facilitates the relationships between these three spheres around CDWs while the Department of Public Service and

Administration (DPSA) is responsible for the overall coordination of the programme. Provincial Administration are the employers of the CDWs while the South Africa Local Government Association (SALGA) and the municipalities, among other things, provide the workplace for the CDWs and create the necessary environment for them to perform their duties. Finally, Provincial Local

Government Associations and the offices of the speakers within the municipalities are tasked with overseeing the creation of an enabling environment for the CDWs. The programme has commenced in all provinces with initial training of CDWs before their deployment into communities. In most instances CDWs are from the communities themselves.

## **V- The Local democracy**

### **Evaluation:**

*The electoral system is considered quite transparent and fair. Lections are organised on due time. The majority rule is yet to be more balanced as political parties have to really include more women in their politics in compliance with the law. The municipal movement is one of the most dynamic in the Continent.*

### **Indicators:**

- 5.1. Fairness of the electoral system: ↑↑
- 5.2. Level of citizen political participation: ⇒
- 5.3. Transparency and accountability of local authorities and management: ⇒
- 5.4. Sustainability of the municipal movement: ↑↑

### **The electoral system**

The electoral process for local government elections is a combination of proportional representation (PR) party list electoral system and simple majority constituency based electoral system. In a PR party list system, political parties present a list of candidates that will be contesting the elections representing their political parties, thus the electorate vote for political parties directly. The list system affords a higher representation of women in local democracy.

In contrast to the constituency based electoral model, individual candidates contest the elections and are directly voted for by the electorate. There has been an increase in independent candidates in this local election due to internal factions amongst political parties. A higher expectation is demanded of independent candidates to deliver on their promises to the governed or else they would not be re-elected in the next elections. Although this electoral process owes allegiance to the electorate, it limits the participation of women. Also in counting of votes a simple majority is required, which is open for discrepancies especially if electoral officials are unable to understand how the electoral system works. To avoid

contentious legal battles the PR list system is preferred.

The Local Government Elections in 2000 took place after the demarcation of new boundaries that included the subsequent reduction in the number of municipalities. Since 2000 councils are to be elected every 5 years. There are basically two types of elections: one for metro councils and one for local councils.

#### **Metro Councils**

In a metropolitan municipality each voter will vote once for a political party on a proportional representation ballot. The parties will then be given seats according to the percentage of votes that they received in the metropolitan area as a whole. Each party has a list of candidates and the councillors are drawn from this list. Each voter will also receive a ballot for their ward with the names of the ward candidates. The person receiving most votes in a ward will win that seat. Ward candidates may stand as representatives of parties or as independents.

Metro councils may also set up sub-councils to serve different parts of their municipality. Sub-councils are not elected

directly by voters. Existing councillors are allocated to serve on each sub-council.

#### ***Local Councils***

In a local municipality each voter will vote once for a political party on a proportional representation ballot. The parties will then be given seats according to the percentage of votes that they received in the area as a whole. Each voter will also receive a ballot for their ward with the names of the ward candidates. The person receiving most votes in a ward will win that seat. Ward candidates may stand as representatives of parties or as independents.

#### ***District Councils***

Every voter in a local municipality will also vote for the district council that their local

area is part of. The district municipality ballot will have party names on it and the seats will be allocated according to the percentage of votes parties gained in the whole district municipal area.

Not all councillors serving on a district council are directly elected. Only 40% of the seats will be given to parties on the basis of the votes they get on the PR ballot. The remaining 60% of seats on the district council will be allocated to the local councils in that area. Each local council will be given a number of seats and must send councillors from their ranks to fill those seats. The seats should be filled according to the support that parties have in a specific council.

#### ***The representativeness of the local authorities and the local participation***

The Legislation encourages political parties to ensure that 50% of party candidates are women. It also recommends that if a Council decides to establish ward committees, they should ensure that women are equally represented on these committees.

In 2000, political parties ensured a minimum of 30% representation of women

in their party lists. However, the bone of contention with this electoral process is that elected candidates owe allegiance to the party and not to the electorate, and this has led to a number of demonstrations in many constituencies and apathy by the electorate, questioning the mandate of their councillors and their inaction during the non-election period.

#### ***The transparency and accountability system of local management***

Most council decisions are taken when a committee or Exco makes a recommendation to council. When council agrees by a majority vote, the recommendation becomes a resolution of council.

Motions are usually used to call for or propose something that is a little more controversial. It is a useful tool to use especially if the administration is not co-operating with council, since council motions cannot be ignored.

Any councillor may propose a motion in council and in some cases the motion may be passed without being referred for further discussion. Once passed the motion becomes a resolution of council.

Every motion needs a proposer and a seconder. In the opening debate on a motion, only the proposer will be allowed to speak to motivate for the motion. Standing orders will usually set a time limit

for this. Most motions are referred to committees or exco for further discussion. They will then come back to council with a recommendation on the motion.

A motion should be submitted 10 days before the next council meeting to ensure that it is included on the agenda. Motions can be supported by petitions where this is necessary or useful. The council Standing Orders will say how motions should be debated. In some cases if an urgent problem arises after the 10-day deadline for the agenda, a councillor may move an urgent motion at the beginning of the council meeting before the Exco report is discussed.

Also, the Constitution details what the powers and functions local government are. These powers and functions are stipulated in section 156 of Chapter 7 of the Constitution.

#### ***The municipal movement and the decentralised cooperation***

Local sphere of government is supported in the Constitution which clearly defines the government of the country as being constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated. These concepts reflect the principle of *subsidiarity* in its three components of decentralization in South Africa. These concepts can be defined as follows:

- Distinctive: each sphere has distinctive legislative and executive competencies.
- Interdependent: the national government must assist local and provincial spheres in order for them to fulfil their constitutional mandate. Likewise, the national and provincial spheres must assist local government to fulfil its constitutional mandate. This duty entails both the monitoring of the other sphere and intervening when a dependent sphere fails to fulfil its functions.
- Interrelated: it is the duty on each sphere to co-operate with one another in mutual trust and good faith for the greater good of the country as a whole.

The principle of interrelation has brought municipalities to go into an association in order to comply with the Constitution which contains provisions for such a movement. The South African Local Government Association (SALGA) is an organization mandated by the Constitution to assist in the transformation of local government in South Africa from the pre-1994 regime to the new dispensation under the country's first democratically elected government.

## VI- The Local finances

### **Evaluation:**

*The intergovernmental transfer is effective and constitutes a small part of the LGs resources mostly fed by locally generated resources. The involvement of LGs in service delivery and local economic development has raised their economic and financial weight in the country.*

### **Indicators:**

- 6.1. Consistency of intergovernmental transfers : ↑
- 6.2. LG performances in locally generated resources: ↑
- 6.3. The economic and financial weight of LG: ⇒

### **Intergovernmental transfers**

Municipalities receive allocation based on national revenues. There are three streams of national transfers, namely;

The Constitution envisages an important role for organized local government in the new South Africa, with a unique focus on developmental service delivery. As such, SALGA plays a core role in a variety of areas related to local government transformation and as a national representative of the local government sector and its employees.

In line with its constitutionally defined mandate, SALGA set out its role as follows:

- Represent, promote and protect the interests of local government.
- Transform local government to enable it to fulfil its developmental role.
- Enhance the role of provincial local government associations as provincial representatives and consultative bodies on local government.
- Raise the profile of local government.
- Be recognized by national and provincial governments to be the national representative of local government and consultative body in respect of all matters concerning local government.
- Ensure full participation of women in local government.
- Act as the National Employers' Organization for the municipal and provincial member employers.
- Regulate the relationship between the members and the employers within the meaning of section 213 of the Labour Relations Act, No. 66 of 1995.
- Provide legal assistance to its member in its discretion in connection with matters, which affect employee relations.

equitable share, infrastructure and current transfers and resources from the Municipal Infrastructure Grant (MIG). Municipalities'

equitable share which is based on a formula may not be affected if they raise additional revenue, or fail to exploit their fiscal capacity or tax base.

The creation of the MIG was aimed at assisting with the delivery of infrastructures to poor communities. MIG makes it possible to systematically eliminate the backlogs in basic infrastructure over a 10-year period, which started in 2004.

Parliament is required to provide for an equitable division of revenue raised nationally between national provincial and local government. Transfer payments are made from national government directly to the municipalities rather than through provincial structures.

This transfer payment accounts for only 10% of local government revenue in the 2002/03 financial year. Total transfer payments from national to local government accounted for Rands 8.8 billions and a further Rands 2.3 billions was transferred from provincial government to their local counterparts.

**The locally generated revenues**

The locally generated revenues are provided from three main sources: user charges, property rates and Regional Services Council (RSC) levies

User charges for providing services such as water, electricity, sanitation and refuse removal made up 31% of local government revenue in 2003-04. Property rates are levied in metropolitan and local municipalities. The new Municipal Property Rating Act aims to assist municipalities to broaden their rates base, to include previously excluded property. The Act also aims to provide uniform national rules regarding valuations and appeals, rating policy and rate setting. RSC levies make up 7% of the total revenue for 2003-04 and is an important source of revenue for metropolitan and district municipalities.

**The financial and economic weight of local governments**

In 2002/03, Local governments raised about 92% of their revenue locally. However, this figure masks the range of locally raised revenue which ranges from 67% in the smaller authorities to 97% in the metropolitan authorities.

The creation of the Municipal Infrastructure Grant (MIG) assisted with the delivery of infrastructure to poor communities. MIG makes it possible to systematically eliminate the backlogs in basic infrastructure over a 10-year period, which started in 2004.

Municipalities are also exploring different ways to raise finance for infrastructure such as borrowing, in the form of loans and bonds, and public-private partnerships (PPPs). The Municipal Finance Management Act, which is discussed in detail below, provides the framework for municipalities to explore these various alternative options to raise finance. For example, the amended Municipal Systems Act and provisions of the MFMA that deals with PPPs provide the legal framework. The MFMA prescribes that PPPs must provide value for money, and present an appropriate allocation of risks between the contracting parties. The Act however, requires that a PPP regulatory framework be developed by National Treasury.

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The aggregate revenue of local government that year was about USD 9.8 billions.

**Table 4: Distribution of major sources of revenue 2002/03**

Sources of revenue	
Utility fees	45.5%

Property rates	20%
Intergovernmental transfers	11%
RSC levies	7%

Other revenues	16.5
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## VII- Local development and poverty alleviation

### **Evaluation:**

*LGs have gradually and radically improved their development planning capacity incorporating citizens' participation in their new approach. They intervene in almost all ranges of service delivery provisions. With the improvement of the public-private partnership, economic stakeholders are provided with tools and enabling environment for their operations.*

### **Indicators:**

- 7.1. Local development planning capacity : ⇒
- 7.2. Level of service delivery to the population: ⇒
- 7.3. Support to the local economic actors: ↑

### **The local development planning**

#### *The local development planning system*

As pointed in section 2 (Parag. 4) development planning in the local government sphere is conducted through the Integrated Development Planning instrument. Each municipality in terms of the Municipal Systems Act (2000) is responsible for formulating, adopting and implementing and Integrated Development Plan (IDP). The IDP is a comprehensive tool, as the process begins by defining the vision and mission of the municipality. It then proceeds to identify the key objectives, issues and priorities in a municipality. The municipality then develops various strategies to address the issues and priorities identified. The strategies are translated into projects, which are budgeted for and implemented. This entire process centres on the concept of capital projects for growth, and is thus centred on development. This has financial implications for while development is needed, operating expenses to maintain that development is equally important. The IDP should reflect the best possible development decisions and trade-offs that focus on potential and need and the most viable and sustainable means of leveraging economic, social, environmental and institutional investment and development spending within a shared area of impact.

Hence, all municipalities have to draw up an IDP in consultation with local forums and stakeholders. Whilst municipalities have complied with IDP related legislative

requirements, IDPs are still the products of mechanistic and process driven planning approaches and have demonstrated some major weaknesses.

It is proposed that the IDP, prepared by the Municipal Manager's Offices in the various Districts/Metros, has to serve as the overarching framework for the municipal government as well as other spheres, sectors and role players that are responsible and contribute to development in the metro/district area. The District/Metro IDP has to be focused on:

- the sustainable development of municipal areas;
- the upliftment of deprived communities,
- the reintegration of the fragmented settlements created by apartheid; and
- the financial viability and transformation of municipalities.

The IDPs provide an opportunity for guiding and coordinating the initiatives and development agendas, and investment and development spending, of the various local municipalities, as well as national and provincial departments that are active / operating in these impact zones.

The municipal financial plan, which is a part of the IDP, and which is prepared by the municipal Treasury, serves as a mid-term financial framework for managing municipal revenue collection and expenditure. Thus also providing for the resource framework for prioritisation and budgeting.

### *The role of stakeholders*

In South Africa, given its rather unique situation as existing between the developed and the developing worlds, intervention needs to exist in both forms. It is a common sight to have world-class shopping malls and convention centres side-by-side with poverty stricken townships and squatter settlements, in which basic forms of human survival are the main focus. In addition to the pursuit of western-style economic development and growth, South African cities also need to pursue poverty alleviation intervention as well as trying to achieve racial reconciliation while promoting spatially and functionally unified cities which are physically and socially separated due to apartheid policies.

In light of its unique situation, it seems that South Africa needs to pursue local economic development differently according to the contextual realities of the areas concerned. The notion of there being two radically differing developmental orientations has profound implications on the nature of local state programmes and their resultant and differing impact on society.

Local Economic Development (LED) is an approach towards economic development which allows and encourages local people to work together to achieve sustainable economic growth and development thereby bringing economic benefits and improved quality of life for all residents in a local municipal area.

As a programme, LED is intended to maximise the economic potential of all municipal localities throughout the country and, to enhance the resilience of the macro-economic growth through increased local economic growth, employment creation and development initiatives within the context of sustainable development. The "local" in economic development points to the fact that the political jurisdiction at a local level is often the most appropriate place for economic intervention as it carries alongside it the accountability and legitimacy of a democratically elected body.

One of the key outcomes of the shift in responsibility to local areas has been the

pursuit of clearly defined economic regeneration and growth strategies by local authorities which are seeking to create jobs, promote investment, address economic and development backlogs and endeavouring to make their locality a key node in the global economy. The LED Programme is geared to provide support in the following areas:

- Development and review of national policy, strategy and guidelines on LED;
- Providing direct and hands-on support to provincial and local government;
- Management of the Local Economic Development Fund;
- Management and Technical Support to Nodal Economic Development Planning;
- Facilitating coordinating and monitoring of donor programmes, and
- Assisting on LED capacity building processes.

Through these interventions, resources, local role-players and interest groups are mobilized for the sake of achieving economic growth and creating jobs to reduce poverty.

The local government system introduced in 2000 was intended to create municipalities that could achieve 'economies of scale', as opposed to the previous system of many small municipalities with no revenue base. Despite the best efforts of structures like the Municipal Demarcation Board to ensure integrated and viable local councils, the geographic realities of South Africa meant that some councils did not have a resource base capable of responding to even the most basic needs of their residents. This continues to pose a significant challenge to development particularly in the rural parts of the country. In addition, many municipalities may not have the necessary economic modelling experiences or expertise and are dependent on outside agencies to develop such which at most times exclude the very people that the programme aims to target. In addition, many of the municipalities that are to be targeted for economic development find themselves in historically declining economic areas with no or very little potential for such growth.

Furthermore, the capacity within council to drive such initiatives is also lacking. Economic stakeholders also tend to

migrate towards the more established economic centres as growth potential is almost guaranteed.

### **Local government supply of basic services to the population**

There are considerable variances across municipalities to provide services. The total municipal budget has nearly doubled since 1996-97 to 2003-04. The larger metropolitan municipalities makes up 58,8% of the combined budgets of municipalities. The situation in the Categories B and C municipalities varies substantially depending on the number of households the municipality must provide services to. "Of all government expenditure (national, provincial and local), municipalities were responsible for 23%. The local government operating and capital budget increased by 15,3% in 2003-04 over the previous year. The six metropolitan budgets combined for 2003-04 totalled R50.5 billion which represents 58,8% of all municipal budgets. The large metro budgets are equal to or larger than the smaller provincial budgets. The combined budgets of Johannesburg, Ekurhuleni and Tshwane metropolitan municipalities are equal to that of the Gauteng province

Steady progress was made in the delivery of services since the advent of a democracy in 1994. While progress has been widely acknowledged, government is acutely aware of the challenges facing local government service delivery, particularly in the rural areas where service delivery has been slow. During the Presidential Imbizos (community meetings), the gap between government's delivery efforts and the communities' ability to benefit from that delivery has been highlighted. Government service delivery at national, provincial and local levels is not always appropriate nor always reaching the intended recipients effectively. The under mentioned strategies have been developed to address the challenges in service delivery.

According to the Local Government Paralegal Manual Chapter 6 2002 municipalities have the responsibility to ensure that all citizens are provided with services to satisfy their basic needs. The most important of these needs are:

- Water supply,
- Sewage collection and disposal,
- Refuse removal,
- Electricity and gas supply,
- Municipal health services,
- Municipal roads and storm-water, drainage,
- Street lighting,
- Municipal parks and recreation.

Municipalities can also outsource these services to other agencies, which they choose to hire to deliver the service on its behalf. This can be an NGO or a private company with whom they develop a Municipal Service Partnership agreement. Under this agreement the service provider delivers a particular service for a specified time frame and within a given budget.

Based on studies and research done that most municipalities do not have sufficient internal resources to adequately address the challenges of under-development, service backlogs and poverty. There are also instances where expertise in infrastructure and service delivery is located outside of government. In addition, there is always the need to broaden the ownership of the development programmes to include key stakeholders such as the private sector and civil society formations. Accordingly, public-private partnerships have become the order of the day.

Further evidence of service delivery gaps has been displayed by the many and varied community protests regarding municipal services or the lack thereof.