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**PARTICIPATORY BUDGETING AS A CATALYST FOR EFFECTIVE SERVICE  
DELIVERY: A CASE STUDY OF NKONKOBÉ LOCAL MUNICIPALITY IN THE  
EASTERN CAPE**

BY

**PHYLLIS MUSWAKA**



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Together in Excellence*

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OF FORT HARE**

**SUPERVISOR: PROFESSOR D.R THAKHATHI**

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## DECLARATION

I, **PHYLLIS MUSWAKA** hereby declare that, this dissertation entitled “**Participatory budgeting as a catalyst for effective service delivery: A case study of Nkonkobe Local Municipality in the Eastern Cape**”, is my own work in design and in execution and it has not been submitted for a degree at any university. All material contained therein has been duly acknowledged by way of appropriate references and citations.



Phyllis Muswaka.....

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## DEDICATION

I dedicate this dissertation to my late sister Cheryl. Your words of encouragement and faith in me always gave me the courage to continue with my academic journey. You were always my voice of reason and my infinite support line. I miss you so much and may your soul continue to rest in the peace of the Lord!!



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## ACRONYMS

<b>ANC</b>	African National Congress
<b>CBO</b>	Community Based Organizations
<b>CFO</b>	Chief Financial Officers
<b>DORA</b>	Division of Revenue Act
<b>DPLG</b>	Department of Provincial Local Government
<b>FFC</b>	Financial and Fiscal Commission
<b>GAAP</b>	General Accepted Accounting Principles
<b>GDP</b>	Gross Domestic Product
<b>IDP</b>	Integrated Development Planning
<b>IGFRS</b>	Inter-Governmental Fiscal Relations System
<b>LED</b>	Local Economic Development
<b>MDG</b>	Millennium Development Goals
<b>MEC</b>	Members of the Executive Council
<b>MFMA</b>	Municipal Finance Management Act
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>NGO</b>	Non-Governmental Organizations
<b>NPC</b>	National Planning Commission
<b>PB</b>	Participatory Budgeting

<b>PEC</b>	Provincial Executive Council
<b>PSC</b>	Public Service Commission
<b>RDP</b>	Reconstruction and Development Planning
<b>SDBIP</b>	Service delivery and Budget Implementation Plan
<b>SCOPA</b>	Standing Committee on Public Accounts
<b>SALGA</b>	South African Local Government Association
<b>ZBB</b>	Zero-Based Budgeting



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## ABSTRACT

Participatory budgeting currently occupies centre stage in Public and Municipal financial management Acts. The principle of participatory budgeting ushers in a broader public forum in which crucial principles in Public financial management such as accountability and transparency are observed, thereby automatically ensuring effective governance. The efficacy of participatory budgeting is to improve service delivery through opening up structures that will combat the spread of mal-administrative practices such as corruption and financial fraud whilst enhancing democratic participation and upholding the rule of law by fostering transparency and accountability and making the governments more responsive to the needs of the people. The main objective of this study is to explore the pernicious effects of having limited citizen participation in Public finance management. It seeks to examine whether the poor service delivery by local municipalities can be attributed to the lack of effective citizen participation. This will be done through assessing whether the seeds of participatory budgeting have led to the fruits of efficient and effective service delivery in the public sector both in theory and in practice at Nkonkobe local municipality.

It has been discovered that the inability to provide effective service delivery is a complex challenge facing many municipalities in South Africa, and although such a situation has been co-determined by many other factors including financial restraints, the root cause of service delivery incapability's can be traced back to whether the citizens are actually participating in the management of public finances through participatory budgeting or not. More often than not, the failure to accommodate the citizens in local government affairs has been the spark that has been responsible for setting alight strikes and service delivery protest marches in most of South Africa's Provinces. However, due to this, this study aims to reveal that participatory budgeting is an ambitious issue that requires local authorities to focus on in order to improve service delivery through embracing active citizen participation. Recommendations as well as consequences of lack of citizen participation in the budget process were thereby highlighted.

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# CHAPTER ONE

## INTRODUCTION AND GENERAL ORIENTATION

### 1.1. INTRODUCTION AND BACKGROUND TO THE STUDY

Participatory budgeting is a democratic procedure that involves engaging the local people in the decision making processes pertaining to the distribution and allocation of public resources. It provides a broader forum for the citizens to be involved in the annual budgetary cycle of setting priorities as well as discussing the spending, taxation and implementation of policy actions so as to maintain and improve the delivery of services. This empowers the people by giving them an opportunity to have their voices heard and to influence public decision making essential to their interest. Participatory budgeting is widely believed to be an essential ingredient for improving service delivery as it provides citizens with the information that enables them to be engaged in prioritizing the needs of their neighborhoods since they are able to take part in financial matters concerning their communities in a democratic and transparent manner. Participatory budgeting also opens up structures that facilitate the participation of the citizens in the budget cycle, from the formulation of the budget to the implementation and monitoring of the delivery of projects and services. The essence of this chapter is to provide an introduction to the research study as well as to give a vivid and clear evaluation of the background of the study, the statement of the problem, the objectives and research questions as well as the significance of the study.

Public Administration is a distinctive field of activity which consists of all the functions undertaken by officials in public institutions to provide the community with public goods and services (Cloete 1985:1). These functions are classified into three categories namely generic administrative functions, functional activities and auxiliary functions. The generic administrative functions can be classified into six main categories and these are policy making, financing, organizing, staffing, determining and rationalizing work procedures and controlling. Meiring (2008:3) goes further to highlight that public administration can be broadly described as the development, implementation and study

of branches of government policy. From this analysis, it can be deduced that public finance management is one of the generic administrative functions of public administration which deals with the management of limited financial resources with the purpose of ensuring economy and efficiency in the delivery of outputs so as to ensure the effectiveness of service delivery.

Cloete (1997:59) points out that financing can be defined as the design of financial systems for the preparation of budgets and the audit of financial statements. In this regard, public finance refers to the effective, efficient and transparent use of public funds and assets to achieve value for money in meeting the objectives of the government in the delivery of services to the public. Public finance also deals with the public audits of financial statements as well as the preparation of budgets hence the aspect of participatory budgeting. The principle of participatory budgeting automatically brings forth one crucial aspect within the principle of budgeting in public finance management and that is the aspect of public participation.

According to Stewart, (1983:131), the term "participation" embraces many different levels of involvement, for instance, participation through consultation, where the municipality identifies an issue and seeks public response. It also refers to the direct involvement or power sharing where community representatives are full members of the decision making body, as well as community action where groups put forward their own demands. From this analysis it is evident that Participatory Budgeting (PB) can be defined as a decision making process through which citizens deliberate and negotiate over the distribution of public resources. Participatory Budgeting helps to promote transparency which has the potential to reduce government inefficiencies as well as encouraging citizen participation in local government issues.

The Republic of South Africa has the largest economy in Africa with its Gross Domestic Product (GDP) of R 1099 billion in 2002 that automatically ranked it as an upper middle-income country. In spite of this relative wealth, the country is characterized by a striking dualism due to decades of the apartheid rule. The coming into power of the new democratic government led by Nelson Mandela in 1994 marked an end to apartheid and consequently the policies of racial discrimination that denied the black majority eighty

eight percent (88%) political rights, citizenship and economic benefits (www.dplg.gov.za ). South Africa was racially divided into four suburbs, with the white community obtaining power over the black majority in the local authorities. The majority of South African local governments were managed around one principal philosophy that of modernization which proposed a top-down approach to development since local authorities' affairs as well as the budgets were heavily centralized.

However, although the coming into power of the new government in South Africa crucified the old apartheid policies and led to the adoption of the humanist approach that offered a platform for citizen participation in local government affairs, it is evident that the ghost of the apartheid system continues to haunt the South African local government system due to the fact that the apartheid policies left a legacy of centralized bureaucracy and uncoordination between the local authorities and the citizens since there is still evidence of limited citizen participation in the budget process. This is evidenced by the fact that development initiatives such as Integrated development planning (IDP) and local economic development (LED) are being initiated and carried out in the local setting with limited or no participation from the citizens in the decision making process yet the constitution of South Africa (1996) emphasizes on the need for accessible services, promotion of sustainable economic growth, equity and citizen participation in development initiatives (Bekink 2006: 23).

The spiraling effects of such a state of affairs has led to poor service delivery by municipalities as revealed by Nkonkobe municipality which is failing to provide effective service delivery to its residence as evidenced by the fact that the majority of the Nkonkobe population about (67.0%) do not have refuse disposal services. The majority of the Nkonkobe residences use their own refuse dumping areas owing to the rural nature of the area hence the majority of the houses have no refuse disposal services and therefore dump their refuse anywhere they choose which in turn poses health hazards'. The municipality has also failed to construct a good road network system and as a result there is a poor road network system with approximately 1424.63km of unpaved roads which are generally in poor conditions despite the fact that the citizens

are paying large sums of money for the efficient provision of these services ([www.watersupport.co.za](http://www.watersupport.co.za)).

Due to this predicament, Participatory Budgeting (PB) is seen as an innovative mechanism aimed at opening up obscure budgetary procedures as well as creating a public forum in which all the citizens as well as the Nkonkobe municipality officials are able to discuss the spending, taxation and implementation of policy, thereby making the municipality accountable for its performance in service delivery as well as eradicating the spread of the cancer of corruption (Shah 2007:48). It is important to note that although a forum for public participation is being offered by the municipality through budget reviews, very few people attend the budget review meetings to discuss the formulation and implementation of the budget due to the problem of financial illiteracy since most of the Alice population constitutes of the elderly people who have little or no knowledge at all of the budget process. Most of the residents are also uneducated and would require deeper knowledge about public finance and the budgeting process.

According to Van der Waldt (2007:23), the introduction of the new constitution (1996) in South Africa under the democratic government saw budgets being allocated to the national, provincial and local spheres of government. The new unitary form of government created three distinctive interrelated and interdependent powers, functions and spheres with significant decentralized budgeting processes. Given the regional imbalances in income distribution, South Africa's fiscal system is based on a revenue sharing model with most of the nine provinces receiving more funds than they raise through national taxes.

The constitution divides functions between the three spheres of government with some functions being shared concurrently whilst others are exclusive. The provincial sphere performs functions such as the provision of school education, health as well as the provision of social grants that will not lead themselves to substantial cost recovery but account for a substantial proportion of public spending. Provinces raise about four percent (4%) of their own revenue, whilst municipalities in contrast, have significant revenue raising powers and collect between sixty percent (60%) to ninety five percent

(95%) of their own revenue through rates, taxes and user fees, since two thirds of their activities such as the provision of water supply, electricity, as well as refuse removal are self-funded. This is quite evident of the Nkonkobe local municipality which raises much of its revenue through user charges and taxes yet they still find it difficult to provide efficient and effective service delivery to the Alice residence (Van der Waldt 2007:24).

Cloete (1995:39) argues that it would be inappropriate to break the relationship between the budget and service delivery. He further argues that once government appropriates resources that are insufficient, it is tantamount to a breakdown in service delivery. This argument thus agrees with the common theory that funds not spent equal to service delivery denied. Civil activists even go further to say that service delivery delayed is equal to service delivery denied. It is evident that this argument arises from the fact that access to basic services is a right enshrined in the constitution and thus it is justice. The acceptable percentage of under-spending in accounting processes is 2%, however this allowable percentage may amount to millions that have a potential to improve the lives of the poor (Skenjana 2010:2).

The Public Financial Management Act (PFMA) provides the official legislative mandate for all financial matters with its responsibilities outlined in Chapter 13 of the Constitution. The key words that arise in its main objective include regulate, efficiency, effectiveness and provide responsibilities (Republic of South Africa: 1999). It drives the regulation of public finance management and reporting in an inseparable relationship with the strategic planning, performance review and reporting frameworks. It establishes the process that should be followed throughout the financial or budget cycle from the multi-year budgeting system, standard chart of accounts, monthly in-year monitoring, performance monitoring, expenditure and revenue management and reporting. These regulatory measures are in agreement with the International Standards set by the Public Sector Commission and the International Auditing Standards (Skenjana 2010 :2).

These reforms in the public sector seek to ensure that there is financial accountability between government and the social citizens. Accountability in this context relates to ensuring that resources are managed efficiently and they effectively respond to needs

that have been highlighted through a public participatory process whether through stakeholder engagements or the election process. Because of the history of the country, the inequality between citizens becomes a glaring service delivery challenge. While the minority that have access to services have been vocal when services are poor to the extent where in some communities they withhold rates, there are destitute communities which are continuously victims of backlogs in the provision of housing and suffer poor service delivery as revealed by the impending situation of poor service delivery in Alice (Skenjana 2010 :4).

The Constitution of the Republic of South Africa (1996) upholds representative and participatory democracy as vehicles for real transformation whilst promoting participatory budgeting through its legal framework which includes the implementation of the Municipal Systems Act (Act 32 of 2000), the Municipal Finance Management Act (Act 56 of 2003), the Municipal Structures Act (Act 117 of 1998) the White Paper on Local Government 1998 and the Municipal Property rates Act (Act 6 of 2004). Besides promoting good governance, these acts also specify the required relationships between local authorities and citizens and the right of citizens in participation in the budget processes.

It can be observed and argued that although such acts provide the essential ingredients for the implementation of effective participatory budgeting, it is evident that in terms of promoting citizen participation and good governance, participatory budgeting in South Africa is far from being successfully implemented. This is mainly due to the fact that most municipalities in South Africa are still characterized by weak accountability and transparency procedures with regards to the formulation of the budgets (Van der Waldt 2007:24). This is mainly because municipal officials are still keeping citizens out of the budgeting processes and so little has been done in terms of allowing citizens to gain access to budget information.

Local government is the sphere in which most citizens operate and hence the capabilities of local government to a very large extent define the capacity of national governments. According to Craythorne (1997:13), local government is multidimensional in that it does not exist only as a legal entity; it exists in and for communities at

grassroots level closest to the communities. As such, local government operates in a number of dimensions and exists as a living and dynamic organism. It is the closest and most accessible level of government to the people and it provides services utilized by individual households such as water, public transport, waste disposal and other social services. In this regard, it is evident that local authorities are the driving force behind the provision of goods and services to the public and it is only essential therefore to engage the citizens in matters that directly involve them, hence participatory budgeting can be viewed as a way of increasing social equity while reducing clientelism, social exclusion and corruption.

It can be deduced that Nkonkobe local municipality should practise participatory budgeting both in theory and in the practical sense due to the fact that Participatory budgeting programmes are considered as starting points to citizenship schools since they promote the learning and meaning giving context in development. It is through participatory budgeting that citizens will know their rights and obligations as well as understanding the responsibility of their governments, and this process also ensures the prerogatives of municipalities whilst establishing increased opportunities for citizens to take part in decision making and citizen discussions (Craythorne 1997:13).

The Draft Policy Framework by the Department of Provincial Local Government (DPLG) (2005:5) regards public participation in South Africa as an open accountable process through which individuals and groups within selected communities can exchange views and influence decision-making. The Draft Policy Framework by the DPLG (2005) further states that public participation is a democratic process of engaging people, deciding , planning, and playing an active part in the development and operation of services that affect lives. Cahn and Camper (1968:58) suggest three rationales for public participation. Firstly, they suggest that merely knowing that one can participate promotes dignity and self-sufficiency within the individual. Secondly, participation taps the energies and resources of individual citizens within the community. Finally, public participation provides a source of special insight, information, knowledge, and experience which contributes to the feasibility of community solutions.

Public participation which is the cornerstone of participatory democracy enhances official responsiveness in local government matters by enabling public interests to be clearly expressed by the communities themselves. If public participation is properly instituted within government structures, it may constitute an effective check on the exercise of the discretion of public officials, compelling the latter to be more sensitive and accountable to community needs. Public participation needs to be pursued and encouraged for its own sake, on the basis that it is the inalienable democratic right of all citizens of a country (Cahn and Camper, 1968:78).

Citizen participation is widely believed to be an essential ingredient of improving service delivery as it provides citizens with the information that enables them to be engaged in prioritizing the needs of their neighborhoods, propose and debate new services and projects and set budgets in a democratic and transparent way. As the process becomes embedded it involves citizens being engaged in an annual budget cycle of setting priorities and budgets and monitoring the delivery of projects and services (Makumbe 1996:15).

According to Bekink (2006:28) the government introduced the Batho-Pele principles (people first) in order to curb the problem of limited citizen participation in decision making as well as in the budget process since it was hoped that these principles would bring about the dawn of a new era with more efficient participatory budgeting systems. These principles clearly defined a new administrative system in local government that incorporated the citizens in the formulation of the budget as well as in local government affairs but unfortunately these principles proved relevant and quiet efficient in theory alone. In reality these principles proved to be non-existent due to the fact that local government officials still obtain budgetary decisions to themselves whilst the citizen's views during the budget formulation process are simply ignored and not put into consideration thereby leading to lack of enthusiasm for participation in the municipal budget processes.

Such a situation is prevalent in Nkonkobe municipality which is still offering poor service delivery to their residences that pay taxes, rates, rentals and user fees each month yet when it comes to the formulation of the budget the citizens remain side-lined and at the

periphery of the budget preparation process since although the people are given a platform to participate in the formulation of the budget, there is still limited citizen participation due to the fact that the people are no longer motivated to participate since their inputs are hardly considered. The majority of the people also lack the adequate knowledge in public finance management. Arnstein (1969: 217) defines this form of decision making as “tokenism” in which the “ground rules allow the have-nots to advise, but retain for the power holders the continued right to decide”.

It is against this background that Participatory Budgeting can be seen as a municipal financial management transformation designed to enhance the quality of service delivery by creating a broader public forum in which the citizens and the governments discuss revenue collection, its spending, taxation and resource utilization, thereby making Nkonkobe municipality accountable, performance oriented and transparent in resource allocation as well as service delivery. This hinges on the argument that in terms of municipal financial matters ratepayers do not only have obligations to pay rates and levies alone, but they also possess defined rights.

According to Shah (2007:4) Participatory Budgeting is a fundamental process that is designed to address two but interconnected needs which are:

- a) Enhancing the quality of democracy through accommodating the marginalized and excluded groups of society in the decision making process involving the distribution and allocation of public resources
- b) Enhancing transparency and accountability so as to reduce government inefficiency and curb clientelism, patronage, corruption and rent seeking behavior.

Despite Nkonkobe municipality's efforts in finding the solutions to improving service delivery, the issue of lack of citizen participation in financial issues remains the major issue that can only be dealt with by means of employing effective participatory budgeting strategies such as the creation of citizen schools to educate the public as well as incorporating the citizens views and ideas in the formulation of the budget so as to boost interest and enthusiasm to participate in the budget process. In this regard, the

researcher seeks to assess the efficacy of participatory budgeting as an instrument for improving service delivery.

## **1.2. STATEMENT OF THE PROBLEM**

There has been limited citizen participation in the budget review processes within the small town of Alice owing to the lack of enthusiasm to participate by the residents since the citizens are complaining that their views during the budget formulation process are not being considered, yet they are still receiving poor service delivery as well as service delivery backlogs. There is also concern that although the budget is being reviewed to the citizens, most of the Alice residents are financially illiterate and lack interest in participating due to the fact that they do not understand the budget formulation process. This is because most of the population of the citizens residing in Alice is uneducated and also the majority of the citizens are elderly people who have limited or no knowledge at all about the municipal budget process. Such an impending situation has automatically resulted in the significant decline of citizen participation in the formulation and implementation of the budget.

Due to such limited citizen participation in the formulation of the budget, the Alice residents have been objecting to the high utility bills from the municipality as well as the poor service delivery that they are receiving. The utility bills should be revised to reflect reality since the income levels of the majority of the residence are very low yet the charges for services such as water supply remain on the increase. Cases of uncollected refuse, dilapidated buildings as well as poor road networks, are common features within the town of Alice. Despite the higher than usual service charges, rates as well as levies charged to residents, there has not been much improvement in the quality of service delivery.

Makumbe (1996:36) states that the participation of the people in the decision making processes not only reinforces the principle of democracy and transparency within the discipline of public finance management, but it also results in the reduction of authoritarianism, a phenomenon for which Africa is sadly noted. In this regard, it is evident that due to the impending situation at Nkonkobe local municipality, participatory

budgeting can be viewed as the engine for launching the processes of economic transformation. It is the motor for accelerating the process of change and development in the delivery of services to the public hence the need for citizen schools to educate the people on the budget process. In this regard, this study seeks to evaluate the effectiveness of participatory budgeting in improving service delivery at Nkonkobe local municipality.

### **1.3. RESEARCH QUESTIONS**

- To what extent do participatory budgeting strategies lead to effective service delivery at the Nkonkobe local municipality?
- What challenges are faced by Nkonkobe local municipality in implementing Participatory Budgeting?
- What measures have been put in place to encourage Participatory Budgeting?
- What are the resident's perceptions and opinions regarding Participatory Budgeting strategies currently being practiced by Nkonkobe local municipality?

### **1.4. OBJECTIVES OF THE STUDY**

- To examine and evaluate the extent to which Participatory Budgeting strategies employed by Nkonkobe local municipality have led to effective service delivery.
- To determine the challenges being faced by Nkonkobe local municipality in implementing participatory budgeting.
- To identify the main strategies and the methods for implementing Participatory Budgeting at Nkonkobe local municipality.
- To determine the residents' perceptions regarding the participatory budgeting strategies currently being practiced by Nkonkobe local municipality

## **1.5. SIGNIFICANCE OF THE STUDY**

For the majority of South Africans, local government is the sphere in which most citizens operate and are dependent upon for the efficient and effective provision of services utilized by individual households. As a result this study aims to reveal the practical techniques and competencies that can balance the top-down and bottom-up local level participatory budgeting effectively. The study also seeks to explore the extent to which participatory budgeting facilitates the improvement of service delivery, as well as identifying the institutional and associational mechanisms that exist to enhance participatory budgeting at Nkonkobe local municipality. It is anticipated that the study will assist Nkonkobe local municipality in embarking on effective participatory budgeting procedures that will ensure maximum public participation, whilst also taking into account the citizens views and perceptions during the budget formulation process since acting in the public's interest is initially an obligation resting on the municipality shoulders.

It is also anticipated that the study will highlight effective solutions of encouraging participatory budgeting so as to close the gap between demand for service and the provision of those services by the municipality. The study also seeks to assist Nkonkobe local municipality in creating a critical mass of principal actors with changed mind-sets and attitudes to appreciate the fact that participatory budgeting has the potential to significantly improve the quality of local administration if it becomes an integral part of public sector finance at local government level. Finally, it is hoped that this research will offer a crisp analysis of participatory budgeting with a lucid evaluation that will act as a platform for other researchers who are interested in participatory budgeting within the arena of public sector finance to explore deeper into this research niche.

## **1.6. DELIMITATIONS OF THE STUDY**

According to Hofstee (2006:6), every academic work has exceptions hence, the proposed study does not intend to give answers to the problems of poor service delivery offered to the Nkonkobe residents by the Nkonkobe local Municipality; instead it seeks to assist the municipality in improving the quality of service delivery rendered to the Alice residents, by encouraging maximum public participation in the budget formulation

process through participatory budgeting strategies such as the adoption of citizen schools that will enhance the knowledge of the people in financial matters. Another delimitation of this study worth noting is that this research is delimited to participatory budgeting within the public finance paradigm only.

## **1.7. ETHICAL CONSIDERATIONS**

Bak (2004:28) asserts that any research that involves people must show an awareness of the ethical considerations and an agreement to conduct the research in accordance with ethical procedures. Ethical guidelines serve as standards and as a basis on which the researcher ought to evaluate own conduct (De Vos, Strydom, Founche, & Delport 2005:57). In this study the ethical issues which will be strictly observed and adhered to include confidentiality, informed consent and voluntary participation for the purpose of avoiding harm to the respondents. Permission will be sought from the Nkonkobe local Municipality before the questionnaires are distributed and all respondents will be assured that whatever information that will be collected from them through the questionnaires will be used for academic purposes only.

## **1.8. DEFINITION OF KEY TERMS**

### **1.8.1. The Budget**

Cusworth and Franks (1993:396) reveals that a budget is a master financial plan of government. It is an economic tool that brings together estimates of anticipated revenues and proposed expenditures for the budget period and from these estimates the activities to be undertaken and the means of their financing can be inferred. The budget process frames which decisions and which comparisons will be made and determines the amount of information and the amount of time allowed for making designated decisions. This means that ideally the budget document permits the average citizen to see fiscal policy in integrated form.

### **1.8.2. Municipality**

A municipality is a political subdivision which is constituted in terms of section 151 and 152 of the constitution of the Republic of South Africa 1996 (Act 108 of 1996), and has

substantial control of local affairs, including the powers to impose taxes or to exact labour for prescribed purposes. A municipality therefore refers to a local institution comprising elected representatives and appointed officials, which function within a specific geographical area to provide services to its local community (Okubena 2011:21).

### **1.8.3. Participatory Budgeting**

According to Shah (2007:3) participatory budgeting is a decision making process through which citizens deliberate and negotiate over the distribution of public resources. Participatory budgeting programs are implemented at the behest of governments, citizens, non-government organizations and civil society organizations to allow citizens to play a direct role in deciding how and where resources should be spent and deployed. It is a process in which citizens and sub-national governments widen mechanisms for promoting civic engagement in identifying local needs, deciding preferences as well as the implementation, monitoring and evaluation of the budget taking into account expenditure requirements and the available income requirements (Mamvuma and Matovu 2007:1).

### **1.8.4. Service Delivery**

Fox and Meyer (1995:118) are of the opinion that service delivery is the provision of public activities, benefits or satisfactions. Services relate both to the provision of tangible public goods and to intangible services. Tangible public goods refer to the provision of such services that are visual to the public for instance the provision of hospitals and public transport by the council, while intangible public goods refer to those services offered by the council which are essential to the public although they are not visible for instance the provision of education.

### **1.8.5. Governance**

The term governance is derived from the Greek word Kubernetes, which if translated refers to the person guiding a sailing ship. Political theorists such as John Locke have viewed governments as devices to protect the rights and property of the people.

Government represents an agreement between the rulers and the ruled that would support those in power as long as the government served their interest. Government exists whenever an organized control, directed towards the attainment of an orderly community life operates on a community-wide or territorial basis and involves the right to make itself through resort, if necessary, to physical coercion. In the municipal context to govern means that councilor has the ability to communicate with its community and to control the flow of the administration in the direction of their needs, desires and demands (Okubena 2011:21-22).

#### **1.8.6. Good governance**

According to Rhodes (2001:6) good governance refers to a new process of governing a transformed, well organized and efficient society. Governance can be expressed by inter-dependency and networking in all sectors that have a stake in development issues such as the government, public and community based organizations.

#### **1.8.7. Local Government**

In terms of section 2 of Local Government Municipal Systems Act, 2000 (Act 32 of 2000) Local government is a corporate body or entity within the local sphere of government exercising legislative and executive functions as authorized by the relevant legislations within a geographical area defined by the local Government Municipal Demarcation Board. It is established to promote essential services, such as housing, water sanitation and improvement of infrastructure for the local community. According to Craythorne (1997:13), local government is multidimensional in that it does not exist only as a legal entity; it exists in and for communities at grassroots level closest to the communities. As such, local government operates in a number of dimensions and exists as a living and dynamic organism. It is the closest and most accessible level of government to the people and it provides services utilized by individual households.

#### **1.8.8. Efficiency and Effectiveness**

Efficiency refers to the satisfying of the most essential needs of the community to the greatest possible extent by using the limited resources that are available. Effectiveness

on the other hand is more about the impact that has been or will be caused by a service delivered or to be delivered. To improve governance and service delivery, efficiency (relationship between inputs and outputs) and effectiveness (relationship between outputs and outcome) is fundamental. In summary, effectiveness refers to the achievement of objectives while efficiency is the achievement of the ends with the least amount of resources (Okubena 2011:21)

## **1.9. OUTLINE OF THE RESEARCH STUDY**

**Chapter One** provided the introduction to the research study with reference to the background and rationale of the study, problem statement, research questions and objectives, clarification of concepts as well as an outline of the chapters in the study.

**Chapter Two** is a review of the literature related to Participatory Budgeting so as to give a deeper and in-depth understanding of the concept. The theoretical and legal frameworks related to Participatory Budgeting in South Africa are also reviewed in this chapter.

**Chapter Three** outlines the research design and methodology, scope of the study, the survey area; target population, sample and sampling techniques used. In this chapter, the data collection instrument is described and it concludes by clarifying the data analysis techniques.

**Chapter Four** presents, interprets and analyses data and sifts it for findings based on the research questions alluded to in the first chapter of the study. It basically gives out the findings of the research and links them to related literature so as to reach plausible conclusions.

**Chapter Five** contains the conclusions drawn from the findings of the study and recommendations.

**Chapter Six** is the concluding chapter and it contains the bibliography or list of references.

## 1.10. CONCLUSION

Chapter one has provided a vivid introduction and background of the study as well as highlighting the research objectives, the research questions, the significance of the study, the problem statement, the delimitations of the study and the definitions of key terms. The following chapter provides a detailed discussion of the related literature whilst providing the theoretical and legislative framework for participatory budgeting in South Africa.



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## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1. INTRODUCTION**

Chapter one gave a vivid analysis of the introduction to the study as well as highlighting the background of the problem, the research questions, the research problem, research objectives and the significance of the study. The chapter concluded by defining the concepts within the context of the study. In this regard, chapter two evidently reviews the literature on the aspect of budgeting as well as participatory budgeting in South Africa while highlighting the fundamental aspects that play a crucial role in facilitating participatory budgeting in public financial management within the context of the South African local government.

Local government is the sphere in which most citizens operate hence the capabilities of local governments to a very large extent define the capacity of national governments. Due to this, evaluation as well as a close analysis at the South African local government system reveals that the South African local sphere of government has a developmental drive to provide a developmental and accountable local government system so as to ensure the provision of services to communities in a sustainable manner. The rationalization process in the South African local government system has led to the genesis of new forms of governance and has catalyzed new approaches directed at enhancing public participation as well as crucial principles in Public Finance management such as accountability and transparency in all levels of government, thereby ushering in fundamental changes within the South African local sphere.

Matovu (2006:67) asserts that good governance is classified as being participatory, transparent, accountable, effective, compliant with the rule of law and responsive to the needs of people. It requires collaboration between government and the citizens since this will encourage citizens capabilities in making decisions, improve government accountability as well as promote holism (Fuhr 2000:64). Neo-liberals view governance as a process that is intended to bring about changes in the public service and promote

efficiency through measures such as marketisation, contracting-out, implementation of the new public management approaches and operating under strict budgets while rational choice theorist view governance as a transformation of the traditional authoritarian government to a new approach that engages citizens in every part of policy making (Beviv and Rhodes 2001:6). From these different sentiments raised by various authors and theorist, it is evident that the common thread is the fact that in order for good governance to prevail, there is need for partnerships between the different actors in the development process that is the citizens, Community Based Organizations (CBOs) and the government.

The purpose of this chapter is to provide an overview of the principle of good governance and citizen participation, as well as analyzing democratic local government and democratic financial management within the South African local government. A vivid and clear distinction between public finance management and public administration is highlighted and the principle of participatory budgeting and its benefits to various actors is revealed in great detail. The chapter will further discuss the need and importance of participatory budgeting as well as highlighting the budget process in South Africa and the various types of participatory budgeting programs. Furthermore, this chapter also provides an evaluation of the theoretical and legislative framework of participatory budgeting in South Africa.

## **2.2. CONCEPTUAL FRAMEWORK**

In order to achieve the main objectives of this study, there is need for conceptual clarity since the definition of key concepts provides the meaning that is central to the fundamental importance of participatory budgeting. This section thereby vividly evaluates the various concepts related to participatory budgeting as revealed below:

### **2.2.1. The Budget and Budgeting**

According to Siswana (2007:102) the terms budget and budgeting are sometimes used interchangeably, yet they describe two different things serving different purposes. The difference between the two terms lies in the fact that the budget is process-oriented and the budgeting system is systems based. As a financial program, the budget is mainly

the reconciliation of revenue recommendations with expenditure recommendations in order to realize certain objectives hence, it should be possible to determine by means of a budget what choices have been made and on what basis certain actions will be taken, thus it is evident that budgeting is a process that establishes the objectives to be realized within a specific period of time in order to realize the goals of local government. Budgeting is a macro work program on which each department can base its operational work program to ensure that the goals and more tangible objectives of local government can be realized efficiently and effectively (Gildenhuis 1997:26).

Cusworth and Franks (1993:396) further reveal that a budget is a master financial plan of government. It is an economic tool that brings together estimates of anticipated revenues and proposed expenditures for the budget period and from these estimates the activities to be undertaken and the means of their financing can be inferred. It deals with the allocation of funds and it is generated during the planning phase by the local authority or any other entity. In the local government context, this document is considered as a vital part of the Integrated Development Planning process (IDP) (Van der Waldt 2007:187). The budget process frames which decisions and which comparisons will be made and determines the amount of information and the amount of time allowed for making designated decisions. This means that ideally the budget document permits the average citizen to see fiscal policy in integrated form. According to David (2006:25) a municipal budget is part of the planning process that is undertaken on an annual basis and includes planning based on the IDP implementation of the budget and performance management.

### **2.2.2. Citizen Participation**

According to Meyer, Cupido & Theron (2002: 59), citizen participation refers to the active involvement by citizens who have a sense of belonging to the policy processes and who have an active role in determining the outputs of governments. It is an open process through which individuals and groups within selected communities can exchange views and influence decision making (Draft policy framework for public participation 2005:1). According to Thornhill (2009:703) citizen participation refers to the direct involvement of the public in the decision making process regarding public affairs. Decision making

processes are no longer a privilege of one individual or a few elites as were the case under feudal and monarchy systems. It is a prerogative of every community member and their constituencies to be involved in such processes. In order for the government to function optimally, the participation of community members in public affairs becomes a prerequisite for strengthening accountability since the involvement of the community is intended at increasing transparency regarding decision making.

In South Africa, the major reasons that have crippled effective public participation within South Africa's local sphere include time, lack of interest and enthusiasm in attending meetings, general apathy, lack of knowledge in financial issues and the budgeting process and the perception of partisanship within the public participation process. It is however the duty of the local government municipalities such as the Nkonkobe local municipality to overcome these hindrances through fully implementing citizen participation by championing participatory governance and local democracy through the effective implementation of citizen schools as well as taking into account the inputs of the citizens and implementing them rather than ignoring their inputs in the face of poor service delivery.

### **2.2.3. Participatory Budgeting**

According to Mamvuma & Matovu (2007:1) participatory budgeting can be defined as a process of prioritization and conjoint decision making through which local community representatives and local governments decide on the final allocation of public investment in their cities on a yearly basis. It is a cyclical process by which citizens and sub-national governments widen mechanisms for promoting civic engagement in identifying local needs, deciding preferences as well as the implementation, monitoring and evaluation of the budget taking into account expenditure requirements and the available income resources (MDP-ESA, 2006:1). These definitions thereby clearly highlight the fact that participatory budgeting is basically a process of direct, voluntary and universal democracy where the people debate and decide on public budgets and policy.

Mamvuma & Matovu (2007:2) elaborate further that what is important to take note from the definitions of participatory budgeting highlighted above is the fact that in participatory budgeting, citizen participation is now not only limited to the act of voting to elect the executive or the legislators, but instead the citizens are now being given the opportunity to decide on spending authorities and have the power to control the management of the local government itself. As a result of participatory budgeting, the citizen automatically ceases to be an enabler of traditional politics, but becomes a permanent protagonist of public administration.

#### **2.2.4. Accountability**

One of the cornerstones of democracy is accountability and one of the pillars of accountability is how swiftly the government reports back to the citizens through the parliament, pertaining to how it would have spent their taxes ([www.unhabitat.org](http://www.unhabitat.org)). When citizens put government into office, they entrust government with the responsibility of governing and managing public resources. This in actual fact constitutes a contract of accountability between citizens and the government. The citizens therefore have the right to know what government intends to achieve and what it has actually accomplished.

Participatory budgeting assist the citizens to assess the impact government has on their lives as well as to highlight what the government has achieved with their tax money that is, whether their money and limited resources have been spent wisely and whether their money has been used in a way that gives them the best value. This will assist the citizens on holding government accountable for the way it would have carried out its mandate. Each councilor and municipal officer is also subject to accountability. This means that they should give account in public of their activities so as to display a sense of responsibility when carrying out their official duties. Such an obligation to act responsibly and without ulterior motives means that they should earn the reputation of being a moral elite (Shah 2007:16).

According to Gildenhuys (1997:28) the concept of accountability on its own does not imply public accountability. Public accountability goes hand in glove with representative

democracy with its concomitant rights of citizens and obligations of councilors and municipal officials. Public accountability is the obligation to expose activities and the results of such activities while explaining and justifying them to the public. In this sense, accountability refers to the way in which financial management and other responsibilities in this context provide the basis for the evaluation of the conduct of councilors and municipal officials. Gildenhuis (1997:28) further postulates that public accountability demands the publication of facts so that a public debate can be conducted on such facts.

The basis of a public debate on local government financial matters is the acceptance of the fact that taxpayers have defined rights. It is also based on the principle of the sovereignty of taxpayers over the financing of local government activities. In this regard, public accountability is the mechanism by which the elected councilors should also report to other bodies including the public and not only to their immediate higher authority in the local government hierarchy. This thereby reveals the fact that the moral ethical base of public accountability is the degree of harmony created between local government authority and local government accountability to the taxpayer (De Visser & Machingauta 2010:29).

It is sad to note that despite government's efforts to root out corruption within the South African public service, there is still a lot of work to be done since the picture remains discouraging since the most prevalent transgressions reported to the Public Service Commission (PSC) are in connection with issues of fraud, theft and corruption within the South African local sphere. This does not only reveal an automatic negative impact on service delivery, but it also reveals the significance of efficient and effective accountability procedures that are fundamental and need to be employed by the local government councils in order to curb against such mal-administrative practices within the South African local government institutions.

### **2.2.5. Government**

According to the political theorist John Lock, governments can be viewed as devices that protect the rights and property of people. Government represents an agreement

between the rulers and the ruled that would support those in power as long as the government served their interest. Government exist whenever an organized control directed towards the attainment of an orderly community life operates on a community-wide or territorial basis and involves the right to make itself through resort if necessary, to physical coercion. In the municipal context to govern means that councilor has the ability to communicate with its community and to control the flow of administration in the direction of their needs, desires and demands (Okubena 2011:21).

### **2.3. THEORETICAL FRAMEWORK FOR PARTICIPATORY BUDGETING IN SOUTH AFRICAN LOCAL GOVERNMENT SYSTEMS**

#### **2.3.1. The Historic Perspectives Regarding the Transformation of Local Government To Incorporate Participatory Governance In South Africa.**

According to Nzimakwe and Reddy (2008:667) local government has been constitutionalized as a sphere of government and this has signified a conceptual shift from serving as administrative service delivery agents to the promotion of developmental goals and principles, namely local democracy, sustainable development, a safe and healthy environment and co-operative government as a result of the introduction of the new local government system in South Africa prior to the apartheid rule. The *White Paper on Local Government (1998)* mandates municipalities to involve communities in facilitating development. Participation is an integral part of local democracy and it is a legislative requirement for the local community to be drawn into the process through integrated development planning, budgeting, and performance management and ward committees. However, there are serious disparities between policy and practice as the success of public participation will not depend on regulation of the system, but through innovative and creative local policies and legislation. A participatory culture should be inculcated and furthermore the appropriate and relevant mechanisms, processes and procedures be developed.

The design of post-apartheid local government confronted four main challenges namely the re-demarcation of boundaries, increased responsibilities, restructuring and the requirements of participatory governance. The re-demarcation of municipal boundaries

resulted in the creation of much larger municipalities with a much larger population. This drastically increased the service responsibilities of the municipalities without a commensurate increase in the fiscal base given the escalating poverty levels in the country ([www.imasa.org.za](http://www.imasa.org.za)).

Prior to 1994, municipalities were seen as local bodies which were responsible primarily for the provision of services such as water, electricity, as well as refuse removal to their various communities. The principle of democracy in local government was also non-existent due to the fact that all decisions were centralized with little or no participation from the public. However, the genesis of the new system of local government ushered in a new form of governance which decentralized the activities of local government to incorporate the participation of the public as well as extending the role of local government to include developmental responsibilities. The introduction of the new system of local government led to economic development mainly through the realignment of its core functions such as land use planning and service delivery with development initiatives and it was also required to be democratic both in being elected and in the manner of operation between elections. In respect of the latter, it is required to facilitate public participation in its process to an extent greater than any sphere of government ([www.imasa.org.za](http://www.imasa.org.za)).

*The Municipal Systems Act (act 33 of 2000)* explicitly reserves the right to make decisions for elected councilors only, hence section 4(1) states that council has the right to “govern on its own initiative the local government affairs of the local community.” At the same time the act obliges municipalities in section 16 “to develop a culture of municipal governance that complements formal representative government with a system of participatory governance”. Carol Pateman a modern theorist of participatory democracy also advocated for the introduction of participatory governance and states that participation develops and fosters the qualities necessary for the involvement of citizens in developmental issues (Barber 1984:19).

The focus on participation, control, and education puts the present works and local government responsibilities firmly in the mainstream tradition of participatory

democracy. Effectively there are three main aspects to the reformation and innovation of the system of participatory governance in South Africa and these aspects can be identified from a) the requirements for public participation, b) the introduction of ward systems and c) the definition of the term municipality ([www.imasa.org.za](http://www.imasa.org.za)). The *Municipal Systems Act* defines a municipality as consisting of the governing structures which are the elected councilors, the administration, the appointed staff and the residence. The definition of the term residence as part of the municipality is claimed to be unique in the world and establishes the grounds for greater involvement by the public in municipal matters.

The new local government system also introduced ward committees as outlined in the *Municipal Structures Act (act 117 of 1998)*. Although not compulsory the new system provides for ward committees to be established in each ward of the city. Ward committees have been designed to increase community participation in municipal decision making and are seen by government as the primary structure for participatory local government ([www.imasa.org.za](http://www.imasa.org.za)).

*The Municipal Systems Act* section 16(1) also encourages and creates conditions for the local community to participate in the affairs of the municipality including in Integrated Development Planning (IDP), the performance management system, the budget as well as in strategic decisions relating to services.

From this analysis it is evident that the post-apartheid era was ear-marked by various transformation processes in the South African local government system which in turn initiated the principle of public participation to be statutorily injected into most local government municipal processes although it is evident that such reformations require the presence of democratic local government as well as the participation of the citizens. The introduction of democratic local government crucified the principle of centralization that was in existence during the apartheid regime and this led to effective citizen participation in all aspects of local government affairs despite the fact that in some local communities in South Africa such as the Nkonkobe community in Alice in the Eastern Cape, democracy has not yet been fully embraced.

### 2.3.2. Democratic Local Government

According to Bekker (1996:18), democracy at the local level is concerned with the political system based on aspects such as citizen participation, majority rule, consultation and discussion as well as the responsibility of leaders to give guidance. Democracy and local government are necessarily related and in this instance liberty is strongly defended since the taxpayers must be allowed a voice in government and be informed and consulted on all local government issues. Democracy in local government is operationalised in terms of the requirements of inclusivity, participation, transparency and accountability. The more inclusive, participatory, transparent and accountable a structure is the more democratic it is ([www.imasa.org.za](http://www.imasa.org.za)).

According to Gildenhuis (1997:27) the term democracy was originally formulated by the Greek philosopher Aristotle within the context of local government. Aristotle's preposition was that all citizens should participate in public meetings on matters concerning the government and administration of their cities so as to discuss matters of general interest, present proposals on such matters and to participate in decision making. Aristotle established democracy as a political concept as opposed to the concept of autocracy prevalent today based on authoritarianism. A typical example is the role of community based and international non-governmental organizations which the Robert Mugabe government struggled to impose a blanket ban on foreign aid being channeled directly to ordinary people via non-governmental organizations in the troubled country Zimbabwe, during the period 2006-2009 (Maphunye & Mafunisa 2008:463).

Bekker (2009:4) reveals that J.S Mill on the other hand believed that representative democracy is intrinsic good but he believed that representative democracy was a mechanism to temper the "mediocre majority" or the aristocracy. Liberal democracy in the nineteenth century was firmly based on the constitutionalist theory based on institutionalized democratic practices and norms. However, it is quite evident that Aristotle's classical concept of democracy relieves today in the event of the propagation of participatory democracy through maximum public participation in local government

affairs and devolution of power to autonomous self-governing local authorities. The philosophy behind participatory democracy nevertheless established the principle of the right of individual tax payers to participate directly in the public decision making process.

According to Koos and Bekker (1996:19), in South Africa, the striving is for freedom of personal expression, respect for individual development and personal rights and foremost for tolerance of divergent opinions, hence democratic administration can be defined as that overall direction of an organization or local government which assures purposes and policies are shared in the making, that methods are understood and agreed to, that individual potentialities are being enhanced, that corporate or group ends are being realized with a maximum of release of shared creative power and a minimum of human friction. It implies further a periodic, orderly, cooperative review of total performance of leadership in action of effectiveness of method at every point and it brings to pass collaboration as willing, coordination as informed and continuing personality growth as an actuality and a continuing promise.

Koos and Bekker (1996:19) further highlight that, while these conditions are wholly or partially absent in many local government structures in South Africa as revealed by the current situation prevailing in the small town of Alice whereby the Nkonkobe local municipality is failing to employ effective participatory budgeting techniques since the public are not being fully incorporated into the budget formulation process, it is of uttermost importance that such municipalities should adopt to these principles that facilitate democratic local government. There are different forms of democracy and these include internal democracy, external democracy, and participatory democracy

### **2.3.3. Internal Democracy**

Internal democracy is centralized on processes internal to the decision making process and it aims to open up obscure participatory procedures by giving all councilors an opportunity to participate in municipal decision making. Councilors serve on at least one portfolio committee as well as being members of council but it is evident that in reality though, apart from the councilors who serve on the executive, it is widely reported that the ordinary councilor has little opportunity to contribute in any meaningful way to the

decision making processes. As members of a political party, councilors are expected to toe the party line set by their party caucus even when such policy is in conflict with the demands made by a particular community ([www.imasa.org.za](http://www.imasa.org.za)). Furthermore, while all councilors automatically have seats on full council the extensive delegations to the executive structure and the dictates of a party –political system, the individual councilors are usually quite removed from most decision making outside of their own portfolio committee.

#### **2.3.4. External Democracy**

Crucial to community participation is the establishment of ward committees. The general view is that ward committees are floundering due to the fact that ward committees do not possess any executive powers. They are part of the participatory system of local government and not the representative system. Given however that participatory governance is mostly just an extension of the deliberative moment of the municipal decision making process, this means that the impact of public consultation on decision making at the local level depends on how deliberation is translated into decision by councilors and then implemented by administration ([www.imasa.org.za](http://www.imasa.org.za)).

#### **2.3.5. Participatory Democracy**

According to Nzimakwe and Reddy (2008:671), for democratic government to exist, the public must govern or at least be actively involved in government. Without community participation democratic government will cease to exist. Vibrant democracy insists, therefore, that community participation be positively encouraged by those in power. This would require that the right of every community member to participate in those government decisions, policies and actions that directly affect him/her be legally protected. For democracy to come to fruition, it is furthermore important that facilities and instruments of participation be accessible to every member of the community. When government violates this inalienable democratic right of any individual to participate and exercise an influence on the issues that directly affect him/her, it disqualifies itself from being called democratic (Bekker 2004: 56).

Houston (2001:8) is of the opinion that participatory democracy reflects tendencies of “pure” or “direct” democracy that is, involving the citizenry to a greater degree in decision making than representative democracy. Democracy at local level is concerned with the political system based on aspects such as citizen participation, majority rule, consultation and discussion as well as responsibility of leaders to give guidance. In a democratic society, citizens can express their democratic rights in a number of ways such as voting in elections, participating in party politics, holding public demonstrations, petition local or national leaders, lobby decision-makers, make written or verbal submissions to committees, print and distribute leaflets, use local radio and TV shows to cover their issues of interests, refer their complaints to appropriate commissions such as the South African Human Rights Commission, the Public Protector and the Independent Directorate of Complaints (DPLG, 2005:7).

According to Shah (2007: 57), for many years the Weberian hierarchical-bureaucratic model has been attacked from various sides as lacking responsiveness. Bureaucratic Organizations have proved unable to create an inclusive relationship with the citizenry. The value of bureaucracy stems from its expertise, which puts it in conflict with the democratic or representative values that underpin the idea of participation. Popular unease with the perceived growth in government and acknowledgment of the discretionary authority of bureaucracies gave rise to a search for alternative modes of democratic accountability and bureaucratic control. One of the main alternative models of governance is the participatory model, which involves the “search for more political, democratic, and collective mechanisms for sending signals to government”. Public participation operates as an external check on bureaucracies whose power grew in the twentieth century. Recent proposals for participation appear equally distrustful of bureaucrats and elected officials, both of which are part of the “representative bureaucracy” According to this view, “representative bureaucracy” undermines individual responsibility for beliefs, values, and actions and is incompatible with freedom, because it delegates and alienates political will.

Public participation involves the active participation of the people in local government affairs. This indicates that public participation is a means of empowering people by developing their skills and abilities so that they can negotiate with the development delivery system and can make their own decisions in terms of their development needs and priorities (Nzimakwe and Reddy 2008:671). Bekker (2004: 56) argues that citizenship should be the main purpose served by public administration, as it holds the advantages of making citizens more active and interested in local government and administrative issues, encouraging greater accommodation and consensus between citizen groups and between citizen and administrators.

The right of any individual to participate is qualified by that individual meeting basic standards of citizenship, such as sanity, loyalty, capability, willingness, and other criterion that meets the tenets of democratic fairness and reasonableness as determined and accepted by the public as a whole. The basic principle of participatory democracy is that all citizens of a municipality should participate directly in meetings on matters concerning the government and administration of municipal affairs, present proposals on such matters and participate in local decision making (Gildenhuys 1997:18). According to section 152 of the constitution of the Republic of South Africa 1996 (act 108 of 1996), the objectives of local government are:

- ❖ To provide democratic and accountable government for local communities
- ❖ To encourage the involvement of communities and community organizations in the matters of local government

According to Gildenhuys (1997:19), there is no doubt that both these provisions demand democratic local government and administration as well as the participation of the local community in local politics. Gildenhuys (1997:19) further highlights that it is also worthwhile quoting the constitutional provisions on the basic values and principles governing public administration which also apply to local government administration. Section 195 (1) provides that public administration must be governed by the democratic values and principles enshrined in the constitution whilst section 90 of the constitution provides that everyone is equitable before the law and has the right to equal protection

and benefits of the law. With regards to access to information, section 32(1) of the constitution provides that everyone has the right of access to any information held by the state. This refers to undeniable civil rights and supports the principles of transparency and public accountability. It is important to also highlight section 10G of the Local Government Transition Act (LGTA) 1996 (act 97 of 1996) which provides the following principles in respect of local government finance that every municipality shall:

- ❖ Conduct its affairs in an effective, economical and efficient manner with the view to optimizing the use of its resources in addressing the needs of the community
- ❖ Conduct its financial affairs in an accountable and transparent manner
- ❖ Manage its financial resources to meet and sustain its objectives

This alone reveals that the Republic of South Africa upholds participatory democracy as a vehicle for change in service delivery in the local sphere of government. Participatory governance involves the direct involvement of civil society in local government municipal affairs and results in among other things greater accountability of governance to the citizens, better service delivery, prioritization of broad social policies, further enhancement of the decentralization process and a significant reduction in corruption as well as an increase in transparency and access to information.

#### **2.4. THE INTERCONNECTEDNESS OF PUBLIC FINANCE MANAGEMENT AND PUBLIC ADMINISTRATION**

Siswana (2007:17) evaluates that an illustration of how public finance fits into public administration is crucial so that the theoretical framework of public administration and its conceptual analysis are put into perspective. Public administration consist of various different components such as Human resources management, Administrative law, Management and leadership and public finance to mention but a few and these form part of the building blocks in the field of public administration. Due to this, public finance both technically and conceptually (theoretically) become a central point of government in ensuring that services are delivered to society, hence budget preparation and implementation has to be done, individual departments have to make estimates and plan so that resources are available for government projects to be implemented. Public

finance makes it clear that monies to finance government programs originate from the governments tax base and it is this tax base that ensures that government delivers services to the people although it must be noted that there are other avenues for government's revenue base such as borrowing.

According to Musgrave (1987:40) public finance management refers to all the decisions and activities of management that impact on the control and utilization of the limited financial resources entrusted to management to achieve specified strategic outputs. The aim of public sector financial management is to manage limited financial resources with the purpose of ensuring economy and efficiency in the delivery of outputs so as to ensure the effectiveness of service delivery. Figuratively, finance is as universally involved in administration as oxygen is in the atmosphere. Secondly, the allocation of finance is the supply of fuel for the engine of administration. Finally some authors define *public finance* as the *life-blood of government*. The above figurative analysis regarding *public finance* implies that the provision of public finances to governance operations, plans and projects are central in ensuring that the government's main goal of delivering services is achieved (Siswana 2007:223).

Public finance uses government expenditure and revenue to pursue policy objectives, thus in essence public finance is a discipline and a practice. Administration on the other hand is action – oriented and aimed at ensuring that activities are conducted in such a manner that goals are attained. The purpose of public service is to render services to the society. Before any delivery of services, certain administrative functions are put into consideration and these administrative functions include Planning, Organizing, Staffing, Directing, Coordinating, Reporting and Budgeting (POSDCORB) (Kelly & Rivenbark 2003:7).

The relationship that exist between Public administration and Public sector finance management, rests on the fact that public sector finance encompasses several administrative functions revealed by the budget process which facilitates the planning both for current and future spending as well as the organizing of programs. Public sector finance also ensures that managers make staffing and compensation decisions,

direct and coordinate the delivery of services as well as report their services or program effectiveness while highlighting how resources were spent. Thus public administration constitutes the conceptual bed rock of public sector finance as emphasis is directed towards the need to manage the fiscus as well as on how best sources of revenue such as taxes can be managed or coordinated through the budget instrument (Kelly & Rivenbark 2003:7). Public finance is also a multi-disciplinary area. Some of its aspects and meanings can be traced back to as far back as the classical writers of the 18<sup>th</sup> century such as Adam Smith who makes reference to revenue of the sovereign expenditure as well as the principles of taxation which are the basic concepts that form the basis of contemporary public finance (Musgrave 1987:48).

According to Madue (2009:414) public finance is the fuel of administration. It oils the machinery of the government and the execution of public or government projects and also demands adequate government support so that society needs to know the extent to which critical national projects are given priority in the budget allocation. Madue (2009:414) also elaborates that financial management focuses on the employment of scarce government resources to ensure effective, efficient and transparent use of public funds and assets to achieve value for money in meeting the objectives of the government in the delivery of services to the public. Public finance deals with public funds as well as tax payer funds. These public finance activities have a perverse effect on the social economy as well as on the economic activities. It is important to note that these effects may either have a positive or negative impact on the public or on the operations of the economy hence the locus of public finance management is mainly centralized on:

- a) How governments generate and collect public revenue
- b) How government spend their resources or public expenditure
- c) How government balances its financial activities through the budget instrument
- d) The impact of financial activities on individual welfare and economic activities, revenue, expenditure and budgetary outputs (Gildenhuys 1997:14).

According to Gildenhuys (1997:73) local authorities in South Africa obtain their revenue from internal sources such as local taxes, user fees, and levies. Section 229 of the constitution of the Republic of South Africa 1996 (act 108 of 1996) provides local government with certain taxing powers since it states that ..... a municipality may impose:

- (a) Rates on property and surcharges on fees for services provided or on behalf of the municipality and
- (b) If authorized by national legislation, other taxes, levies and duties appropriate to local government into which that municipality falls but no municipality may impose income tax, value added tax, general sales tax or customs duty.

From the above, it can be concluded that the emphasis in the public service has been on creating a service provision body that would not only be responsive, transparent and accountable, but also well equipped to handle the added pressures of an ever-changing economic climate. Thus, public finance management becomes instrumental to organizational effectiveness and efficiency. Identifying the strategic link between financial management and the participation of the public in financial matters becomes an important duty of the public financial managers hence participatory budgeting automatically becomes a fundamental aspect in public financial management.

#### **2.4.1. Public Finance Management in the South African Perspective**

According to Okubena (2011:66), in terms of section 10g (1) of the *Local Government Transition Act* (act 97 Of 1996) and section 153 of the constitution of the Republic of South Africa 1996 as amended, municipalities have a responsibility to use resources in an effective, economical accountable and transparent manner and to structure and manage their administration, budgeting and planning processes to give priority to basic needs, desires and demands of citizens. It includes the responsibility by municipal officials to set clear objectives, to regularly monitor and assess performance, to prepare an Integrated Development and financial plan in respect of all their powers functions and duties and to annually report to the community. The overall reform and transformation of the local government dispensation which commenced with the

promulgation of the Constitution of the republic of South Africa as amended has not only affected the composition and internal functioning of all local authorities in south Africa, it has also significantly impacted on municipal chief affairs. It is clear that municipal authorities require financial resources to achieve constitutional objectives.

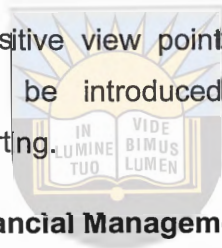
Due to this, Okubena (2011:66) further reveals that it is clear that in South Africa, municipalities are facing two realities: *firstly*, a rapidly changing environment and, *secondly* limited resources which demand sensible choices amongst sensible choices open to them. The new constitutional dispensation states that governmental expenditure and financial management practices must adhere to the basic values of accountability and transparency (section 152(1)). Strict control over municipal financial matters is necessary for effective public financial management. It is vital for a local authority, municipal chief official and more specifically municipal financial officials to have a proper understanding of local financial administration. The former department of constitutional department claimed that the department had hosted many workshops on financial management, integrated development planning and local economic development but it was poorly attended, hence an opportunity to obtain information regarding financial issues was not utilized. As members of a political institution and as providers of services, councilors and officials are responsible for stewardship, financing, maintenance and utilization of such assets.

It can be argued that municipalities are faced with the situation where the resources available in communities are insufficient to make real improvement to the quality of life. This places greater demand on a council to render services to the community in a cost-effective manner. In determining the nature and place of municipal financing, the legislative framework for municipal financing is a critical important factor that must be understood to recognize its influence on public municipal institutions and municipality in particular (Okubena 2011:67).

According to Bekker (2009:11) the acceptance and introduction of the Public Finance Management Act (PFMA) of 1999 was a major positive development in promoting fiscal discipline in South Africa. This moved the South African public sector from a basic cash

recording system to an accrual system as prescribed by the General Accepted Accounting Principles (GAAP) which is in accordance with the international norm. The (PFMA) read together with the treasury regulations, provide a clear guidance for effective financial control, with definite sanctions for non-adherence to the act and the regulations.

Bekker (2009:11) also highlights that the National treasury indicated in the "Inter-governmental fiscal review of 2003" that although there has been a remarkable improvement in public financial management, there remains a challenge to bring all government departments and provinces to the same standard of budgeting, financial management and reporting. This positive view point should be welcomed and co-operative control measures should be introduced in order to implement this standardization of budgeting and reporting.



#### **2.4.2. The Importance Of Public Financial Management**

According to Bekker (2009:3) proper and effective financial management of public finances of government departments is of fundamental importance for every citizen in South Africa. Greater accountability by government departments and the limitation of irregular and wasteful expenditure would benefit every tax payer, non-tax payers as well as individuals who are benefiting from the social structure of the country. Improved control measures can also be of particular help to Members of Parliament, as well as finance committees such as the Standing Committee On Public Accounts (SCOPA) in discharging their parliament duties and will enhance their abilities to expose financial irregularities. This will collectively bring greater accountability to government and provincial departments. Such clear instructions and control instruments will enable present and future members of parliament, as well as other public representatives in local government and civil society in their oversight duties and holding departmental officials to account.

According to Mutuvhi (2011:78), the aim of financial management in the public sector is to manage limited financial resources to ensure economy and efficiency in the delivery of outputs to achieve desired outcomes that will serve the needs of the community.

Financial management ranges from daily cash management through to the formulation of long term financial objectives, policies, and strategies in support of the strategic and operational plans of the government. This includes the planning and control of capital expenditure, working capital management, interaction with the relevant treasury, funding and performance decisions. It supervises the supporting of financial and management accounting functions which are predominantly concerned with the collection, processing and provision of financial information and the planning, operation and control of the supporting financial information systems.

#### **2.4.3. Democratic Considerations and Principles In Public Financial Management Within Local Governments.**

Gildenhuys (1997:28) reveals that the democratic principles for public financial management ensures that public financial decision making should always aim at the most reasonable and equitable way in which public financial resources can be allocated as well as the most efficient and effective way in which the financial resources can be applied to satisfy the collective needs of the public. Utilization of public financial resources must also satisfy the collective needs of the public optimally and the tenets of participatory democracy namely direct and indirect participation by the taxpayers, consumers, and users of public services should participate in the financial decision making process as this is a primary condition for democratic financial decision making.

Gildenhuys (1997:29) further establishes that another major aspect worth highlighting in democratic public financial management is the responsibility and accountability of the elected political representatives to the taxpayers for the collection and spending of taxes and other income. Political representatives must also be sensitive to the public and respond to the collective needs of the community since efficiency and effectiveness in an open democratic system means that the execution of budget programs should satisfy the public's needs not only as cheaply as possible but also as extensively as possible. Social equity, one of the most outstanding characteristics of democratic financial management ensures that high ethical and moral standards are maintained and that these political representatives and public officials act with integrity hence, this assertion regarding the democratic considerations and principles of financial management clearly

reveals that one of the most cardinal values of democracy is that all activities regarding public financial management and administration must take place in public and not under cover of secrecy or so called confidentiality.

Gildenhuis (1997:29) illustrates the following as the democratic principles in the management of local government finance:

- ❖ It must be understood that in reality funds in the possession of local governments do not belong to them, they belong to the municipal tax payers from whom that money has been collected. The local government is only the custodian of such funds. In this regard, local governments should therefore deal in a responsible manner with such funds. It is worth noting however that because local government is a legal entity, it may be argued that the money belongs to the local government concerned. It must however never be forgotten that a local government acts on behalf of tax payers and inhabitants of its municipality.
- ❖ The utilization of financial resources must satisfy the collective and individual needs of the public optimally in the sense of maximum satisfaction of needs at the lowest possible cost
- ❖ Direct or indirect participation by tax payers, consumers and users of municipal services in the financial decision making process is based on the tenets of participatory democracy. Such participation is a primary condition for democratic financial decision making.

It is crucial to note that although Gildenhuis highlights the democratic principles for public financial management, these principles seems not to exist practically. The gist of this assertion lies in the fact that looking at Nkonkobe municipality, participatory democracy in terms of budgeting is practiced on paper alone because although the budget is reviewed publicly many of the Alice residence lack the enthusiasm to participate due to the fact that some of their inputs are not even considered and the majority of the people are uneducated and thereby lack knowledge and proper understanding of the budget process and as a result very few people attend the

Integrated development planning (IDP) budget reviews and ward committee forums set up by the municipality.

## **2.5. THE PRINCIPLES OF GOOD GOVERNANCE AS A GATE WAY TO ECONOMIC, EFFECTIVE, AND EFFICIENT SERVICE DELIVERY**

Governance can be defined as the formation and stewardship of the rules that regulate the public realm. It is the space where state as well as economic and societal actors interact to make decisions, although it is important to note that governance is not just about how a government and social organizations interact and how they relate to citizens but instead it concerns the state's ability to serve citizens and other actors as well in the manner in which public functions are carried out, public resources are managed and public regulatory powers are exercised ([www.idasa.org](http://www.idasa.org)). Linked to the theory of governance, is the notion of *good governance*, and sometimes when the standards are not set and conduct is not satisfactory, it is referred to as *bad governance*.



According to Govender, Reddy & Pillay (2011: 186), the World Bank defines good governance as being epitomized by predictable, open and enlightened policymaking that is, (transparent processes); a bureaucracy imbued with professional ethos; an executive arm accountable for its actions; and a strong civil society participating in public affairs, all acting in terms of the rule of law. The United Nations on the other hand reveal that governance can be seen as the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises of mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate differences. Good governance focuses on participation, transparency and accountability. It ensures that political, social and economic priorities are based on a broad consensus in society and that the voices of the poorest and most vulnerable are heard in decision-making over the allocations of development resources.

Good governance can be defined by how well a population, its representatives and agents, identify and deal with major social, economic and environmental issues that stand in the way of improved quality of life for all citizens. Urban governance can be defined as an efficient and effective response to urban problems by democratically elected and accountable local governments working in partnership with civil society (Govender *et al* 2011:186).

From the definitions cited above, it is important to note that of paramount importance is the fact that the two incidences (good or bad governance), do not happen simultaneously; in most cases bad governance manifests itself when systems or structures are not functioning or do not exist at all, including indecisiveness on the part of managerial leaders. Therefore, in improving and promoting good governance, the systems and structures must complement each other, including the human element. It is often said that bad governance leads to corruption and in turn produces disastrous results. In relation to *good governance*, rule of law and legal frameworks should be fair and enforced impartially, particularly the laws on human rights.

Developmental local government is intended to have a major impact on the daily lives of South Africans and should seek a new focus on improving the standard of living and quality of life of the people. Thus, in short, developmental local government means strong leadership and clear vision for local government. This requires municipal officials to discharge their responsibilities with prudence and in an efficient, transparent, and accountable manner thus promoting good governance. Good governance entails the existence of efficient and accountable institutions and systems and entrenched rules that promote development and ensure that people are free to participate in, and be heard on, decisions and implementation thereof that directly affect their lives. For democracy to materialize at the municipal level, citizens have to be given some role in these processes. This will lead to more accountability and responsiveness, and therefore the level of democracy will improve. It should be noted that the fundamental goal of a democratic system is citizen satisfaction. Therefore, the effectiveness of good local governance needs to be judged by the capacity of local government structures to provide an integrated development approach to social and economic development

issues and to supply essential services congruent with the needs and desires of the local communities. In this regard, municipalities should be able to identify and prioritize local needs, determine adequate levels of services, allocate necessary resources to the public ([www.idasa.org.za](http://www.idasa.org.za) )

The United Nations included *good governance* as an essential component of the Millennium Development Goals because *good governance* establishes a framework for fighting poverty, inequality and much other humanity shortcomings ([www.ggl.org.za](http://www.ggl.org.za)). It is in this context that government officials in government departments have to adhere to the *Public finance Management Act* (PFMA) and its regulations, the Constitution, 1996, *Division of Revenue Act* (DORA) and *Public Service Act*, 1994 and its regulations (Siswana 2007:224-225).

It is imperative for institutions of governance, such as the offices of the Auditor-General, Public Protector and Public Service Commission, as well as Parliament and provincial legislatures to enforce securities and monitor the applications of the above legislative frameworks to instill a good governance culture in the public sector. The latter has its elements, such as the rule of law, transparency, responsibility, accountability, production of results effectively and efficiently, equity and strategic vision (Siswana 2007:224-225). The above good governance elements are also entrenched in the Constitution. According to Majam (2012:35), after significant debate among scholars on the principles of good governance, the following have been identified as generic good governance principles. These six principles must ensure the sustainability and security of public finances and enhance the skills and competencies of government to manage public finances. These principles include:

- ❖ Fiscal transparency,
- ❖ Stability and long-term budgetary sustainability.
- ❖ An effective and equitable system of inter-budgetary relationships.
- ❖ An integrated budget and budgetary process.
- ❖ Medium-term financial planning.
- ❖ Effective financial control, reporting and monitoring.

All these principles directly deal with the budget and the appropriate functioning thereof. It is important to note that these principles need to continuously adapt to changing circumstances and challenges that arise from the management of public finances. Each will now be dealt with briefly as highlighted below (Majam 2012:35).

**Fiscal transparency:-** Here, the emphasis is placed on being open to the public with regard to the structure and functions of government; responsibilities within government; the relationship between government and the rest of the economy; fiscal policy objectives and public sector accounts. It specifically focuses on the budget as a key fiscal policy instrument and envisages that preparing and executing the budget should be an open process. In effect, it implies that openness, transparency and full disclosure is the order of the day. Therefore, any information relating to the budget process – specifically preparing and executing the budget – is made available to the public. In South Africa, the *Batho Pele* principles, as contained in the *White Paper on the Transformation of Service Delivery* (1997), makes provision for openness and transparency within all spheres of government. It translates to the public knowing more about the way national, provincial and especially local government institutions operate and how well their financial resources are managed. Public participation is imperative in budgeting and constitutes stakeholders from all sectors working together to ensure an informed and all-encompassing budget. A government should develop an understanding of communities' situations, as well as trends and issues that may affect them in the future. For this reason, stakeholders' issues, concerns, needs and desires should be examined and assessed. Budgeting is seen as fundamental in ensuring that public finances are managed in an effective, efficient and economical manner (Majam 2012:35).

**Stability and long-term sustainability of budgets: -** According to Majam (2012:36), a sustainable budget rests on the sustainability of fiscal strategies in the sense that it can be continued into the foreseeable future without any substantial changes. In particular, it avoids any sharp changes in tax rates or spending to prevent a substantial deterioration in the fiscal position. Countries are increasingly seeking to guide their budget

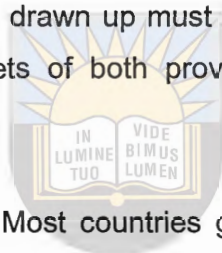
preparation by establishing a budget policy framework within which they set criteria for the sustainability of budget proposals. Within this framework, they establish guidelines for formulating budgets and test merging budget proposals to ensure consistency with overall budget policies.

In South Africa, for example, the In-Year Management, Monitoring and Reporting System for Local Government enables provincial and national government to oversee municipalities and identify possible problems in implementing municipal budgets (National Treasury 2011:1). As a result, stable, sustainable budgets can be formulated, as problems are identified early in the process. Thus appropriate changes can be made to facilitate transparency and ensure that budgets are managed more efficiently. South Africa has also developed a comprehensive set of financial policies. Notably, financial policies should be consistent with the broad government-based goals and should be the outcome of sound analysis. Financial policies form an integral part in developing service, capital and financial plans and budgets. This includes fiscal, monetary, and debt management policies; balancing the operating budget; and revenue diversification (Majam 2012:36).

**An effective and equitable system for inter-budgetary relationships:** - Majam (2012:37), states that many countries are moving towards increased decentralization. The aim is to help ensure that service provision is closer to the community, as well as to enable those who provide the services to play a more active role in efficient service delivery. However, in order for this to take place, there needs to be a positive, interactive and co-operative relationship between the different levels of government. South Africa has adopted a democratic model of co-operative governance comprising of three spheres, namely national, provincial and local government.

Majam (2012:37) argues that the focus falls on a decentralized governance model with the objective of meeting local communities' basic needs. All spheres of government must co-operate with one another in mutual respect and good faith, by fostering friendly relationships and assisting and supporting one another. In this sense, co-operative

government can be described as a partnership between various spheres of government. The main principle is that all spheres of government must provide effective, efficient, transparent, accountable and coherent governance (Intergovernmental Relations Framework 2005). If these three spheres of government work together in a positive and collaborative manner, budgets can be both effective and efficient. Local government, which is in charge of the country's local affairs, needs to be responsible and accountable in terms of public finances. The various local government departments need to inform both provincial and national government on their decisions and actions. Furthermore, they need to ensure that these decisions and actions are in line with the country's legislation. Budgets that are drawn up must be in line with the overall goals, objectives and service delivery targets of both provincial and national government (Majam 2012:35).



**Medium-term financial planning:** - Most countries generally recognize the need to frame budgets in a multi-year context. This process involves preparing and approving the annual budget within the context of a realistic forward-looking view of the budget; robust costing of on-going policies and mandates; and rules for undertaking new commitments. In South Africa, municipalities formulate a Medium-Term Expenditure Framework (MTEF). Notably, this framework forms the cornerstone of budget reform and has been used as a planning instrument to ensure financial resources are allocated and managed successfully. A MTEF is a cycle of three-year spending plans of national and provincial governments, published a few months earlier than the detailed annual budget. Notably, spending plans are the product of extensive technical work, consultation and dialogue between all the spheres of government and civil society. They serve as instrument to monitor spending plans that will help to realize overall longer-term financial goals. The MTEF also forms the basis for integrating planning and budgeting in the sense that policy priorities are set in advance. This allows departments to plan and budget for service delivery that is in line with governments' goals and objectives (Majam 2012:38).

**Effective financial control, reporting and monitoring:** - According to Majam (2012:38), it is vital that effective financial control, reporting and monitoring be attained to ensure successful budgeting at government level. This involves adequate information for control purposes and for checking compliance with budget legislation; formalized transparent and corruption-resistant financial management processes; and assessing the quality of financial management. In South Africa, the *Public Finance Management Act* makes provision for the above. Examples include annual budgets, adjustment budgets, municipalities' in-year reports, budgeted financial performance, and cash flows, as well as monthly budget statements. Facilitation of the structured flow of information within all spheres of government will take place. It has been reported that all municipalities now consistently produce in-year financial reports every quarter in order to facilitate transparency and ensure better in-year management of budgets. The percentage of municipalities reporting on their cash flow has also improved significantly (National Treasury 2011:1). Various role-players such as internal auditors and the Auditor-General can also conduct control audits Majam (2012:36).

**An integrated budget and budgetary process:** - Risks need to be managed for budgeting to provide effective and efficient planning and implementation possibilities within realistic financial resource constraints. Thus it is imperative that budgets are comprehensive and managed in a unified process. Here, emphasis is placed on a clear definition of roles and responsibilities for managing budget policies and processes; integrated and comprehensive budgeting; an integrated process for all aspects of planning and managing the budget; and an efficient budget implementation process. An IDP can be seen as a legal requirement that must be adopted and carried out within the strict legal framework or provisions of local government. Although the IDP is the municipality's strategic blueprint, the annual budget provides the tool for implementing the IDP. It is imperative for municipalities to ensure that their annual budgets are output-driven, and that the intended outcomes are in line with the service delivery objectives, as outlined in the IDP (Majam 2012:36).

Municipalities need to review their IDPs annually to allow them to expand upon or refine plans and strategies to include additional issues. Furthermore, they need to ensure that these plans and strategies inform institutional and financial planning. Municipalities are constantly aware of communities' needs and can effectively translate these needs into successful service delivery options. Integrating strategic plans with budgets can assist municipalities to plan and implement programmes effectively, efficiently and economically in order to ultimately promote sustainable service delivery. Undeniably, an informed, visionary and sustainable IDP is required to maintain local developmental government and to ensure sustainable service delivery within local municipalities. The budget needs to complement and be aligned with the IDP to ensure an interactive, symbiotic and participatory process. As alluded to earlier, the IDP must be seen as the basis on which budgeting is formed and must remain the principal management tool and strategic instrument for local municipalities (Majam 2012:39).

According to Siswana (2007:223) the above values and principles confirm that good governance has to be underpinned by democratic values and principles and these values must support the legislative framework and institutions of governance must be able to utilize and implement them. In his foreword, the Minister of Finance notes that "the *Public Finance Management Act, 1999* will lay the basis for effective corporate governance framework for the public". This signals the government's commitment to governance principles by ensuring that fiscal transparency and financial management become central in ensuring good governance.

Siswana (2007:223) further reveals that the meaning of governance should be contextualized or linked to various environments, like political, social and economic situations or the institutions themselves. In various institutions, *corporate governance* is used to refer to the business or private sector. The King Report makes reference to the term *corporate governance*. Corporate governance is the international term associated with the trend towards greater corporate responsibility and the conduct of business within acceptable ethical standards. Transparency, accountability and openness in reporting and disclosure of information, both operational and financial are internationally accepted to be vital to the practice of good corporate governance.

According to the King report on corporate governance for South Africa (2002), King (11) in the words of the king committee stated that “.....successful governance in the world in the twenty first century requires companies to adopt an inclusive and not exclusive approach. The company must be open to institutional activism and there must be greater emphasis on the sustainable or non-financial aspects of performance. Boards must apply the test of fairness, accountability, responsibility and transparency to all acts of omissions and be accountable to the company but also responsive and responsible towards the companies identified stakeholders. The correct balance between conformance and governance principles and performance in an entrepreneurial market economy must be found but this will be specific to each company.” The above statement is just as applicable to the public sector as it is to the private sector and as such it is relevant to the government departments and ministries (Bekker 2009:7).

Some authors bring a public administration flavoring to the concept of governance. Those authors assert that public *governance* is based on a stakeholder interaction with each other in order to influence the outcomes of public policies. Siswana (2007:223) highlights that such perspectives and analysis have both public administration and private sector sentiments. The most important issue is what will influence the outcome and interaction or interconnectedness of the state with civil society and the public in general as stakeholders. In South Africa, enhancing the governance system at local level with special emphasis on improved accountability and public participation is perceived by the government as crucial to achieve its development objectives as well as consolidate its legitimacy although it is sad to note that public accountability is one of the greatest challenges facing municipalities in today's local government.

This assertion is based on the fact that the Alice residents have been objecting to the high rates and rental charges that they are expected to pay at the expense of the poor service delivery that is being offered by the Nkonkobe local municipality. There is concern that the utility bills are unrealistic and should be revised to reflect reality since the residents have been receiving poor service delivery in most of the areas under the

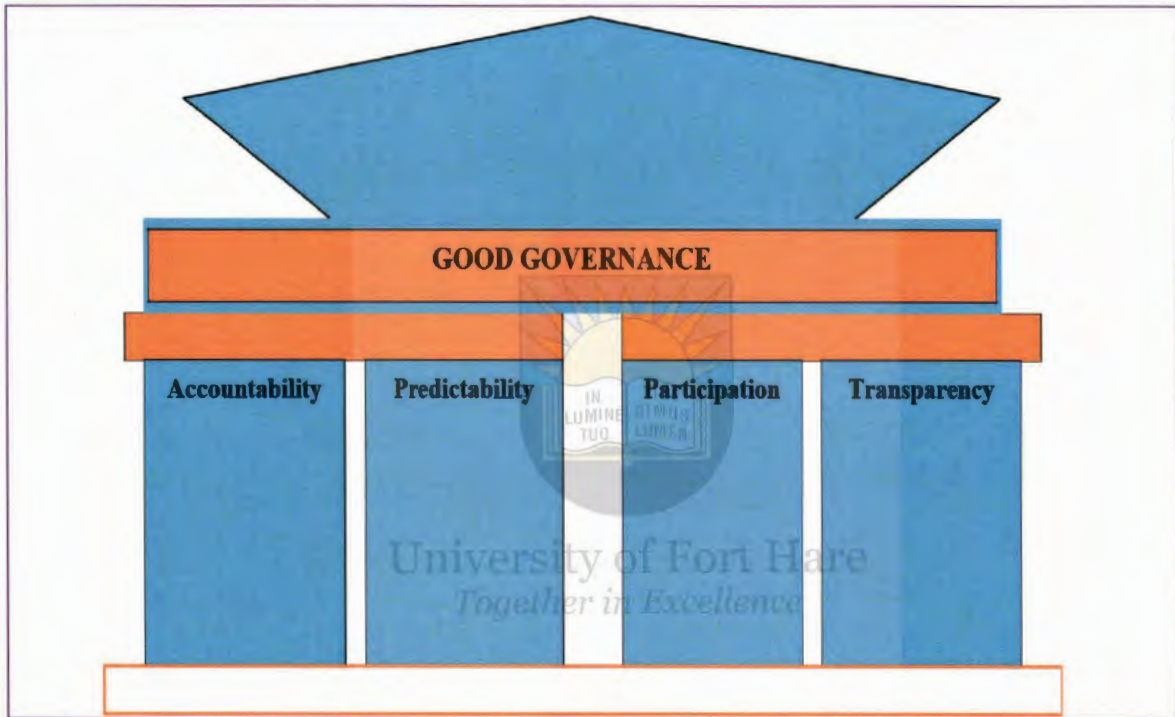
jurisdiction of the Alice town. Cases of uncollected refuse, dilapidated buildings as well as poor road networks are common features within Alice. Despite the higher than usual service charges, rates as well as levies charged to residents, there has not been much improvement in the quality of service delivery and as a result, the citizens often end up losing their confidence in local government as an institution that is able to respond effectively to the challenges they face.

Due to this predicament, citizen participation through participatory budgeting has been seen as an innovative mechanism designed to clearly reveal the abuse of administrative discretion and bring about reformation in the arena of good governance. The participation of the people in the decision making processes not only reinforces the principle of democracy and transparency within the discipline of public finance management, but it also results in the reduction of authoritarianism, a phenomenon for which Africa is sadly noted. In this regard, it is evident that due to the impending situation at Nkonkobe local municipality, participatory budgeting can be viewed as the engine for launching the processes of economic transformation. It is the motor for accelerating the process of change and development in the delivery of services to the public although it is quite evident that the development of democratic and participatory modes of urban local governance in South Africa is still hampered by the tradition of limited accountability of public officials as well as the relatively underdeveloped state of civil society functionaries (Siswana 2007:224).

Meeting urban development needs has proved to open severe tensions that will probably lead to an urban-based conflict between the urban poor and its petty bourgeois allies on one hand and powerful party-state forces on the other (Swilling 1997:255). According to Kofi Anan, the United Nations seventh secretary general, "good governance is the single most important factor in eradicating poverty and promoting development". This is mainly due to the fact that the quality of governance affects the quality of service delivery and also the quality of governance affects the legitimacy of the state ([www.m.idasa.org](http://www.m.idasa.org)). Fuhr (2000:64-66) proposed the four building blocks of

good governance which are accountability, predictability, participation and transparency as highlighted in the diagram below.

**Fig 2.1: The Four Building Blocks of Good Governance**



**Source:**Fuhr (2000:65-67). *THE BUILDING BLOCKS OF GOOD GOVERNANCE*.

- ❖ Accountability is the first and central part of good governance in which government is held liable to the public in terms of the provision of services and allocation of resources.
- ❖ Participation is an intrinsic pillar and true reflection of good governance. It is that process that allows citizens to take part in decision making
- ❖ Predictability relates to the legal process through which governments operate
- ❖ Transparency refers to openness in decision-making processes and disclosure of information as well as easy accessibility of this information by stakeholders.

The above diagram clearly portrays the democratic principles that make up the pillar of good governance while at the same time highlighting the essence of the direct and open

involvement of citizens in decisions that affect them. Based on the discussion above *governance* is evidently a process in which state institutions and departmental structures co-ordinate government processes and implement public policies by complying with norms and standards set up by the government. Such a process of governance should promote and aim at instilling a culture of providing maximum or optimal service delivery to the public and support good governance in the public service in general. To support *governance*, both political and managerial leaders, should display a sense of stewardship at all times to the public and support the ethos of democracy crafted in the Constitution, 1996 and *Public Finance Management Act*, 1999, such as accountability, transparency and responsibility (Siswana 2007:224).

Public servants and officials should always understand that they are there to serve the people in a positive way and not to rule them in a negative way. The basic principle of government in a true democracy is optimum service delivery at optimum cost in order to realize its ultimate goal of creating a good quality of life for every citizen. This is mainly because it is of no use identifying all the principle of good governance if the bureaucracy cannot do justice to such principles. Attempts should be made to improve government institutions and to minimize the negative and dysfunctional consequences of their actions for the benefit of the public. This means that the organizations activities should be directed outward for the satisfaction of the public's legitimate needs and for resolving the public's legitimate problems. The responsiveness of public institutions to individual problems, needs and values as well as those of specific groups should be increased and secured and the participation of the members of public must be secured. Members of the public must be free in their choice of public services. Programme effectiveness in an open-systems approach means executing a programme in such a manner that it satisfies the legitimate values and needs of the individual and the community efficiently and effectively (Gildenhuis & Knipe 2000:133).

## **2.6. PUBLIC PARTICIPATION**

Public participation has evolved to be one of the tools being used by governments across the globe to promote social, economic and political development. According to

Arnstein (1969:142) public participation is an integral part of public administration because it is a principle of working with citizens and groups in the community to find sustainable ways to meet social, economic and political needs to improve their quality of life. There is no single conclusive definition of public participation but some theorists have come up with various interpretations of the term. According to Berner (2001:23) public participation is the involvement of citizens in the governance process and it is a bottom up initiative by a government that is responsive to citizens. He links public participation with the Jeffersonian tradition which was dominant in American politics which viewed citizen apathy as dangerous to civic health. Richardson (2009:44) argues that the public participates when they are able to have their say, to vote, to engage in political debates and to let those in power know their views on issues which concern them. He links this process to democracy which he describes as people centered with masses having the voice to determine issues that concern them.

### **2.6.1. The Origins of Public Participation**

Based on the Alternative development theory, which was a critic of mainstream development theory public participation is viewed as the catalyst to economic, social and political development. It is now widely accepted that development especially economic development efforts are more successful when there is participation from the community as has been demonstrated by Non-governmental organizations (NGO's) and this initiative can be transferred to local, provincial and national level governments to use as an alternative practice to promote local economic development, (Pieterse 2000:346). It was a development paradigm which emphasized on grassroots development especially focusing on those isolated in rural areas.

The idea of public participation is also believed to have risen from the classical theory of democracy, though the structure of modern governments is not that of pure democracy but of a republic. According to Clark (1990:14) democracy is not just about the right to vote in a government but it is about a whole set of rights which citizens must be afforded if a government is to be open, accountable and participatory. These rights include freedom of speech, independent press, to associate for example in pressure groups and trade unions, access to state information particularly about state plans for

those directly affected and the right to be consulted in such decisions and freedom from cremation whether on the grounds of sex, race or creed. The driving force for these movements is the voluntary coming together of men and women with a common purpose to improve the society in which they live by demanding change from their rulers, (Clark, 1990:14).

This clearly shows that democracy necessitated the promotion of public participation into the affairs of government and their bargaining power is their force in numbers, the persuasiveness of their arguments and their popular appeal. The people are voluntary organizations alongside charities, church societies and NGOs in participating through sharing an ideal or a vision for changing society in the common commitment to the eradication of poverty or injustice.

There is a link between public participation and economic development because the main aim of the democratic movements is to eradicate poverty hence they participate with an economic motive to improve the lives of the people and this can be in the form of alliances with or revolts against the government for example through strikes and protests through pressure groups or becoming members of decision making bodies often consulted before decisions are taken. There is evidence to show that sound public participation is only possible where there is sound democracy although not all countries have adopted democracy. In the Middle East and much of the African continent such progress has been most disappointing. However South Africa has been the most offensive example of countries that are advancing on promoting democracy which is conducive for public participation to take place in Africa.

According to Berner (2001:23) involving citizens in the governance process is rooted in the Jeffersonian tradition of the American politics, where Jefferson an American politician advocated for locally based, bottom-up government that is responsive to citizens and he viewed citizen apathy as dangerous to civic health. The Jeffersonian tradition dominated American politics from 1800 to 1824 and it was used to refer to the Democratic Republican Party which was in opposition to the Federalist Party. Jefferson believed in democracy and equality of political opportunity and was antagonistic to the aristocratic elitisms of merchants and manufacturers.

## 2.6.2. Different Levels Of Public Participation

There are many ways of how the citizens can participate and Arnstein in 1969 developed a ladder to depict the different levels of citizen participation. On his ladder of citizen participation Arnstein wanted to clearly show that citizen or public participation has different forms and levels from the lowest to the highest levels of participation which are determined by how the degrees of power and tokenism as shown on the diagram below in table 2.1.

From this diagram shown below, the least forms of participation are at the lower end of the ladder (manipulation and therapy) where the community is merely informed. In the next more advanced rungs of the ladder community is informed and consulted but there is no guarantee that the decision making body will reflect the community's views in their final decision. The most advanced rungs reflect varying degrees of citizen power where community views influences the final outcome in the decision making process thus control is when the community is able to make decisions.

**Table 2.1. Arnstein's ladder of citizen participation**

<b>Participation</b>	<b>Example</b>	<b>Cluster</b>
<b>Citizen control</b>	Self-government- community makes decisions	
<b>Delegated power</b>	Government makes decisions and funds them	Degrees of power
<b>Partnership</b>	Joint projects- community with considerable influence on the decision but the government takes responsibility of the decision	Degrees of tokenism
<b>Placation</b>	Community is asked for advice and token changes are made	
<b>Consultation</b>	Community is given information about the project and asked to comment by way of meetings but the advice decision may not be reflected in the final decision and no feedback.	
<b>Informing</b>	community is advised about project issues and asked of how to use the project but their opinion may not be taken into account.	
<b>Therapy</b>	Community is informed about the project and benefits but stakeholders to express concerns.	
<b>Manipulation</b>	Community is selectively told about the project according to an existing agenda but the community input is only used to further this existing agenda.	Non-participation

**Source:** Arnstein 1969

There are different terms that are used and there are different interpretations and meanings of 'participation' which further complicate the kind of involvement of the wider public. Terms such as citizen participation, citizen engagement or involvement and community participation are used interchangeably but they all refer to the involvement of ordinary people but differ in terms of target groups and associations. Community participation is widely used for the progress of the whole community considering locality, relations between institutions, geographically defined populations, groups of people sharing ideas, values, customs, lifestyles as well as social interaction. According to Rowe and Frewer (2005:260) public participation and citizen participation are mistakenly used interchangeably as synonyms but they are not. Rowe and Frewer defined citizen participation as being focused and purposeful activities which citizens take part in relation to government and public participation as including all people whether or not they possess the rights and obligations of citizenship. It includes taking part in any public institution of society or the state thus it also includes citizen participation.

### **2.6.3. Advantages and Disadvantages of Public Participation**

Research has shown that we cannot generalize without scrutinizing the facts on the ground thus we have different researchers still investigating on public participation and its contribution to economic development and results have shown two different sides of the same phenomenon.

Arnstein (1969) also highlighted some benefits of public participation citing that it improves the relationships between councils and communities thus the council is seen as listening to the community which acts on public views. This is however difficult to determine as not all contributions from the community are taken as final decisions by the local councils. Some public officials are unable to determine what to take from the public and to what extent that information obtained can be utilized, (Berner 2001:24).

Another benefit of public participation identified by Arnstein was that it helps address concerns of all interested and affected parties as the council has consulted a range of different people which leads to focused public service delivery because the council has

asked what the community needs and responded to that. On the other hand Gibson, Lacy & Dougherty (2001:1) argue that consulting a range of different people is time consuming and costly in making decisions and likewise government institutions are reluctant to bear the costs associated with widespread engagement activities.

Public participation is also beneficial because it develops a sense of direction for communities and also utilizes the available resources effectively and efficiently in the community. At times the council will be unaware of the skills hidden in the community such as local expertise and talent which is often hidden if local members are not engaged. In many rural areas in the Eastern Cape research has shown that there are many rural people who are experts in craftwork and traditional painting but these have not been utilized because the locals were not engaged by their local municipalities on development agendas. One of the ways to economically empower rural people is to promote their natural talents such as craftwork by marketing their product locally and abroad for them to generate income for example the sale of local artworks to European countries which has generated income to rural people and promotion of tourism in South Africa.

Public participation also reduces levels of misconception or misinformation about a project as the community has been fully informed and there is better understanding of the project and its objectives as information is given to the public and they are invited to contribute in any way possible. According to Aulich (2009:45) citizen participation has traditionally centered on measures to facilitate greater public access to information about government, enhance the rights of citizens to be consulted on matters which directly affect them and ensure that all voices can be heard equally through fair systems of representative democracy. It therefore means that providing information to the public on the project to take place in their communities will reduce misconception through involving them to gauge their conceptions about the project. By allowing the beneficiaries to contribute new ideas on the project satisfaction and precise delivery to the public will reduce revolts and conflicts between the service providers and the beneficiaries.

Public participation also enhances community ownership. In other words this is when the citizens play a significant role at the strategic vision level where the public are involved in functional areas such as economic development, education, land use and recreation, (Gibson, Lacy & Dougherty 2001:2). These three argued that where citizens are fully engaged in local governance through organizations such as neighbourhood councils they would increasingly take over many of the responsibilities traditionally associated with city councils and administrators such as setting priorities and evaluating service delivery.

#### **2.6.4. Strategies to Improve Public Participation**

There are many strategies that can be used to improve public participation in order for there to be integrated planning between local governments and the communities they serve. Some cities reach out to citizens going outside the hearing rooms or the council chambers to probe community opinion, (Berner 2001:27).

Writing about a project in a community newspaper is one of the engagement mechanisms to inform the public on what the sponsor intends to do. Rowe and Frewer (2005:278) termed this exercise traditional publicity or communication type 1 where information was provided to the public in the form of information broadcasts, publicity via television, newspapers or radios. They argued that this was used as part of public information programmes where a particular population is targeted with set information and these are particularly used by councils in the United Kingdom with South Africa not an exception.

The other strategy that could be used to improve public participation is public displays and exhibitions at local shopping malls or taxi ranks. These displays at public places are meant to convey the information to as many passers-by as possible and at taxi ranks or malls especially in South Africa many people congregate and it will be easy for them to be part of the exhibitions and watch the public displays. Shopping malls such as Hemmingway's in East London, Metlife Mall and Stone Towers in King Williams Town are some of the ideal places for exhibitions and the taxi rank in Mdantsane the

largest township in the Eastern Cape where a lot of people board transport to many different places.

The other strategy to improve public participation is the use of public hearings and meetings with questions and answers. These two methods are mostly used where the situation is meant to accommodate as many people as possible and from all walks of life. According to Rowe and Frewer (2005:278) these methods rely on the public to come to the information rather than vice versa. However there is bias on the public because not all who are affected are interested in participating or will be able to attend at the specified venues and time periods. The information is communicated face to face by sponsors to those involved and is variable depending to some degree on what participants ask. Public hearings are often required when some major government programme is about to be implemented or prior to the passage of legislation.

The public meetings may be initiated by a local authority or convened in response to citizen concerns. According to Berner's research on Citizen Participation in Local Government Budgeting in North Carolina, 71% of the counties mentioned that they did not go beyond one public hearing citing lack of absence and interest from the public. In South Africa public hearings are used in budget approval during the process of Integrated Development Planning where the local government seeks to develop a 5year plan that must include contributions from the communities under its jurisdiction although it is evident that the prevailing situation in North Carolina is similar to that in Alice in the Eastern Cape since the Alice residents are lacking interest in participating in the IDP budget review meetings . Public meetings are used as a way to involve and update the public about projects to take place or underway as well as the review of local government progress on intended goals especially from elected officials who intend to review the progress they have made in terms of promises they made to the public.

Drop-in centres are also used as methods to improve public participation and these use cable television or internet information which is non-interactive. These methods require the public to come to the information and these involve staffed information distribution points at which citizens can stop to ask questions, review literature, or look at displays

or exhibitions concerning a project in the area. More modern methods supply information via the internet for example council plans or websites.

Hotlines are also used as methods to encourage participation and these rely on initiatives from the public, (Rowe and Frewer 2005:279). Information is flexible and supplied in response to individual query and this information is not provided on a face to face interaction but via some medium such as a phone. Hotlines allow citizens to phone in questions on particular project and receive either a direct answer or an answer by return call. In South Africa many local municipalities have hotlines that are used to involve the public in the affairs of government and this has proved useful to those who cannot attend public hearings and meetings and it is efficient in that the public can get any information as long as they have phones.

Action planning workshops are used as public participation methods and these are characterized by the controlled selection of participants, facilitated group face to face discussions, unconstrained participant responses and flexible information input from the sponsors often in the form of experts who are available for questioning by the public participants throughout a number of days. The group output is not structured as such and may depend on social and psychological group factors, (Rowe and Frewer 2005:281). To improve on these members of the public must make most of the group members at these workshops to contribute as much as possible to their own development.

Deliberative opinion polls are also used as public participation methods where structured aggregation takes place, (Rowe and Frewer 2005:282). In deliberative opinion polling participants are polled twice before and after deliberation on the issue (and questioning of experts), and in this process structured aggregation of all participant opinion is attained. In Germany they use planning cells and these tend to use various decision aids to ensure structured consideration and assessment and hence aggregation of opinions.

Although there is increase in methods to include the public in government issues Gibson, Lacy and Dougherty (2001:1) argue that the new political environment

demands a shift in the way people must be engaged and traditional methods of engagement must change and make way for new ones depending with the political environment. The traditional paradigm provides linkages with the citizens through electoral politics, public opinion polls, customer satisfaction surveys, public hearings, organized group activities and individual contacts.

The other strategy to improve public participation is the use of organized group activities such as interest groups and political parties and this came about due to dissatisfaction of citizens that was brought through delays and increase in red tape by the government in solving economic, political and social issues of the public. These methods are very common in South Africa where the public become involved through the formation of interest groups and political parties that oppose the government on a variety of issues such as poverty, unemployment and poor service delivery. These are only useful if they are done peacefully with the aim to put pressure on service delivery. Reporting back on the contributions by the public that were taken into consideration is a strategy that improves public participation because the members of the public will be encouraged to participate in the forth-coming meetings or hearings knowing very well that their decisions are taken into consideration.

Outreach programmes to consult the public will also improve public participation especially when they target those in the remote rural areas who are often isolated in the public meetings and hearings. These outreach programmes must be done before any project or decision has been implemented to cater for those residing in remote areas.

Mechanisms to include the elderly, disabled, deaf, blind and other disadvantaged groups in society must be developed to widen public participation. The current mechanisms do not consider these social groups which makes public participation mechanisms discriminatory and to improve on this information must be provided to all members of the public in different forms so that everyone can contribute for example the use of sign language at public meetings and hearings for those who are deaf and dumb to understand and contribute on issues that concern them.

To improve public participation meetings and hearings must be done on public holidays to cater for those who go for work. In South Africa research has shown that women often participate in large numbers than men at these public meetings and hearings because most men will be at work and hence the methods tend to be biased. To avoid such cases local municipalities must target public holidays to cater for those who cannot attend due to work commitments.

The other strategy to improve public participation is to consult the public at the start of any project or programme. This implies to the consultation of the public at the early stages before decisions are made not to simply inform them when decisions have been taken already.



## **2.7. THE VARIOUSE DIMENSIONS OF PUBLIC PARTICIPATION**

According to Govender, Reddy & Pillay (2011: 200), the dimensions of participation refer to the scope, extent, level, and quality of different modes, practices and processes of participation. Scope, extent, level and quality of participation constitute descriptive aspects of the concept of participation (the what), followed by modes, practices and processes, which constitute the action aspects of the concept of participation (the how). Examples of descriptive aspects of participation include diversity of government policy; diversity of stakeholders; and depth. Examples of action aspects of participation include information flows; consultation processes; and empowerment. The descriptive and action aspects of participation form a unity in praxis that is, giving rise to models of participation.

### **2.7.1. Participation as a democratic form**

Govender, Reddy & Pillay (2011:200) further illustrate that the democratic form denotes a conceptual understanding of a mode of governing, notably the ideological goals, qualities, processes and institutional instruments. For example, participation may be viewed as an alternative to the representative system of government perceived as serving elite groups in society. A participatory mode of governance therefore aims to broaden and deepen democratic practice among previously marginalized sections of the citizenry. In this case, participation may be viewed as a developmental instrument,

distributing public goods equitably to the marginal sectors of society. Approaches to participation and democratic governance have been proposed by the leading international development agencies, the World Bank, United Nations Development Programme (UNDP) and Habitat. The democratic form or mode of governance proposed by the organizations above is determined *vis-à-vis* a developmental framework (some may label this a neo-liberal framework), emphasizing good governance, egalitarianism, and inclusiveness.

### **2.7.2. Participation as space**

According to Cornwall (2002:4) the idea of space can be adopted from the work of Habermans (1984), who “conceives the public sphere less as a designated site than a generalized and diffuse web of institutions that offer spaces for the public to voice, share and debate opinions, arriving at common positions through rational argumentation”. Cornwall (2002:4) also reveals Arendt’s 1965 notion of public domain which she “terms the space of appearance – is not a particular place, nor is it restricted to a set of institutions...it is those arenas in which people and ideas come into public view, and from which people derive a sense of having a world in common... impermanent and fleeting, it arises when people come together to pursue common goals, existing only through action and recreated anew through collective political activity, emerging slowly through long-standing efforts to change policies or suddenly in popular protest”.

According to Govender, Reddy & Pillay (2011:200) conventional participation of the 1980s was commonly known either as citizens voting in periodic elections or as local beneficiaries receiving some service in development projects implemented by an external agency. The narrow conception of participation was limited to short-term goals. More recently, participation is known more as autonomous actions of citizens who create their own opportunities and terms for engagement, thereby offering new ways of configuring space to participate. In slightly different terms, the new practices of participation consist of “intermediate spaces that reconfigure the boundaries between citizen and state, creating spaces for participation in which agents of the state and citizens (can) interact in new ways”. These spaces therefore reconfigure the scope of

formal governance institutions. The notion of space appears to be derived from different versions of democratic processes and can be found in the following developments:

- ❖ Where elected representatives have the right to shape decisions, citizens themselves claim the right to influence decisions that affect them
- ❖ Where citizens have become part of the state by taking part in deliberative institutions that make allocative decisions;
- ❖ Where the devolution of statutory service delivery functions to citizens have created new arenas outside the state for citizen engagement;
- ❖ Where legislative reform for citizen participation has taken place; and
- ❖ Where activism by social movements has demanded more accountability.

Govender, Reddy & Pillay (2011:193) also reveal that in contrast, for Lefebvre, "space is a social product...it is not simply a neutral container waiting to be filled, but is a dynamic, humanly constructed means of control and hence of domination, of power" (Lefebvre 1991:24). Space is produced, meaning that it is the outcome of past actions. Space functions in ways that permit new actions; enable other actions or even, block other actions. Social relations, therefore, exist only in and through space; they have no reality outside the sites in which they are lived, experienced and practiced. Using Lefebvre's analysis of space, the following action spaces are possible:

- ❖ officialised space such as public consultations or user groups;
- ❖ unofficial spaces and spaces of everyday life;
- ❖ invited spaces such as local government;
- ❖ closed spaces such as those where certain actors are excluded;
- ❖ popular spaces for gatherings; and
- ❖ Claimed spaces where people come together in protest against government policies or foreign interventions.

Space is used both as a metaphor and as literal descriptor of arenas where people may gather. These spaces could be temporary or enduring. These spaces can be regularized by governments or they may appear from time to time in transient forms

depending on policy process or circumstances of people (Govender, Reddy & Pillay 2011:193).

### 2.7.3. Participation as dialogue and deliberation

Govender, Reddy & Pillay (2011:194) further establish that dialogue and deliberation have become focus areas in political science and communication particularly in reference to the role of public discourse in participatory models of democracy. Public deliberation can be defined as a problem-solving form of discourse which involves problem analysis, setting priorities, establishing evaluative criteria, and identifying and weighing alternative solutions. Dialogue is the first necessary engagement to deliberation since it also navigates through the differences brought together in groups and subgroups. Dialogue is concerned with linguistic, social and epistemological differences in groups. For example, one person's preferred form of showing respect may be different from another, or one group may have a competing claim over another.

Govender, Reddy & Pillay (2011:194) make reference to a paper by the *Deliberative Democracy Consortium*, in which deliberation is defined as "a discursive approach to decision-making in which citizens come together in a non-coercive environment to identify and discuss public problems and possible solutions. During deliberation, participants consider relevant facts from multiple points of view, converse with one another to think critically about options before them and enlarge their perspectives, opinions, and understandings. Ultimately such processes of group reflection are used to render a public judgment as to the best course of action". Govender *et al*, (2011:196) reveals that the Consortium outlines the following rationales for deliberation:

- ❖ Instrumental rationale – citizen participation in policy formulation and decision-making can reduce conflict.
- ❖ Substantive rationale – citizen participation can lead to better, longer lasting, and wiser policy choices.
- ❖ Civic rationale – citizen participation builds citizen competence.

- ❖ Empowerment rationale – citizen participation gives greater authority and opportunities to problem-solving which impact on outcomes and also builds the capacity of citizens.
- ❖ Social capital rationale – citizen participation cultivates mutual understanding, builds bonds of trust among citizens, decision-makers and governing institutions, and can effect changes in political attitudes and behavior.
- ❖ Normative rationale – citizen involvement in decision-making is something governments should do (as matter of course).

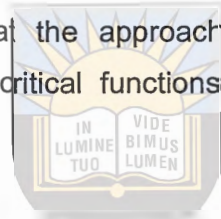
However, one of the main concerns of the critics of deliberation is that such deliberative spheres may reproduce the inequalities of society at large (Deliberative Democracy Consortium 2004:8). While citizens may gather to debate as equals, domination by some may occur due to the uneven distribution of power. For example, the setting may favor male-centre citizenship or inequalities may be fostered through the dominance of a political party in control of a sphere. The inequalities have implications for decision-making and therefore call for additional procedures such as priority setting in policy planning (Deliberative Democracy Consortium 2004:8).

#### **2.7.4. Participation as a right**

According to Govender, Reddy & Pillay (2011:196) rights are often associated with human rights, and there are international legal standards associated with these. However, the right to participation is probably a more empowered form of engagement than participation by invitation of governments, donors, or higher authorities. International research shows that one area in which rights to participation are embodied in law is that of local government and South Africa is one such example. Govender, *et al* (2011:196) reveal that Gaventa (2003) argues that any view of democracy implies a view of citizenship, and the rights and duties associated with it. Rights associated with democracy include not only political and civil rights, but also social rights and, in some views, the right to participation, including the right to claim rights and to create new rights through social demands. There is renewed concern with rights, power, and opinions about participation in governance. Greater attention is being focused on the

institutions that articulate between communities, providers, and policy makers. The idea is how to create greater opportunity for deliberative democracy. Accordingly, it is believed that citizen participation makes for better citizens, better decisions, and better government.

Govender, *et al* (2011:196) also reveal that authors such as Lundberg (2004:1–2) addresses the human rights-based approach in association with development, in particular, decentralized governance. He proposes that a human rights approach to decentralized governance is critical to protecting and promoting the freedom of men and women to lead the kind of lives they choose in dignity, free from injustice and humiliation. He further suggests that the approach to rights-based decentralized governance should attend to three critical functions: monitoring, co-ordination and engagement:



- ❖ Human rights monitoring – a human rights approach must include a process of regular assessment of the status of human rights accomplishments and failures in particular areas.
- ❖ Co-ordination of local and national priorities and programmes – budgeting and programme planning systems need to be redesigned to ensure that local empowerment has an impact on central budget and utilization. System coherence is critical because local and national government moving at cross purposes can easily undermine any gains made through the decentralization process.
- ❖ Engaging public ownership – decentralized governance potentially provides a vital platform for regular review of achievement in human rights and serves as a mechanism for flexibly integrating national and local development programming priorities into a coherent whole.

While human rights may be a celebrated cause for many organizations, the critical challenge is the need to ensure that formal rights are actually realized in people's lives. This concern has become known in the literature as rights-based approaches to development. The rights-based approach to development must include marginalized groups as decisions-makers and foster their critical consciousness to influence and

transform power dynamics that affect their lives; go beyond token consultations in projects and policy to local groups being involved in agenda setting and having the ability to hold government accountable; build new leadership, expand strategic and political experience, and foster informed citizenship; change decision-making structures and processes to be more inclusive of citizens' interests; and finally promote individual and group rights and link them to problems and solutions.

The rights-based approach can be seen to go beyond a narrow focus on technical skills such as those of political analysis, capability for assessing contexts, risks, power and causes of problems. However, there is the criticism that the rights approach does not necessarily include the issues of accountability and capacity to deliver resources and justice. It is also believed that the rights approach does not develop people's sense of citizenship or capacity to reshape power hence '...the right of participation in decision-making in social, economic, cultural and political life should be included in the nexus of basic human rights... citizenship as participation can be seen as representing an expression of human agency in the political arena, broadly defined: citizenship as rights enables people to act as agents'. Accordingly, participation itself has been reframed as a fundamental human right and citizenship right (Govender, *et al* 2011:198).

## **2.8. THE SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION (SALGA)**

The South African Local Government Association (SALGA) is an autonomous association of municipalities with its mandate derived from the 2006 constitution of the Republic of South Africa. This mandate defines SALGA as the voice and sole representative of local government. SALGA interfaces with parliament, the National Council of Provinces (NCOP), cabinet as well as provincial legislatures. The association is a unitary body with a membership of 278 municipalities, with its national office based in Pretoria and offices in all nine provinces ([www.infor.gov.za](http://www.infor.gov.za) ). SALGA aims, among other things, to:

- ❖ transform local government to enable it to fulfill 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
- ❖ ensure full participation of women in local government
- ❖ act as the national employers' organization for municipal and provincial member employers
- ❖ Provide legal assistance to its members, using its discretion in connection with matters that affect employee relations.

It is funded through a combination of sources, including a national government grant, membership fees from provincial and local government associations that are voluntary members, and donations from the donor community for specific projects ([www.infor.gov.za](http://www.infor.gov.za) ).



SALGA aims for a review of the vertical division of revenue of the National Fiscus for local government in accordance with its role and mandate for service delivery (grow the pie). It also aims to develop a strong and vital communication strategy that will ensure that ward councilors improvise avenues to provide feedback and knowledge to the communities, especially communities residing in remote areas of their wards so that proper clarification and in-depth knowledge may be passed on to these people so as to ensure a better understanding of public finance especially with regards to municipal budgeting in order to foster greater public participation. On 28 February 2012, SALGA presented its strategic plan for 2012-2017 to the portfolio committee on Cooperative Governance and Traditional Affairs. The strategic plan sets out the new strategic agenda of the national and provincial executive committee's for the duration of their term of office, identifying the goals and priorities for the period 2012/17 ([www.idasa.org.za](http://www.idasa.org.za) )

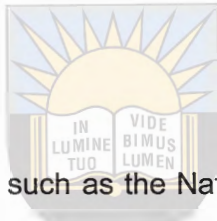
**The defined goals are:**

- that local government delivers equitable and sustainable services
- promote safe and healthy environments and communities
- that there is coherent planning and socio-economic at the local level

- promote an effective and responsive local government that is accountable to communities
- encourage human capital development in local government
- develop municipalities that are capacitated from a human resource and financial perspective
- an efficient and effective administration (SALGA)

**The defined apex priorities are:**

- Fiscal and Financial management
- Legislative and Policy Review
- Municipal Capacity Building



SALGA also appeals to other spheres such as the National and provincial government to properly cost and budget for agency functions and to improve management of service delivery contracts and review powers and function arrangements with a view of addressing unfunded mandates. It explores alternative taxation systems in rural areas and also advocates for the promotion of peer learning and support between municipalities and private institutions such as banks in order to continuously improve systems of financial management in local government ([www.infor.gov.za](http://www.infor.gov.za) ).

It must be noted however that SALGA is facing formidable challenges in their quest to transform local government to enable it to fulfill its developmental role. This is mainly due to several factors such as insufficient resources, lack of skills on the part of the provincial support team especially on municipal finances, serious leadership problems and governance challenges in municipalities including weak responsiveness and accountability to communities as well as inadequate community involvement as is the case with Nkonkobe local municipality to mention but a few. In order to overcome these challenges, it is evident that SALGA should lobby National government to review the local government fiscal framework so as to ensure sustainable local revenue bases for local accountability; incentivize performance by all municipalities; review the recruitment

and selection policy and consider the inputs of the unions and review approaches to funding of infrastructure in smaller municipalities ([www.infor.gov.za](http://www.infor.gov.za)).

## **2.9. THE BUDGET AND THE PRINCIPLE OF BUDGETING IN SOUTH AFRICA**

The introduction of the new constitution in 1997 fundamentally changed the budgeting process in South Africa. Previously, budgets were centrally allocated to each sector or function and the allocation of the overall budget between the national and provincial departments were determined by a budget committee. Since the introduction of the new constitution, budgets are allocated to the national, provincial and local spheres of government and each province has the authority to determine their own preferences in allocating budgets to different functions or sectors. In addition to these constitutional changes, there have also been changes in the key 'actors' within the budgeting process (Langa and Jerome 2004:5).

According to Siswana (2007:102) the terms budget and budgeting are sometimes used interchangeably, yet they describe two different things serving different purposes. The difference between the two terms lies in the fact that the budget is process-oriented and the budgeting system is systems based. An analysis of the budget as a financial planning tool to support the service delivery framework will also show how it fits in with broader governance in the public service and how it contributes to the management of risks through the financing of other programmes within the public sector. Additionally, the budget process should provide mechanisms with regard to transparency and accountability because allocations for fiscal transfers originate from taxpayers, therefore the budget has to be transparent and the executive including departmental officials have to be accountable. What is crucial however is the fact that the budget and the budgeting system are inter-linked in order to improve governance and service delivery in general.

According to Cusworth & Franks (1993:396) budgeting refers to a process which brings together estimates of anticipated revenues and proposed expenditures for the budget period and from these estimates the activities to be undertaken and the means of

financing can be inferred. A budget on the other hand is a financial plan for a specific period in which specific amounts of money are allocated for specific purposes (Van der Waldt 2007: 87).

As a financial program, the budget is mainly the reconciliation of revenue recommendations with expenditure recommendations in order to realize certain objectives hence, it should be possible to determine by means of a budget what choices have been made and on what basis certain actions will be taken, thus it is evident that budgeting is a process that establishes the objectives to be realized within a specific period of time in order to realize the goals of local government. Such information is crucial in the midst of transparency and fiscal accountability more especially for parliament oversight in general by the Standing Committee on Public Accounts (SCOPA) in particular (Siswana 2007:102).

According to section 215 (1) of the constitution of the Republic of South Africa, national, provincial and municipal budgets and processes must promote transparency, accountability and effective financial management of the economy, debt and the public sector. This supports and endorses the fact that a budget and its processes should be transparent in order to promote financial management in the public sector in general so that any risks originating from poor management of the economy and public sector debt are easily dictated (Siswana 2007:103). Siswana (2007: 106) goes on to highlight the fundamental principles of a budget as revealed below:

**Publicity-** the main stages of the budget process, namely executive recommendation, legislation consideration and action and budget execution should be made public

**Clarity-** the budget should be clear and understandable by every citizen

**Comprehensiveness-** the budget should contain expenditure and revenues on a gross basis, reflecting all governmental activities without exception.

**Accuracy-** budgets estimates should be as accurate as possible and there should be no padding of expenditure estimates or providing for hidden reserves by underestimating revenues.

**Periodically-** Appropriations should be authorized for a definite period of time. An appropriation not used at the end of the period should generally lapse or be re-appropriated with the specific amount and purposed detail.

The above principles indicate that it is necessary that a budget contains ethos of democracy and elements of good governance such as accountability, transparency, participation and responsiveness.

## **2.10. KEY ACTORS IN THE BUDGET PROCESS IN SOUTH AFRICA**

According to Khalo, Mafunisa, Makondo & Nsingo (2007:41) the constitution of the Republic of South Africa (1996) together with the Public Finance Management Act (PFMA) and the Municipal Finance Management Act (MFMA) provides for central government institutions that are expected to play a leading role in the management of public finances. The budget process in South Africa involves a variety of key actors who have different fundamental priorities and hold different levels of power over budget outcomes. These actors are regulated and orchestrated by the budget process.

Siswana (2007:109) elaborates that for an effective budget system to exist, a participatory and inclusive approach and process is essential. This implies that role players in the budget process must be identified so that the process becomes transparent. Once the role players have been identified for the budget process, the process must be within a legal framework so that budgetary systems are strengthened. Additionally, the foundation of a legal framework is also fundamental so that the role players are able to operate within parameters to ensure compliance with regard to fiscal norms and standards.

Central to the above legal requirements are the ethos of governance, fiscal accountability, and revenue and expenditure management. Hence it is vital to ensure that an inclusive approach is established in order to promote a culture of good governance and it is of paramount importance that the managerial leadership ensures that a culture of compliance with fiscal norms is institutionalized (Siswana 2007:108). Although there are many vital actors in the budget process, for the purposes of this research focus is directed towards the functions of the legislature, budget council, the

Medium-Term Expenditure framework Committee, the National treasury, the Auditor general, and the Financial and Fiscal Commission.

### **2.10.1. The Legislature**

According to Khalo, Mafunisa, Makondo & Nsingo (2007:41) all democratic governments have legislatures that act as supreme institutions of social representation. This means that the legislature is made up of representatives of the people. Members of the legislature are elected to their positions through an electoral system adopted by a specific country. Through its electoral powers, the legislature is in charge of making public finance laws. The legislature at the central (national) sphere of government is referred to as "parliament". Most modern parliaments have either two houses (bicameral) or one house (unicameral). In South Africa the two houses are the National Assembly and the National Council of Provinces. The fundamental purpose of the legislature is to make laws. It is its responsibility to determine which monies are to be collected, banked and spent and how financial control on transactions should be exercised. According to section 55 of the constitution of the Republic of South Africa 1996, the powers and functions of the National Assembly to parliament are:

- a) To consider, pass, amend, or reject any legislation
- b) Initiate or prepare legislation except money bills
- c) Ensure that all executive organs of the state are accountable to it
- d) Ensure that legislation is implemented appropriately
- e) Maintain the oversight on the conduct of duty of the executive
- f) Ensure that persons, institutions and all organs of the state comply with the constitution.

All these general powers apply to the management and administration of public finance. In any democracy, the axis of power lies with the electorate. In a representative democracy, this power is entrusted to the people's representatives, the legislature. Thus this institution has the power to make decisions on the diversity of governance issues including public financial matters. However, whatever decisions are made should reflect the interest of the people. This means that the people expect the legislature to be

accountable and make decisions that lead to the promotion of the public interest in the political, social and economic sense. It is the duty of the legislature to interface with various interest groups as vital stakeholders in the democratic process (Khalo *et al* 2007 42).

### **2.10.2. The Budget Council**

According to Kuye, Thornhill & Fourie (2002:115) the budget council was established in accordance with the Public Finance Management Act of 1999. According to the Inter-governmental relations act 97 of 1997, the budget council consists of the National minister and Members of the Executive Council (MEC) of finance of each province. The responsibility of the budget council is to evaluate all the inputs of the Medium Term Expenditure Framework Committee (MTEC) in order to finalize a joint budget for the government in the national and provincial spheres. The council considers additional allocations to the spheres of government based on revenue figures and recommends adjustments in equitable shares. Most importantly, the budget council encourages communication between spheres of government because provinces are unique. Socio-economic and political environments mostly affect the budgeting process and those environments must be taken into account and observed in public administration in general (Siswana 2007:109).

### **2.10.3. Medium Term Expenditure Framework Committee**

This is a technical committee responsible for evaluating whether the departments and their spending plans are consistent with government's objectives and are economical and equitable. Most importantly, it also has to assist in identifying the spending patterns of departments and by doing so spending risks are identified (Siswana 2007:109).

### **2.10.4. National Treasury**

It should be noted that before the democratization of South Africa, there had been a national department of finance and a national department of State expenditure. The two departments have merged to form the National treasury. The latter has the mandate among others for the promotion of the national governments fiscal policy framework. It

is also responsible for the co-ordination of inter- governmental financial and fiscal relations and managing the budget process. The national treasury also monitors the implementation of provincial budgets as per the public finance management act of 1999 (Siswana 2007:109).

#### **2.10.5. Auditor General**

Pope (2000:75) argues that the Auditor general is the fulcrum of a country's national integrity system. As the office responsible for auditing government income and expenditure, an effective auditor general acts as a watch dog over financial integrity and the credibility of reported information. The office of the auditor general audits the financial statements of government institutions on behalf of the parliament. He or she is the external auditor of government acting on behalf of the tax payer through the parliament. The functions of the auditor general are to ascertain and audit all the accounts and financial statements of all departments of the national, provincial and local spheres of government and any statutory body or any other institution which is financed wholly or partly by public funds.

#### **2.10.6. The Parliament Standing Committees on Public Accounts (S.C.O.P.A)**

It is important to note that most of the work of parliament is carried out by committees. This means that the legislature reconstitutes itself into smaller groups called committees. These committees are allocated different tasks mainly in relation to the oversight of the executive authority. Thus through specialization, the committees enhance parliamentary efficiency and effectiveness. They allow for extensive research on issues, increase member participation in parliamentary issues and provide a forum for public opinion on specific issues. SCOPA is just one of many such committees although it stands out prominently as one of the key institutions tasked with ensuring accountability in government performance and ethical conduct. It is a watchdog of parliament and (also of tax payers) pertaining to how the executive spends money allocated to it. Once the Auditor general has presented his or her report on a specific department, the committee scrutinizes the report to check recommendations and anomalies noted by the Auditor general. The committee has the power to summon

heads of departments to account for the manner in which they use public funds. The committee can then recommend appropriate corrective action to parliament (Khalo *et al* 2007 44).

Parliament must be more critical of the Executive and should play a greater oversight role with regard to the different state and provincial departments. The various Standing Committees on Public Accounts (SCOPA) are doing sterling work and in co-operation of the Auditor General's offices are continuously raising the bar of compliance for the departments and by embarking on performance auditing of State Departments. This important shift came through the introduction of the Public Finance Management Act (P.F.M.A) and the insistence that State Departments must use the Accrual system of Accounting according to the General Accepted Accounting Practice (G.A.A.P.) instead of the Cash Accounting basis of the previous dispensation (Bekker 2009:18).

#### **2.10.7. The Financial and Fiscal Commission (FFC)**

The FFC is an expert commission with a constitutional defined structure and a set of generic responsibilities and institutional processes. The commission is responsible for making recommendations to parliament, provincial legislatures and any other authority determined by section 220(2) of the constitution. Section 220 and 221 of the constitution establish the role of the FFC in order to provide impartial recommendations. The Financial and Fiscal (FFC) was established in 1994 with the primary mandate to make recommendations and provide advice on financial and fiscal matters to the organs of the State in the National, Provincial and Local spheres of the South African government. This forms part of the overarching vision of the Commission to serve as a pre-eminent and leading institution influencing the Intergovernmental Fiscal Relations System (IGFRS) in South Africa (Financial and Fiscal commission independent survey report 2011:17).

To this end, the commission has been a central figure in the development of the IGFR system in the country; and has focused its broad-based research programme on addressing the varied issues and challenges related to equitable distribution of national revenues. This has seen the FFC contribute significantly to the development of the

provincial equitable share formula currently utilized by the South African government. In addition, the Commission has made “notable contributions” in relation to issues concerning expenditure assignments and financing at the local government level in South Africa (Financial and Fiscal commission independent survey report 2011:18).

More recently, the Commission has developed a Five-Year Research Strategy for the period 2009-2014. The Five-year Research Strategy sets out how it will aim to achieve its primary objective of enhancing the developmental impact of public resources through the financial and fiscal system in South Africa. The Strategy indicates a shift in emphasis from first generation issues related to revenue sharing formula, towards second generation issues concerning the impact of the intergovernmental system and the allocation of public funds on service delivery outputs and community development (Financial and Fiscal commission independent survey report 2011:18).

In terms of the Financial and Fiscal commission act, the commission as a consultative body and advisory unit is expected to be part of the budgeting process. The commission provides advice about how government revenue should be shared among the various tiers of government, fiscal allocations, taxation, borrowing and the criteria used in determining these matters. It is therefore relevant and essential that the commission establishes itself within the budgeting process so that expenditure (allocations) and revenue are managed in all spheres of government. This has to be done because revenue and expenditure management are crucial in supporting governance in general (Siswana 2007:112).

Evaluation as well as a critical analysis at the activities of the financial and fiscal commission has left many wondering how effective the commission is. At the time of the constitutional negotiations, the creation of the FFC offered the possibility to depoliticize the revenue-sharing process between the different spheres of government. The core function of the FFC is to make recommendations to parliament and provincial legislatures on the equitable sharing of national revenue between the national, provincial, and local spheres of government. The constitution also requires input from the commission on various other intergovernmental matters, such as provincial taxation and borrowing yet it is sad to note that the recommendations of the commission are not

binding, it can bark, but not bite. This is because most of the key recommendations of the commission are not being implemented and the commission itself has not been able to act out its constitutional mandates.

The FFC has also been plagued by internal problems such as unfilled positions, high staff turnover; poor interaction between the FFC and the legislatures, critical skills shortage, as well as shortages of human resources capacity. It is also worth noting that the commission has also contributed significantly to its marginalization by "barking up the wrong tree". The FFC's direct constitutional mandate is to make recommendations to parliament and provincial legislatures as revealed in section 220(1) but it is evident that the commission has not taken this mandate seriously enough as revealed by the fact that commissioners have repeatedly failed to attend committee briefings, instead sending research staff ([www.idasa.org.za](http://www.idasa.org.za)). This has led many to ascribe to the notion that there is need for institutional surgery that will result in the permanent removal of the commission.

It is essential that the commission should develop a capacity to respond to research requests from the legislatures, and develop an appropriate and effective communication strategy. To affirm its independence from the National Treasury, and to reflect the commission's constitutional importance, it would also seem plausible to remove the allocation for the FFC from the budget vote of the National Treasury. The commission could alternatively be financed together with other constitutional institutions from a separate and newly created budget vote. It is an irony that a body such as the FFC is funded through the very department with regard to which it should function, in part, as a systemic provider of alternatives ([www.idasa.org.za](http://www.idasa.org.za)). This alone reveals that although the financial and fiscal commission has a fundamental role to play in public finance management, it is crucial that its activities have to be fine-tuned so that the commission abides to the their recommendations as well as constitutional mandates stated in the Constitution of the Republic of South Africa (1996).

## **2.11. THE ROLE OF THE EXECUTIVE COUNCIL IN PUBLIC FINANCE MANAGEMENT**

The executive authority is tasked with implementing the policies and decisions of the legislature as contained in laws, ordinances, by-law proclamations as well as regulations. The executive authority is made up of the President, Cabinet and the Minister of finance (Khalo *et al* 2007: 42).

### **2.11.1. The President**

Khalo *et al* (2007: 43) reveals that first under the executive authority is the President whose duty is to assent to all Bills before they become acts. This takes place once a Bill has been debated and voted on in both houses of Parliament and thereafter is referred to the President for his signature of approval. The President may sign the Bill, refer it back to the legislature for reconsideration or refer it back to the constitutional court for a ruling on its constitutionality. This means that once public finances are voted on by the legislature, they have to be subjected to scrutiny by the President. In this regard, one may argue that the president is second only to the legislature as the supreme authority in all financial matters.

### **2.11.2. The Cabinet**

According to Khalo *et al* (2007: 42) in addition to the President the executive authority also includes the Cabinet which is made up of the President, the deputy President and Ministers. Cabinet ministers are highly critical role players in public finance matters as they are members of the legislature and vote with the party in the National Assembly. They also have an executive role to fulfill in implementing the policies of government as ratified by the legislature. The cabinet is in charge of making both substantive and procedural decisions as contained in the constitution and departmentally specific acts of parliament. The executive authority derives its powers and functions from section 85 of the constitution (1996) which proclaims these powers and functions as:

- ❖ Implementing national legislation except where the constitution or an act of parliament provides otherwise

- ❖ Developing and implementing national policy
- ❖ Coordinating the functions of state departments and administrations
- ❖ Preparing and initiating legislation
- ❖ Performing any other executive function provided for in the constitution or in national legislation.

Within the broad outline of functions, it is clear that the executive has a critical role to play in financial matters. It is also important to note that members of the cabinet are accountable to parliament both as individuals and as a collective. They are expected to exercise their powers and functions including those of a financial nature in accordance with legislative provisions and should appropriately account to parliament through regular reports. This enables parliament to know what is going on in each department. Thus in fulfilling its financial role the executive is expected to provide the legislation with financial proposals in the form of Bills and budget proposals as a basis for financial debates in parliament. It is also expected to make formal and informal contacts with interest groups and citizens in general to get a feeling of needs and priorities and to present financial decisions after considering those preferences and to control administration processes to ensure financial prudence (Khalo *et al* 2007: 43).

### **2.11.3. Minister of Finance**

Khalo *et al* (2007:46) establish that other than the president and the cabinet, one other important role player within the executive is the minister of finance who leads the national treasury. The minister of finance is responsible for functions that can be classified into four broad categories and these are:

- ❖ Regulating the economy through monetary and fiscal policy
- ❖ Preparing and presenting the annual budget to parliament
- ❖ Administering public debt
- ❖ Controlling public finance

The minister of finance is responsible for tabling the budget in parliament (budget speech). On the day of presenting the budget speech, the minister of finance is also expected to make a speech on the status of the state's finances and the economy in

general and what is expected in the future, particularly in terms of the developmental focus of the state, economic policy, managing the assets of the state, medium-term expenditure estimates and issues of revenue collection. While it is generally accepted that the National Treasury is in charge of the general control of finances, it is important to indicate that the Minister of finance has specific public finance control functions (Khalo *et al* 2007: 46).

## **2.12. TYPES OF BUDGETING SYSTEMS**

**2.12.1. Line Item budgeting:-** Line item budgeting is a financial plan of estimated expenditures expressed in terms of the kinds and quantities of objects to be purchased and the estimated revenues needed to finance them during a specified period usually one year. It is characterized by expenditures listed in broad categories and it focuses on what is to be purchased rather than what services are to be provided (Shabalala 2005:26). Line item budgeting uses phrases such as the “watchdog of the treasury and a balanced budget”, and it emphasizes factors like skilled accountancy and dispersed responsibility for management (Siswana 2007: 118).

According to Shabalala (2005:26), line item budgeting is easy to understand since a layman is able to go through the budget document and understand what the figures are intended for. It is also easy to apply uniformity when using line item budgeting. This is because the best method of financial control in government is a single uniform system of comparing “apples with apples”. It is able to introduce a uniform method of comparing expenditure of government entities without compromising the uniqueness of each government entity. However it is important to note that line item budgeting also has its weaknesses such as it does not guarantee funds that have been spent for what they were originally intended for. It also focuses more on inputs or internal processes rather than results or outcomes. As a result, the performance budgeting system in South Africa replaced the line item system of budgeting.

**2.12.2. Performance budgeting:-** It lays principle emphasis on the measurement of quantitative data on work performed or services rendered within organizational units, for instance the number of tons of waste collected by the department of waste and

sanitation management at Nkonkobe local municipality would assist in evaluating its performance. Performance data is used annually in the preparation of the budget as the basis for decreasing or increasing the number of personnel and the related operating expenses of a given department required in performing the services it renders (Shabalala 2005:36). According to Siswana (2007:118), performance budgeting provides a result oriented approach as opposed to an input approach by line item budgeting. The Medium Term Expenditure framework (MTEF), the Public Finance management Act (PFMA) and the South African constitution (Republic) of 1996 are embedded or form the basis of performance budgeting in South Africa. Due to the fact the performance budgeting system is results oriented, strategic planning is fundamental in order to set strategic goals, encouraging setting up priorities and defining an expected outcome. The cabinet defines expected outcomes both at provincial and national spheres of government.

Shabalala (2005:40) illustrates that performance budgeting also exist with some flaws such as the incorrect selection of performance indicators. This may render the whole exercise futile because measured outputs that will not realize set objectives results in a futile activity and wastage of resources. It is also worth noting that in performance budgeting, the environmental factors under which performance takes place are not always static. This is because some of the performance measures that may have been agreed upon prior to the commencement of the financial year can be affected by some socio-political changes such as the number of students per teacher. Updated statics of the available learners and the available resources may result in a review of what can be realistically achieved.

**2.12.3. Planning, Programming and Budgeting (PPB):-** According to (Siswana 2007:119) it is argued that PPB is associated with budget officers who have skills in economic analysis as well as in accountancy and administration. Decision making becomes less incremental and more systematic throughout bureaucracy. Management responsibilities become more supervisory in nature while planning responsibilities become increasingly centralized. PPB is concerned not only with inputs and outputs but also with effectiveness and alternatives. PPB involves Cost Benefit Analysis (CBA) to

make effective financial decisions although it must be noted that one of the disadvantages it has is that PPB stresses on planning, goal classification and systematic and scientific decision making trends to force decisions up the hierarchy. This could have a negative impact on governance and financial management in general due to the fact that once organization decisions are not decentralized, governance could be undermined.

**2.12.4. Zero-Based Budgeting (ZBB):-** Shabalala (2005:42) states that ZBB prepares budget estimates starting from zero. It regards what was allocated and spent in the previous financial year. It assumes all projects are new and it involves allocating resources without taking the previous year into account. This means that each expenditure objective has to be justified on an annual basis. The prioritization process and the correct allocation of resources is critical in an environment where there are limited financial resources to distribute hence it becomes a futile exercise if that process stifles the efficient and effective workings of that specific entity.

According to Siswana (2007: 118), ZBB tends to grossly overestimate on administrative capacity to calculate program effectiveness and vastly underestimate the importance of political and technological constraints. ZBB is believed to be taking care of fundamental aspects of a budgeting system like inputs, outputs and outcome or effects, but underestimating political aspects could be detrimental because the involvement of cabinet or any political arm is important.

A budget is an operational plan and the process of budgeting is found in different formats in public finance management although it is evident that each method has both strengths and weaknesses. The diagram below summarizes the major features of the budgeting system.

**Table 2.2: The Major Features of a Budgeting System**

FEATURE	LINE-ITEM BUDGETING	PERFORMANCE BUDGETING	PLANNING, PROGRAMMING AND BUDGETING	ZERO BASED BUDGETING
BASIC ORIENTATION	CONTROL	MANAGEMENT	PLANNING	DECISION MAKING
SCOPE	INPUTS	INPUTS, OUTPUTS, EFFECTS AND ALTERNATIVES	INPUTS, OUTPUTS, EFFECTS AND ALTERNATIVES	INPUTS, OUTPUTS, EFFECTS AND ALTERNATIVES

**Source:** Siswana (2007:123).

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### 2.13. PARTICIPATORY BUDGETING

According to Mamvuma & Matovu (2007:1) participatory budgeting (PB) can thereby be defined as a process of prioritization and conjoint decision making through which local community representatives and local governments decide on the final allocation of public investment in their cities on a yearly basis. It is a cyclical process by which citizens and sub-national governments widen mechanisms for promoting civic engagement in identifying local needs, deciding preferences as well as the implementation, monitoring and evaluation of the budget taking into account expenditure requirements and the available income resources (MDP-ESA, 2006:1).

The United Nations Human Settlement Program (UN-HABITAT 2008:2) highlight that participatory budgeting (PB) is a process through which the population decides on or contributes to decisions made on the destination of all or part of the available public resources. It is a process whereby communities work together with elected and unelected officials to develop policies and budgets for the community. Wampler

(2003:3) further highlights the fact that PB has been an experiment and a turning point intended to build bridges between states and citizens and increase participation in budget decisions.

These definitions thereby clearly highlights the fact that participatory budgeting is basically a process of direct, voluntary and universal democracy where the people debate and decide on public budgets and policy. What is important to take note from these definitions of participatory budgeting highlighted above is the fact that in participatory budgeting, citizen participation is now not only limited to the act of voting to elect the executive or the legislators, but instead the citizens are now being given the opportunity to decide on spending authorities and have the power to control the management of the local government itself. As a result of participatory budgeting, the citizen automatically ceases to be an enabler of traditional politics, but becomes a permanent protagonist of public administration (Mamvuma & Matovu 2007:2).

Shah (2007:57) also highlight that participatory budgeting aims to infuse the values of citizen involvement into the most basic and frequently the most formal procedure of governance-the distribution of resources through the budgeting process. Proponents of participatory budgeting also see it as a way of challenging the exclusion of non-elite groups from the process. According to Mamvuma & Matovu (2007:12), one of the reasons why participatory budgeting is important is that it has the capacity to contribute towards deepening local democracy and expanding further the opportunities for good governance. In different parts of the world where participatory budgeting is being practiced, the direct involvement of civil society in the budgeting process has resulted in among other things greater accountability of governance to their citizens, better service delivery, prioritization of broad social policies, further enhancement of the decentralization process and a significant reduction in corruption as well as an increase in transparency and access to information.

Participatory budgeting has also resulted in improved transparency in municipal expenditure and has also stimulated citizen's involvement in decision making over public resources. In this regard, participatory budgeting can thereby be defined as a

mechanism designed to involve and empower communities in participating directly in the formulation of sub-national budgets, their implementation and evaluation ([www.unhabitat.org](http://www.unhabitat.org)). It provides an excellent entry point to promoting the application of principles of good governance within the context of local government finance, hence participatory budgeting aims to create space for the people to debate issues as well as to participate directly or indirectly in budget formulation and delivery of services. To this end, Robert Dahl a participatory democracy theorist conjectures that “we are witnessing a transformation in democracy, as fundamental and lasting as the change from the institution of popular government in the city state to the institution of polyarchy in the nation-state as the increased participation will be beneficial to the individual citizens and the democratic polity.”

In the arena of local economic development, participatory budgeting is often described as providing options for diversifying or growing a local area within specific sectors such as retail trade development, tourism promotion and business attraction. Participatory budgeting also opens up forums for the transformation of urban areas and rural districts into viable economic centers which are able to generate and grow personal disposable incomes for the local population ([www.unhabitat.org](http://www.unhabitat.org)). According to Shah (2007:57) participatory budgeting demonstrates that a truly democratic and transparent administration of resources is one of the most effective ways to avoid corruption and mishandling of public funds and to ensure that investments are directed towards the most pressing needs of the people. Participatory budgeting enables the people to participate in the formulation and implementation of specific projects; hence the citizens will be responsible for the monitoring and evaluation of specific projects. Ward based meetings, integrated development planning and stakeholder engagement workshops are used as key tools in the participatory budgeting process to ensure that service delivery is improved thus participatory budgeting can stimulate business and employment creation through private or public partnership projects.

Although participatory budgeting has been held in high esteem, various authors such as Shah (2007:2) reveal that Participatory Budgeting has been discredited due to the fact that it has been successful in encouraging participation when municipalities have been

able to produce outputs that reflect the decisions made through the process. This is eluded by the fact that for instance if Nkonkobe local municipality incorporates the decisions from the public in the formulation of the budget, then the citizens will be motivated to participate in the formulation of the budget unlike the current prevailing situation whereby the municipality has been informing the people about the budget review but very few people attend the meetings due to the fact that they are not seeing the improved results despite their participation as some of their inputs and complaints are not considered.

It is also worth noting that in South Africa, changes in the administration as well as in the political composition of councils has been highly disruptive, often monopolizing the focus and energy of local councils and detracting from the pressing service-delivery and development needs of communities. It is therefore necessary to ensure that PB is entrenched in a municipal community and cannot be easily derailed by changes in the council or administration. In addition, community needs may surpass available financial resources, particularly if information is not clearly communicated and direct citizen involvement is limited. In this regard, it is important to ensure that PB does not simply become a "wish list" exercise-comparable with how the drafting of Integrated Development Plans (IDPs) has sometimes been described. All participants need to be consistently reminded about the parameters of the PB exercise ([www.ggl.org.za](http://www.ggl.org.za)).

Makumbe (1996:10) states that the general assumption is that broadened participation is desirable because it increases the representativeness and responsiveness of administrative and political institutions, heightens citizens' sense of political efficacy and acts as an important check on the abuses of administrative discretion yet there is a growing body of literature to support the contention that public participation which is automatic, unrestrained or ill-considered can be dangerously dysfunctional to political and administrative systems. Citizen participation in participatory budgeting has also been justifiably criticized because public participation often proposes short-term solutions to long-term problems, it fails to confront different trade-off questions as well as utilize coercive political tactics and requires political will and sacrifice that most

central government regimes are not prepared to make especially in the decentralization of financial decisions (Leduka 2009:31).

Furthermore, participatory budgeting has also been criticized due to the fact that it often occurs only with respect to capital budgets and rarely with recurrent or operational expenses such as salaries, debt repayments revenue generation and maintenance of existing services. As a result, often the budgets which are open for civic debate rarely exceed (15%) of total municipal budgets (Brautigam 2004:659). According to Leduka (2009:30) citizen participation also often delays already time consuming administrative proceedings and offer arguments that betrays a lack of expertise this often results in stakeholder fatigue in local government financial management.

Despite the criticisms highlighted above, participatory budgeting plays a very fundamental role in public finance management as revealed by the fact that participatory budgeting acts as a crucial agent in boosting city resources and redirecting municipal investment towards the pathway of local economic development.

#### **2.14. STAGES IN THE PARTICIPATORY BUDGETING PROCESS**

According to Mamvuma & Matovu (2007:35) before highlighting the specific explanation of each stage of the participatory budget cycle, it is essential at this stage to offer a general view of the key participatory budgeting stakeholders and their interrelationships. The participatory budgeting process is started at the grassroots where workshops and preparatory meetings are organized to explain the participatory budgeting process to the citizens. This is followed by the selection of delegates who will represent their perspective zones or wards in the citizen's participatory budgeting council. The process continues until the execution, monitoring and evaluation of participatory budgeting. In carrying out participatory budgeting, a number of steps must be followed to allow every stakeholder to engage in the budgetary process. Each municipality in different countries can follow all the six steps of the participatory budgeting process in their chronological order but should feel free to modify them according to existing circumstances (Daima 2009:34). The main stages to be followed in a participatory budget are:

### **2.14.1. Stage one- Organization of Informative Plenary Sessions in Each City, Ward or Zone.**

According to Mamvuma & Matovu (2007:35) this is the earliest stage of the participatory budget process and the main purpose of those meetings is to explain the participatory budget process to local communities and key participatory budget stakeholders. The activities to be carried out at this stage include:

- ❖ The municipality explains what the municipality budget is and the process and structure of the participatory budget as a vehicle of citizen's participation decision making.
- ❖ The municipality explains the financial situation for the current year, the financial performance of previous year, the basis of revenues and expenditures, how resources were spent, what was realized and the potential and constraints for the next fiscal year.

Mamvuma & Matovu (2007:35) further highlight that the municipality presents forecasts in revenues and expenditure so that the participants become acquainted with budget limitations which is often the case. The participants who attend these plenary sessions are formally registered and receive identification cards that will make them eligible to vote in the next round of plenary sessions when deliberations on priorities and the elections of their representatives in the participatory budgeting council takes place although it must be noted that this varies from country to country.

### **2.14.2. Stage two- Organization of Intermediate Meetings in Each Neighborhood, Ward or Zone.**

These meetings are intended to assist citizens with problems and needs of identification. After carrying out a situational analysis of their locality they must be in a position to know the real issues affecting the development of their municipality including those issues on which they must take action. Mamvuma & Matovu (2007:35) further explained that the municipal staff, civil society representatives and community leaders identify the problems and needs in their specific areas of concern and assess the technical and financial feasibility of possible solutions.

### **2.14.3. Stage three- Organization in Each Neighborhood, Ward or Zone.**

A number of problems arise out of the participation and situational analysis of the municipality but it is not possible to solve these problems at once so they need to decide or prioritize which problems should be addressed first. At this stage, the government (usually the mayor), explains each demand and its technical and financial feasibility. Participants that attend plenary sessions and elect their representatives and deputies (counselors), whose main task will be to safeguard their interests, needs and the approval priorities in their regular meetings of the participatory budgeting council. They will also be responsible for preparing the budget and annual plan of investments (Mamvuma & Matovu 2007:36).



### **2.14.4. Stage four- Participatory Budgeting Meetings.**

This is the apex of participatory budgeting. Members will take informed decisions as to what is allocated to a certain product like water and sanitation, education, communication, infrastructure, etc. it is also at this stage that responsibilities are allocated. Elected representatives and deputies formally hold the sworn statement of the mayor and are formally given their seats as participatory budgeting representatives in the participatory budgeting council (Daima 2009:34).

### **2.14.5. Stage five- Debate and Voting of the Budget Proposal by the Legislative Chamber.**

According to Mamvuma & Matovu (2007:38) the participatory budgeting council submits its deliberation as a type of investment plan as part of the municipal budget. The full budget is submitted to the legislative chamber by the municipal executive mayor in whom the deliberations of the participatory budgeting process are included. Participatory budgeting councilors and citizens attend the sessions of the legislative chamber and follow-up closely the debates. The municipal council holds the final decision. After approval the budget will be turned into law valid for the subsequent fiscal year. This also varies from country to country.

#### **2.14.6. Stage six- Budget Implementation and Follow Up.**

This is the actual solving stage. All that was planned and agreed on in the participatory budget meetings is worked on. Government prepares technical plans, contracts etc, integrating among administrative agencies. Participatory budgeting counselors and citizens monitor the budget implementations, on site monitoring and evaluation of project implementation. This is also done in a participatory way to ensure that all goes on as was planned in terms of physical resources and time. Besides looking at the implementation process, this step helps to adjust where necessary and to draw strategies for the way forward using lessons learnt and best practices during the course of implementation (Daima 2009:36).



#### **2.15. TYPES OF PARTICIPATORY BUDGETING PROGRAMS**

According to Shah (2007:35) participatory budgeting programs are classified according to two main groups which are participatory budgeting public works as well as participatory budgeting thematic. Participatory budgeting public works focuses on specific public works projects. It involves the distribution of resources to specific projects. Participatory budgeting thematic on the other hand focuses on general spending policies. These policies focus on more general trends such as allocating increased spending to a particular type of program.

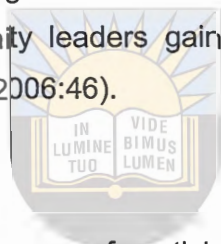
##### **2.15.1. The public works program.**

Shah (2007:35) further highlights that the focus on specific public works programs establishes a direct connection between participation and outcomes. When participants select a specific project, an expectation is created that the government will implement it. When the government successfully implements selected projects, it reinforces the notion that participation in participatory budgeting is a valuable tool for promoting change. The focus on specific public works represents an effort to allow communities to define their own development.

The underlying assumption is that citizens understand their own problems better than government officials and will therefore be able to match proposed public works to their

needs. By giving citizens the power to select public works, participatory budgeting programs contribute to the decentralization of the decision making process. Public learning also occurs especially when the government successfully implements participatory as delegates begin to strategize about how to receive additional and often larger projects.

Focusing on specific public works allows participants to gain a better understanding of what authority and responsibility the municipal level of government actually has. Participants learn to understand the division of authority which aid them in directing their demands to the appropriate level of government. This educates the population and benefits the government as community leaders gain a better understanding of the governments' limited powers (Matovu 2006:46).



### **2.15.2. Thematic Programs**

According to Shah (2007:37) the purpose of participatory budgeting thematic is to further democratize the policy making process by letting citizens establish the general priorities of the municipal government. This encourages participants to analyze and understand the city as a whole rather than concentrate on problems specific to their neighborhoods. This process is part of the larger empowerment or citizenship school component of participatory budgeting in which citizens are encouraged to envision and work for broader social change. Participatory budgeting thematic meetings allow participants to set broad priorities for public policies. The first stage of this process requires that the government provides detailed information on current policies and spending priorities. The second stage is a series of discussions in which participants evaluate the government's priorities and finally the last stage becomes the ordering of priorities by participants.

### **2.16. THE SOUTH AFRICAN MUNICIPAL BUDGETING PROCESS**

The budget process plays a key role in providing municipal services to the public. The budget supplies the life-blood to any local government and constitutes a financial inventory of what a local government is doing or intends on doing (Gildenhuys

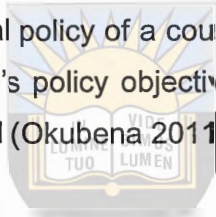
1997:115) The South African municipal budget cycle is made up of four fundamental phases which are the preparation of request phase, the approval of budget request phase, budget implementation phase and the reporting on actual budget transactions phase. Municipalities are required to employ their budgets in line with their (IDPs) and the budget should include both the capital and operational expenditures (Leduka 2009:67).

The primary concern of most governments has been the control of public expenditure and the planning of policy. Budgeting, auditing, and evaluation have been significant instruments. Through budgeting, differing activities can be managed, coordinated and planned; through audit, financial control and the accountability of resources can be ensured; and finally through evaluation economy, efficiency and effectiveness can be promoted. The budget is the most fundamental mechanism in giving effect to a municipality's service delivery strategies. For instance, in South Africa, the budget provides the tools for implementing (IDP) which is the municipality's strategic blueprints. It is therefore important for municipalities to ensure that their annual budgets are output driven and that the intended outcomes are in line with the service delivery objectives. It is however pertinent to mention that budgets do not only provide financial projections and control, they are also a major source of inspiration, motivation and discipline for both governments and citizens alike (Okubena 2011:74). The main features of a municipal budget are:

- ❖ It serves as an instruction document permitting the municipality the authority to spend
- ❖ It serves as an achievement of defined performance objectives to the municipality
- ❖ It serves as a policy formulating instrument in determining which services should be rendered with the available funds
- ❖ It serves as a policy declaration instrument by identifying statements of the financial implications of the following year's policy
- ❖ It operates as an instrument to promote financial co-ordination, order and discipline due to set measurable objectives and outputs

- ❖ It operates as a management process which serves as a plan of action as well as monitoring and evaluation thereof
- ❖ It serves as a source of financial information to the community since it becomes a public document available to everyone
- ❖ Finally it serves as a medium of request for money (Biffem 2000:67)

It can be deduced that municipal budget compilation translate the policy of a municipality into concrete programmes and projects, with an indication of the costing involved in the implementation of such programmes and projects. Municipalities prepare budgets annually and these are then submitted to council for approval. The approval budget is also regarded as the financial policy of a council. Hence, the budget provides citizens with an indication of a council's policy objectives and it is a concrete plan for officials of how revenue is to be applied (Okubena 2011:75).



According to the *Municipal Finance Management Act*, every municipal mayor must table the budget to council ninety (90) days before the commencement of each financial year and the council is expected to approve the budget prior to the start of the financial year. In the South African municipal budget cycle, the preparation of the request phase consist of a request made by the finance and budget office to other municipal departments to submit their departmental proposals for funding to this finance unit. According to section 53 of the municipal finance management act, the responsibility of the mayor at this stage is to provide political direction on how the budget process must be carried out based on priorities of citizens and in accordance with the (IDP).

The process followed in this phase differs from one municipality to another and depends on the category of each municipality. Category A and C municipalities adopt the executive budget process whereby the mayor, municipal manager and Chief Financial Officers (CFOs) undertake the financial evaluation and assess whether it would be necessary to draw up a proposal that would equalize income and budgeted expenditure and submit this proposal to council. In category B municipalities, the CFOs collects departmental requests and reworks them to match municipal income

approximations and then submit a compiled request to council for request and approval (Leduka 2009:68).

Approval of a budget request is the second phase of the budget, whereby after the budget proposal has been reviewed the council approves it for implementation. In terms of section 24 of the *Municipal Finance Management Act* an approval of an annual budget must be made 30 days prior to the beginning of the new financial year. An approval of the budget may include certain changes such as amendments of the IDP, policies related to the budget, measurable objectives, tariffs and taxes. Once the council has approved the budget, the municipal manager must submit it to the National Treasury and other related provincial departments for release of funds. In cases where the budget has not been approved the council must state its reasons to the CFOs. It is expected that within seven (7) days after its first disapproval, the council should reconsider the budget and if even in the second consideration the budget is not approved, section 55 of the *Municipal Finance Management Act* indicates that it is the duty of the Mayor to report the matter to the Provincial Executive Council (PEC) for intervention.

The PEC may decide to dissolve such a municipal council and appoint a temporary administrator until the next municipal elections (Leduka 2009:68). According to Van der Waldt (2007: 189) the third phase consists of the actual implementation of the budget. Goods and services are delivered and invoices are given to the finance department and the CFO will authorize payment for such services once they are delivered. For effective budget implementation each municipality uses a Service Delivery and Budget Implementation Plan (SDBIP). This is a management tool that is used to ensure that municipal objectives are implemented as set. This management tool is also a form of agreement made between the council, municipal administration and citizens so that services will be delivered as planned.

Van der Waldt (2007: 190) further highlights that the last phase is the summary reporting on actual budget transactions. This takes place at the end of each financial year. The CFO compiles a financial report that balances the departmental budget with

actual spending. The report is then submitted to the auditor general who will compare what is in the report with the financial transactions made throughout the year. The auditor general may either grant a positive or negative certification depending on the accuracy of the report.

Within the four stages mentioned above, the municipal budget is carried out in nine (9) steps. During the first step, the municipal manager and the CFO demand departmental budgets from the heads of departments. This is done in October of every year and there are schedules set for the completion of each department's budget approval as well as set limits for each departments expenditure. The second stage is that which occurs in November and involves preparation of both capital and operational budgets by heads of departments and then submitted to the CFO. It is at this stage that citizens are engaged through the ward committees and other civic meetings to ensure that their needs are included in the budget. In the third step which takes place in December, the CFO compiles departmental budgets and ward committees and councilors proposals into a single budget and makes approximations (Leduka 2009:70). In the fourth step the CFO municipal manager and heads of departments meet to agree on the budget and make amendments where necessary.

The fifth step involves submission of the budget to council for approval. Before final budget approval can be made, citizens are again consulted in January and February through civic meetings in various localities and amendments made before the budget is finally approved. In the sixth step, details of the budget are then put on municipal notice boards and citizens are again invited to make comments. In step seven, the council makes changes in the budget based on the comments received from citizens. The eighth step occurs in May and it is where the council makes final approval followed by submission to the National Treasury. (In some provinces the budget may also be submitted to the Provincial Department of Local Government). The last step which occurs in June involves advertising the contents of the budget which include municipal income, tariffs, rates and the total expenditure through newspapers and other forms of media (Van der Waldt 2007: 191).

According to Leduka (2009:70) the South African budget cycle is intended to promote citizen participation in local government processes. The million dollar question however is, although the South African budget cycle promotes citizen participation in local government affairs, are local governments actually practicing participatory budgeting and have they fully embraced and acknowledged citizen participation in public financial management considering the impending situation at municipalities such as Nkonkobe local municipality whereby it is evident that although the budget is reviewed and publicized there is still limited participation by the public due to the fact that very few people are knowledgeable about the participatory budgeting process and are not educated enough with regards to how the budgeting process operates. It is also worth noting that the people also lack interest in participating due to the fact that some of their inputs are not even considered even though they would have participated in the budget process.

Leduka (2009:70) also further elaborates that the main issue is that without an empowered and self-confident citizenry, beneficiaries or citizens will have no impact on decision making. In order to allow for a meaningful participatory budgeting process and giving back the local government decision making processes to citizens, appropriate approaches and strategies such as empowering, engaging citizens and promoting the state-citizen partnership need to be adopted.

## **2.17. PARTICIPATORY BUDGETING IN SOUTH AFRICA**

According to Langa and Jerome (2004:19), in South Africa, where many black communities have not had access to the most basic services, participatory budgeting is an important tool that can be used to encourage active citizenship where people at a local level are directly involved in the transformation and development of their community. The end of the apartheid regime led to the establishment of a new local government system which is provided for in the Republic of South Africa's constitution 1996. According to chapter four (4) of the Municipal Finance Management Act, a municipal budget is a provincial part of the broader planning process that must be linked to other planning processes such as the Integrated Development Planning (IDP).

Integrated Development Planning is regarded as a process that is meant to arrive at decisions on issues such as municipal budgets, land management, promotion of local economic development and institutional transformation in a consultative systematic and strategic manner ([www.dplg.org.za](http://www.dplg.org.za) ). Participatory budgeting processes have yet not found significant direct expression in South Africa even though its benefits for deepening democracy have been widely observed in various international contexts. Given the widespread loss of public trust in authorities and politicians, particularly with regard to financial maladministration and mismanagement at municipal and provincial levels, service-delivery challenges, and ineffective public-participation practices, it has become even more important for South Africa to urgently consider innovative ways of improving governance.

Taking into account the local-government legislative framework, which supports public participation and engagement, as well as the range of potentially supportive organizations and the level of interest in civil society, it is clear that South Africa has the potential to successfully implement PB. A range of progressive legislation-including the South African Constitution (1996), the Municipal Systems Act (2000) and the Municipal Finance Management Act (2003)-compels the government to engage communities in matters of governance, and particularly in budgetary processes ([www.ggl.org.za](http://www.ggl.org.za)).

It is sad to note that despite these requirements cited above, the municipal budget processes leave much to be desired. Municipal budgets are highly technical and difficult for ordinary citizens to understand. Furthermore, the link between Integrated Development Planning (IDP) processes and local budgets seems weak, and communities have often expressed the concern that they have little influence on the prioritizing of needs and the related budget allocations. Thus, South Africa has a vibrant civil society that is willing to engage and could easily support PB processes, but it will require a concerted effort from government and civil society to meaningfully and systematically go beyond rhetoric and work towards implementing more effective budgeting practices ([www.ggl.org.za](http://www.ggl.org.za)).

For PB to work in South Africa, a number of aspects need to be considered to ensure that the processes employed suit specific local contexts. Ideally, PB should build on systems, structures and process that work well or have the potential to support PB effectively. Aspects to consider include: the size of the municipality; institutional capacity; the municipal revenue base; demographics; spatial and socio-economic conditions; existing institutions of public participation (such as ward committees); and the active engagement of civil society. In addition, the budget cycle (including the IDP process and the development of medium-term expenditure frameworks) needs to be taken into account, at all levels and as a priority, to ensure that PB strengthens and builds on existing planning processes ([www.ggi.org.za](http://www.ggi.org.za)).

## 2.18. THE BENEFITS OF PARTICIPATORY BUDGETING TO VARIOUSE ACTORS IN LOCAL GOVERNMENT



Evaluating the “success” of PB programmes is hampered by the absence of any agreed upon set of criteria for measurement, although it is unlikely that a standard approach would be desirable in any case due to the vastly different conditions in which PB is implemented. However, in evaluating the outcomes of PB programmes it is at least useful to understand that the measure of “success” can be understood in terms of two broad perspectives: in *instrumentalist* terms, the concern is whether PB promotes more efficient use and distribution of resources and whether service delivery is extended and the quality of services improved. Alternatively, the notion of *empowerment* sees PB from the perspective of the extent to which citizens gain knowledge and resources that enable them to take charge of their own situations that is whether they are achieving “autonomy.” Socially excluded groups have gained a greater capacity to influence decisions on allocation of resources, with tangible benefits resulting – for example, improved access to basic services (Smith 2004:9).

Budgets have also reflected more closely the priorities of the poor as people from low-income areas will be given the opportunity to decide on the investment priorities for their communities hence, marginalised voices have obtained a formal opportunity to be heard, which acts to challenge existing social hierarchies and promote social justice

goals. Participatory budgeting also enables the significant improvements in equity and efficiency of service delivery since service delivery automatically becomes more responsive to citizens' needs. Social justice goals also have an opportunity to be furthered through thematic decision-making assemblies, which may have had an influence on generally higher levels of social spending in many municipalities that have implemented PB. While actual resources transferred through PB may be relatively small, PB is an important mechanism for "transforming public investments from favors into rights." (Smith 2004:9).

Poorer citizens have been empowered to claim citizenship rights to resources and decision-making power. In this regard, one of most significant benefits of many PB programmes has been a reduction in clientelism and patrimonialism that characterized many municipal administrations, especially in South Africa. Mamvuma and Matovu (2007) clearly highlight the benefits of participatory budgeting to various actors in local government.

### **2.18.1. Benefits to Citizens**

**Improved Governance:** - According to Mamvuma & Matovu (2007:2) participatory budgeting is an effective tool for improving and strengthening decentralized governance. It is likely to improve accessibility of councils to citizens and to have their problems attended to in a timely fashion. It further enhances accountability and transparency in public finance management.

**Empowerment to Citizens:** - Citizens including the vulnerable and marginalized groups will be empowered with vital information. Thus the citizens will be able to meaningfully participate in decision and budgetary making processes including the identification of development projects (Mamvuma & Matovu 2007:2).

**Increased Solidarity and Community Spirit:** - Participatory budgeting has inbuilt mechanisms that lead to formation of social capital and increases networking (Mamvuma & Matovu 2007:2)

**Enhances Communication and Information Sharing:** - Mamvuma & Matovu (2007:2) further postulates that participatory budgeting facilitates that channels of communication are enhanced through feedback from meetings. Councilors take information from communities to the council. Information is also shared through outreach programs, newsletters, suggestion boxes and periodic budget reviews.

### **2.18.2. Benefits to Local Government**

**Increases Public Ownership:** - It enhances the spirit of oneness and public ownership of development programs and projects. Citizens begin to openly demonstrate a sense of ownership and care for public investments and the results include reduction in vandalism, increase in voluntary support and services, willingness to pay charged fees and timely payment of tax dues. This will further result in development of positive attitudes towards local government and improved revenue collection (Mamvuma & Matovu 2007:3).

**Leads To The Creation Of A Common Vision:** - Mamvuma & Matovu (2007:3) further propounds the fact that participatory budgeting promotes the creation of a common vision and understanding which in turn leads to the appreciation of community challenges based on the development of shared vision and unity of purpose. By unity of purpose the council can therefore concentrate on the long term development of its locality.

**Enhances Legitimacy:** - The engagement of citizens in decision making processes enables the council to respond to needs that are relevant to communities. The citizens are in a position to understand the capacity and constraints of the council with regards to provision of services and development. This will thereby reduce demonstrations and payment boycotts. Increased legitimacy also enhances the possibility of the creation of lasting partnerships between the council and stakeholders that leads to good support and working relationships between councils and stakeholders. In other words it helps to establish an atmosphere of trust and confidence between local government and its citizens (Mamvuma & Matovu 2007:3).

### **2.18.3. Benefits to Private Sector and Civil Society**

**Reduction in Corruption:** - Given the openness that emerges from the participatory budgeting process, the room to engage in corruption is reduced. Investors will also feel encouraged to participate in local development and pay their taxes without any hesitations (Mamvuma & Matovu 2007:4)

**Improved Service Delivery:** - Through the participatory budgeting process the non-governmental organization networks and the private sector are encouraged to partner with local government in improving the livelihood of citizens and the delivery of public services (Mamvuma & Matovu 2007:4)

### **2.18.4. Benefits to Municipal Councilors**

**Enhances Accountability in Budget Formulation and Implementation:** - Mamvuma & Matovu (2007:4) highlights that by directly interacting with the citizens in the budget formulation and implementation process, participatory budgeting gives the councilor an opportunity to be transparent with budgetary processes and this will in turn further enhance his or her credibility and legitimacy in the eyes of the citizens.

**Narrowing the Mistrust Gap:** - Mamvuma & Matovu (2007:4) further argues that another direct benefit to councilors of embracing participatory budgeting is that the open and transparent way of sharing well defined roles and responsibilities between them and civil society enhances trust between the two antagonistic camps.

## **2.19. THE MAJOR CONSTRAINTS HINDERING THE SUCCESSFUL IMPLEMENTATION OF PARTICIPATORY BUDGETING**

According to Maphunye and Mafunisa (2008:467) in order to ensure that the needs and aspirations of the people are taken into consideration in the decision-making and implementation processes, there should be constant interaction between political office bearers and the citizens. Therefore the situation that encourages or allows participation in general elections only is not entirely democratic, even though the results of a general election may clearly specify who should govern, they do not adequately address the

question of how the government should govern. It should be noted that from the citizens own perspectives, the major factors that have influenced the prescribed process of public participation are:

- a) Vast distances that the people (local people) have to travel due to the size of municipal areas after the 2000 re-demarcation process
- b) Participation fatigue since the people are tired of participating in their own development without seeing meaningful benefits of their participation
- c) The management of the process of citizen participation in local government has also led to a reduction in the rate of participation due to bureaucratic red- tape and under- resourcing of participatory structures such as Integrated development planning forums
- d) The lack of special efforts to ensure the participation of non-organized marginalized groups in a community for instance the unemployed, the uneducated, and the elderly people

Looking at the other side of the coin, Mamvuma & Matovu (2007:90) gives a detailed and broader analysis of the constraints and challenges faced by municipalities in implementing the principle of participatory budgeting successfully as highlighted below.

### **2.19.1. Difficulties in securing ruling party and government ownership of the participatory budgeting process**

Africa is a continent that has largely a similar political history, institutional set-up, practices and values. Multi-partyism is an emerging political set-up and so programs outside ruling party structures are perceived negatively and with suspicion by government. Sometimes it is sheer lack of political will that presents a great constraint to government for it to meaningfully engage itself in participatory budgeting processes. Indeed any resistance from politicians and bureaucratic weakness or malaise may derail the participatory budgeting process at an early stage. Hence successful participatory budgeting must secure ruling party and the political leadership's acceptance for it to be initiated and be sustainable (Mamvuma & Matovu 2007:90).

### **2.19.2. Lack of confidence of marginalized groups to participate in the Participatory Budgeting Process**

With the majority of the population having been disadvantaged and marginalized in governance for decades it is evident that political rights and freedoms as envisaged in democracies are still being learnt. Participatory budgeting needs to build capacities of the marginalized so that they freely and willingly participate beyond elections of representatives in local governments (Mamvuma & Matovu 2007:90)

### **2.19.3. Problems of multi-ethnicity and diversity**

Mamvuma & Matovu (2007:90) further reveal that there is great diversity of ethnic languages calling for sensitivity to the diversity of languages and cultures even within one country. This has serious cost implications in translating information into these ethnic languages using oral and visual means of communication. On the other hand in multi-ethnic communities the resultant diversity may create some potential conflict of interest between various vested interests or actors. If not properly managed these can block the initiation and successful implementation of the participatory budgeting exercise especially in South Africa where there are many ethnic languages.

### **2.19.4. The problem of Poor Communication and mobilization**

Poverty and illiteracy levels are high in South Africa, but for participatory budgeting to happen it requires enough mobilization and communication capacity. The implication on the communication strategy is therefore that low cost or free means of communication is required. Furthermore while the official language is foreign if it is one, the multiplicity of ethnic languages and low education levels poses serious challenges for sending messages across (Mamvuma & Matovu 2007:90).

## **2.20. THE RELATIONSHIP BETWEEN INTERGRATED DEVELOPMENT PLANNING (IDP) AND THE BUDGET.**

Proper strategic planning and budgeting in the public sector cannot take place when either the strategic plan or budget is developed in isolation and without taking the imperative of one another into account (Visser 2005:20). According to Skosana (2007:

43) budgeting is useful when done as an integral part of an organizational strategic analysis. Integrating strategic planning into the budget process is integral to medium term budgeting. It strengthens the link between the policy choices that government makes, the budget it decides on, and the services it (government) delivers to people (National Treasury 2001(a):2).

Political decision-making and accountability become stronger as political choices and trade-offs are transparent and explicit. The Medium Term Strategic Framework (MTSF) sets strategic priorities that are shared by all spheres of government and ensures planning, budgeting and implementation. It links policy priorities, planning and budgeting for government as a whole (DPSA 2003:44). The MTSF is the key output of a broader planning framework which comprises of a sequence exercise (planning cycle) that will enhance strategic medium-term prioritization and ensures that the policy decision taken by Cabinet involves the planning exercise throughout government (Skosana 2007: 43).

In pursuit of this vision, a whole new approach to planning and budgeting at local government level was introduced, namely Integrated Development Planning (IDP). With the introduction of the Municipal Systems Act in 2000, it became compulsory for all municipalities to formulate a single IDP document that would apply to the entire area within the municipality's jurisdiction. According to the Act, an IDP "is the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality" (DPLG, 2000:44).

IDP documents are expected to contain an assessment of the current social, economic and environmental state of the municipality, an assessment of community needs (through public consultation), a prioritization of these needs, a development vision for the municipality, an audit of available resources, skills and capacities, strategies to achieve the developmental goals set out, with programme and projects to implement these strategies. These documents are required by the Municipal Systems Act to be reviewed on an annual basis. By 2004 it was intended that budgeting would also be fully

integrated into the process, so that planning and budgeting form part of a single annual cycle (Smith 2004:13).

According to Smith (2004:14) in this respect, it is critical when considering citizen participation in municipal budgeting in South Africa to understand the linkages between planning and budgeting as envisaged in policy. A fundamental test for IDPs was whether they would in practice be a practical, participatory and effective tool for assisting municipalities to address the profound development challenges facing their citizens. In reality, IDPs might become technocratic processes aimed at rubber-stamping existing priorities or overambitious blueprints with no plan to mobilize the resources and (national, provincial, community) support to implement them. Avoiding these pitfalls will require high-caliber leaders who are committed to redressing inequality and empowering low-income citizens, women and other marginalized groups. These groups will have to be central to developing IDPs, which must be dynamic instruments at the centre of a cycle of consultation, planning, budgeting, and public feedback.

Skosana (2007: 43) highlights that the integration of Integrated Development Planning (IDP) and the budgeting process enhances better budgeting practices in the public sector. The National Treasury guideline (2001) outlines the following six steps to ensure integrated strategic planning and budgeting:

- ❖ Preparing strategic plans and prioritizing planned objectives
- ❖ Assessing costs and resource implications in preparation of the MTEF budget submission
- ❖ Finalizing medium term allocations and preparing the budget documentation;
- ❖ Developing processes to facilitate in-year monitoring and reprioritizing of spending when strategic or operational plans change;
- ❖ Monitoring and evaluating performance and delivery programmes in relation to clearly defined priorities, objectives, key performance measures, indicators and targets

- ❖ Finalizing annual financial statements and reports that review performance and achievements against strategic plans set out at the start of the financial year.

According to Skosana (2007: 43) in contrast to planning in the past, IDP breaks the silos within which an organization operates, and it also seeks to integrate processes whilst linking plans to resources. The IDP process is meant to arrive at decisions on issues such as the municipal budget, land management, promotion of Local Economic Development (LED) and institutional transformation in a consultative, systematic manner. IDPs are as good in so far as they help municipal management to improve and fast-track delivery and development. Planning is supposed to become an integral part of municipal management by preparing decisions in a manner which is conducive to turning those plans into action.

This understanding of the IDP implies some requirement with regard to the nature and quality of the planning process. The project proposals have to be concrete and specific in respect of quantitative targets, quality, timing, location, cost and responsible implementing agencies. This is required in order to provide the necessary information for the business planning of envisaged implementing agencies and for fulfilling the approval requirements of potential financing agencies (Skosana 2007: 43). There are several advantages that accrue as a result of integrating IDP and budgeting. Skosana vividly elaborates on such advantages as revealed below:

#### Advantages of integrating IDP and budgeting

- ❖ It extends and deepens multi-year budgeting since it is based on a comprehensive planning process;
- ❖ It strengthens the link between integrated planning and service delivery;
- ❖ It enhances budgetary scrutiny by the legislature since it provides the legislature with relevant information on which sound decisions can be made;
- ❖ It improves accountability by providing performance information for budget managers and the general public; and

- ❖ It provides more source documentation for researchers who want to analyze the integrated plans of government or a public institution.

IDP has to be checked for its compliance with the financial resources framework and with available institutional capacities since there must be a close link between planning and the budgeting processes. Those in charge of the implementation process have to play a key role in the planning process in order to ensure realism of the plan and there has to be sufficient consensus among potential users, affected population groups or communities and other interested stakeholders on the planned projects so as to avoid delays of implementation resulting from conflict. This means that affected communities have to be involved in the project designing process (Skosana 2007: 44).

The effectiveness of municipalities to deliver on their mandate is largely dependent on their ability to plan and allocate public resources in a developmental and sustainable manner. Therefore, it is significant that municipalities carefully integrate community needs in their development plans and when allocating budget. It is essential to note that the IDP is informed by the resources which can be afforded and allocated through the budget process. Therefore, the budget must, in turn be aligned with the IDP and its objectives and strategies. The processes are, therefore, not separate and distinct; they are integrally linked and are symbiotic ([www.idasa.org.za](http://www.idasa.org.za)). The diagram below reveals the annual integrated development planning process.

**Table 2.3: THE ANNUAL INTEGRATED DEVELOPMENT PLANNING PROCESS**

MONTH	ACTIVITY
JULY	Start of new financial year. Implement budget in accordance with IDP
AUGUST AND SEPTEMBER	Needs assessment: development profiles and civic meetings
OCTOBER	Spatial development: Economic development analysis
NOVEMBER	Refine strategic priority areas: Citizens inputs
DECEMBER	Formulate sectoral development plans: Technical IDP committee
JANUARY AND FEBRUARY	Formulate draft budgets
MARCH AND APRIL	Prioritization of budgets against IDP objectives: Prioritization of budgets against Metropolitan financial framework
MAY	Approval of budget (council): Send to Department of Finance for approval
JUNE	Publish budget overview and newsletter.

**Source:** Meyer, Cupid and Theron (2002:75)

Municipalities must also ensure that the budget supports the achievement of the objectives set in the IDP and the attainment of the overall vision of the council. This again requires high leveled community participating in the formulation of IDP's and budget allocations. After all, the content of the IDP must represent consensus reached

with the community through various community participation processes. The significance of this is clear in that it enables the community to hold the council accountable for the attainment of the goals and targets set in the IDP ([www.idasa.org](http://www.idasa.org)).

## **2.21. LOCAL GOVERNMENT AND SERVICE DELIVERY IN SOUTH AFRICA**

South Africa has taken a significant and positive stride towards the promise of developmental local government. However, most municipalities are still plagued by significant challenges. The enduring facts of poverty, inequality and underdevelopment underscore the need for government to address issues of social and economic development. The imperative for development in local government are articulated in the legislative framework governing local government. This includes the Bill of Rights and the Millennium Development Goals (MDGs). The Bill of Rights provides the communities with fundamental rights to access social services (IDASA, 2010). In the same token the MDGs are emphatic that local government should work towards the realization of basic socio-economic rights that contribute to human development. The argument advanced is that the contemporary focus on attainment of the MDGs constitutes a major shift in development thinking because it places improvement of the human conditions at the centre of world progress. The delivery of social and economic development requires concerted effort and a more coordinated approach from local government. In this regard local government has an obligation to work towards the realization of these goals (IDASA, 2010). These goals are:

- ❖ Eradication of extreme poverty and hunger;
- ❖ Achieving universal primary education;
- ❖ Promoting gender equality and empower women;
- ❖ Reducing child mortality;
- ❖ Improving maternal health;
- ❖ Combating HIV/AIDS, malaria and other diseases;
- ❖ Ensuring environmental sustainability; and
- ❖ Developing a global partnership for development (IDASA, 2010).

The adoption of the Millennium Development Goals by governments of the world in the year 2000, including South Africa, represented governments commitment to human development and an end to poverty and under-development in its various manifestations. Changes since the birth of constitutional democracy provided the basis for significant shifts and achievements in many areas of human development in South Africa, yet despite many positive outcomes, social exclusion and alienation persist in poor economically marginalized communities. The legacy of racial, economic, gender and spatial exclusion continues to shape human development among South Africa's poor majority. This observation is largely supported by employment and income statistics and participation rates. Economic adversity and marginalization generate conditions in poor communities in which the least perceived threat to their fragile security results in the manifestation of violence. This was especially evident during the widespread service delivery protest in 2010 as well as the xenophobic attacks against those who were perceived as foreigners ([www.parliament.gov.za](http://www.parliament.gov.za)).

SALGA argues that the biggest challenge of South Africa's current local government fiscal relations system that has hindered the attainment of the MDGs is the lack of alignment between functions and funding. There are a number of cases where municipalities provide services which other spheres are meant to offer, such as libraries (which are a provincial function). Other functions have service maintenance implications such as housing which is a government function. SALGA has pointed out that there is no clarity on how to fund municipalities for the operating costs associated with the provision of services related to concurrent functions. Functions that are not local government functions are currently assigned to local government by sectoral legislation which takes in isolation of the fiscal framework for inter-governmental transfers ([www.parliament.gov.za](http://www.parliament.gov.za)). Such a situation has left many wondering what the role of the legislatures and the parliament is in the achievement of these MDGs.

According to Minister Trevor Manuel at the Legislative Sector 2011 Consultative address Seminar, he stated that "we need to develop radically new approaches to how legislatures are involved in the measurement of progress – the instruments available

are important, but woefully inadequate. Governments everywhere appear better at reporting historically, where information is available – this leaves no room for in-year intervention. In most instances, such information that is available tends to relate to whether money was spent as appropriated and not the changes effected with the resource. In most countries, budgets – the mere intent to appropriate financial resources is widely applauded, whilst the outcomes remain hidden from scrutiny. All of this must change – not because the UN has set this down as a requirement, or our donors desire it, but because it is the very least that legislators must do to deal with the ravages and the scourge of underdevelopment. It is important that as South Africans, we understand that it cannot be the only standard by which we measure our progress. In fact, the MDGs must be seen as a catalyst to ensure that we meet our constitutional obligations of improving the quality of life of all citizens and freeing the potential of each person.” ([www.parliament.gov.za](http://www.parliament.gov.za))

#### **2.21.1. The Prevailing Service Delivery Crisis**

Since 2004 an unprecedented wave of popular and violent protests has flowed across the country. With the recent service delivery protests the protesters explain that they took to the streets because there was no way for them to get to speak to government, let alone to get government to listen to them. Powell (2009:39) argues that government’s faith in local government as the sphere that is closest to people and the delivery arm of the state is not shared by citizens. Local government is the least trusted of all public institutions in the country and that has been the case since the first elections in 2000 (IDASA, 2010).

The general feeling in the hotspots is that political leadership lacks responsiveness to issues raised by communities; it is incompetent, prone to corruption and with high degree of disregard for the communities. The other contributing factor is that ward communities are not fully operational, resulting in poor communication with communities. Ward committees have been the focus of considerable attention by government as well civil society, with substantial investment already made in an attempt to ensure that these structures have the necessary capacity and resources required for

them to fulfill their envisaged roles as the voices of communities (IDASA, 2010). At the same time, questions that are often asked are how effective are these institutions; whether they are useful conduits for community involvement in local governance; whether, as created space for public participation, they are inherently capable of playing the critical role expected of them; and whether they create opportunities for real power-sharing between municipalities and citizens. The mention of ward committees typically solicits quite negative views for the Alice residents. The Alice residents appear to be critical of ward committees due to the fact that they argue that ward committees are not functioning as intended. Moreover, ward committees are usually viewed as highly partisan structures aligned to party political agendas (IDASA, 2010).

According to the diagnostic report (2011:1), in April 2010, President Jacob Zuma appointed the National Planning Commission (NPC). The commission consists of 25 part-time commissioners appointed because of their expertise, experience and ability to contribute to a dynamic development plan for the country. At the inaugural meeting of the NPC on 11 May 2010, President Zuma stated:

*“The mandate of the commission is to take a broad, cross-cutting, independent and critical view of South Africa, to help define the South Africa we seek to achieve in 20 years time and to map out a path to achieve those objectives. The commission is expected to put forward solid research, sound evidence and clear recommendations for government”.*

The President established the NPC “to take a broad, crosscutting, independent and critical view” of the challenges and opportunities facing South Africa. The commission is tasked with developing a vision of what the country should look like in 2030, and a plan for achieving that vision. As part of its deliberations, the commission has been looking at the country’s current trajectory to identify areas where focused and strategic intervention is most urgently required. Significant progress has been made since 1994, notably through the introduction of a democratic system, constitutional and legal provisions that promise people equal rights and provides protection against

discrimination, and extended access to basic services, although it is important to note that the process of transformation is far from complete (The diagnostic report 2011:1).

In some areas, constitutional and legal provisions have not been fully implemented; in others, there has been a lack of sustained and effective focus. South Africa needs to provide opportunities to all, yet historical disadvantages continue to have an adverse effect on tens of millions of citizens. This is particularly true in education and employment, which the commission has identified as the most pressing challenges facing the country. Due to this, the diagnostic document aims to identify the main challenges confronting the country and to examine their underlying causes. The diagnostic report is not a plan – it provides the basis for a plan. South Africa needs an informed discussion about the major issues confronting the nation. The diagnostic document serves to advance this discussion. If South Africa is able to reach broad consensus on its principal national challenges, it will stand a better chance of coming up with sensible and achievable solutions. South Africa has a progressive constitution, and a body of laws designed to protect and advance citizens' rights, yet there is often a significant gap between the aspirations set out in official policy and what happens on the ground as with the case of participatory budgeting (The diagnostic report 2011:5).

The uneven performance of the public service results from the interplay between a complex set of factors, including tensions in the political/administrative interface, instability of the administrative leadership, skills deficits, the erosion of accountability and authority structures, poor organizational design, inappropriate staffing and low staff morale. Services such as education, health, social security, infrastructure and a range of municipal services enable people to develop their capabilities, enhancing both their quality of life and their economic opportunities. Despite the extension of these services, post-1994 concerns have been raised about the quality of services and particularly the level of variation in service delivery. In recent years, this has led to waves of service delivery protests (The diagnostic report 2011:19).

These protests mirror the crisis of local democracy. It is the nature of local democracy that needs to change. There is a strong view that “in a democracy, the government should listen to the people, do what the majority asks, if that is possible, and, where it is not, to work with citizens to ensure that what is done is as close to what they want as it can be. It stems from the core democratic idea that government works for citizens and that it cannot do this unless it listens to them”. The present developmental local government model is premised on recognition of the primacy of linkages between development, service delivery and local citizen participation, defined as the organized effort to increase control over resources and regulative institutions by groups and movements excluded from such control. The White Paper on Local Government urges that: “building local democracy is a central role of local government, and municipalities should develop strategies and mechanisms to continuously engage with citizens” (IDASA, 2010). Participation is mandated in four major senses:

- ❖ as voters to ensure democratic accountability;
- ❖ as citizens who through a variety of stakeholder organizations can contribute to policy processes;
- ❖ as consumer and end users who expect value for money and affordable services; and
- ❖ as organized partners engaged in resource mobilization for development objectives.

It should be noted that while the causes of the protests differ from one province to the other and from one municipality to the other, in all instances people want to be heard and to be taken seriously. The protesters are aware that they are citizens with rights and that they should be treated accordingly. It is widely felt that the decisions in South Africa do not respond adequately to the needs and values of the communities, especially the poor and disadvantaged sectors of the community. As a result, planning including the budgets and IDPs has not sufficiently been reflective of the needs of the community. This is a contradiction to local government legislative framework underpinning local governance and popular belief that some form of stakeholder involvement in decision-making is necessary in planning on issues that affect people’s lives. Protesters are adamant that for as long as government officials continue to

assume that mandate at the polls gives them a mandate to act in a unilateral and top-down manner these protests will continue. This approach undermines public participation which is intrinsic to the core meaning of democracy (IDASA, 2010).

According to Powell (2009: 23) it is estimated that only 3% of the national population has actually participated in IDP processes. The Municipal Finance Management Act requires municipalities to “take reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically”. Good financial management is the key to local delivery. It is quite disturbing to note that most municipalities are generally associated with the worst form of financial management. Corruption, financial mismanagement and non-compliance with financial legislation are common in most municipalities. Consequently, this results in poor performance thus the delivery of social services is compromised (IDASA, 2010).

In his 2003/04 report for Local Government financing published in March 2004 the Auditor-General of South Africa noted that:

*“The basis of income generation might not provide sufficient funds for delivering the services expected of municipalities. This means that sustainability of service provision by local government has to be called into question”* (IDASA, 2010).

In this regard, the financial viability of the impoverished municipalities such as Nkonkobe local municipality needs some consideration. These municipalities cannot perform their functions due to fiscal distress. These municipalities do not have extensive powers to raise their own revenues through property and business taxes and to impose fees for services. Furthermore such municipalities are overburdened to deliver. The *State of Local Government in South Africa Report, 2009* admits that “the national government may have created expectations that local government cannot fulfill, or placed a burden on municipalities that perhaps only the strongest amongst them can carry”. This is the reality for local and district municipalities which largely depend on municipal grants and equitable share.

Municipalities with weak revenue base cannot survive on the current municipal infrastructure grant and equitable share funding allocations to fulfill their mandate. Such

allocations are insufficient to ensure universal access to adequate services and will not enable poor and small municipalities to eradicate backlogs. Thus municipalities with financial limitations cannot translate their IDPs to workable socio-economic programmes. The *State of Local Government in South Africa Report* further notes that the “distribution of the equitable share always favors metros over local municipalities and that the national government has failed to devise a sustainable strategy for supporting municipalities that are inherently different and confronting unique problems that are linked to their location in a distorted spatial economy” (IDASA, 2010).

Finally, the other factor that undermines the performance of municipalities is the availability and shortage of the required skills. The *State of Local Government in South Africa Report 2009*, points that skills deficit within municipalities remains a major challenge. A significant number of municipalities do not have the managerial, administrative, financial and institutional capacity to meet the rising needs of local people. This situation is exacerbated by the decline of municipal professional and poor linkages between local government and tertiary education sector. As a result these municipalities cannot meet their required performance standards hence impacting adversely on the delivery of services (IDASA, 2010)

## **2.22. THE LEGAL FRAMEWORK FOR PARTICIPATORY BUDGETING IN SOUTH AFRICA**

The budget process in South Africa is governed by the Constitution of the Republic of South Africa (1996) which is officially the supreme law in the country, as well as various enabling acts such as the *Municipal Systems Act (act 32 of 2000)*, the *Municipal Finance Management Act (act 56 of 2003)*, the *Municipal Property Rates Act (act 6 of 2004)* and the *White Paper on Local Government (1998)*. Such enabling legislation surrounding the South African budgeting process is aimed at revealing the relationship existing between local authorities and citizens as well as the right of citizens in participating in the budget process.

### **2.22.1. The Constitution of the Republic of South Africa (1996)**

The preamble of the constitution of the Republic of South Africa act 108 of (1996) states that “we therefore ..... adopt this constitution as the supreme law of the Republic so as to heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights.....improve the quality of life of all citizens and free the potential of each person. This preamble reveals that the constitution of the Republic of South Africa (1996) upholds representative and participatory democracy as vehicles for real transformation through the constitutional provisions which advocate for local authorities to encourage citizen participation in local government affairs such as budgeting.



The new constitution of the Republic of South Africa (1996) introduced a radical change from the previous discredited dispensation since the constitution clearly states that all governments must promote transparency, accountability and effective financial management (section 215:1). The budgets of income and expenditure of all governments in the national, provincial and local spheres must comply with specific requirements prescribed by the national legislation. The constitution also prescribes the establishment of the national treasury to ensure transparency and control over expenditure (Kuye, Thornhill & Fourie 2002:103).

The Constitution of the Republic of South Africa, 1996 sets out the imperative for participation in the local government sphere, with particular emphasis on governance and service delivery. The Constitution clearly states that local government must consult and or involve members of the public when taking policy decisions that fall within their jurisdiction (RSA 1996:81). The implication is that public participation should extend beyond the periodic election of local councilors (Govender *et al* 2011:201).

Lenduka (2009:55) further reveals that in order to ensure sustainable service provision, accountability to tax payers, promotion of social and economic development as well as citizen participation, the constitution expects municipalities to arrange and manage their budgeting and planning processes sensibly and openly. This is mainly because it is often argued that regular communication between local government change agents and

the citizens creates trust, self-determination and ownership of both political and economic decisions hence the constitution provides that local government is responsible for creating a conducive environment for co-operation with citizens in order to establish democratic, socially, environmental and economically developed communities.

According to Leduka (2009:59), local government is an independent sphere in its own right and it has powers to make decisions. According to section 139 of the constitution (1996) municipalities must ensure that citizens are informed within fourteen (14) days of the revenue and expenditure projections for each month and the service delivery targets and performance indicators that have been set for each quarter in the budget. The constitution further requires local government to encourage citizen participation in policy making and other local government activities including budgeting. According to section 159 of the constitution, the term of each municipal council should not exceed five (5) years and section 160 further states that municipal councils have a right to assemble and elect a chair, executive committee and other required committees.

Evaluation as well as a close and critical analysis at the constitution reveals that the Constitution of the Republic of South Africa (1996) has been defined by several authors as an explicitly moral document which binds the judiciary along with the legislature, the executive and all organs of the state to uphold constitutional values that underlie an open and democratic society based on human dignity, equality and freedom. It can be argued that if the constitution upholds and promotes a democratic society in which equality and social justice is the order of the day, how is the post-apartheid judiciary dealing with the challenges of adjudication in public finance management in an increasingly socio-economically divided society in which inequality is widespread and the rate of corruption is escalating on a daily basis especially within South African local government systems yet the municipal officials are not putting enough effort to accommodate the citizens in public finance issues?

Despite the constitutional provisions and mandates set out in the constitution, local government in South Africa is marred by excessive levels of financial fraud, corruption and mal-administrative practices which have often left the ordinary citizen vulnerable. It

makes one wonder whether the South African government missed a step in the transformation process to the system of a democratic local government since it appears as though the scars of the apartheid era have not yet fully healed. This comes into mind after an analysis of citizen participation in local government issues which reveals that the platform for citizen participation has been created but whether the people's views are actually being considered in the decision making process, or whether their input are simply disregarded despite their participation in local government issues remains a debatable issue.

### **2.22.2. The Municipal Structures Act (1998)**

According to Govender *et al* (2011:202) the *Local Government Municipal Structures Act* (Act 117 of 1998) requires all municipal councils to develop mechanisms to consult and involve the community and their civil society organizations in local governance. The Act directs municipalities towards a new culture of governance that complements representative democracy through citizen participation (RSA 1998:14). *The Municipal Structures Act (1998)* provides for the establishment, operation and management of local authority. Guidelines for municipal operation such as the division of powers and the relationship between community councils and local municipalities are all spelt out in this act. Participatory democracy is encouraged in this act in section 72 which states that the role of ward communities must be to enhance participatory democracy in local government.

The act further stipulates that municipal councils must meet quarterly and that council and municipal change agents must be open and accountable to citizens. This act reinforces the need for citizen participation in local government budgeting processes as indicated in the constitution. In section 74 and section 44(3), this act stipulates that executive committee members must be elected from their localities representing their wards in council. Municipal executive councils are further expected to ensure citizen participation through the formation and operation of ward committees and to serve as a link between communities and councils. Executive committees are again expected to consult citizens and inform parliament of the outcomes of budget decisions made by councils (Leduka 2009:60).

### **2.22.3. The White Paper on Local Government (1998)**

According to Govender *et al* (2011:202) the White paper on local government (1998) states that political leaders are obliged to accountability and transparency as well as operating within defined mandates. The white paper proposes a system which is service and citizen oriented and allows for civic inputs. Section B of the White Paper on Local Government of 1998 obliges municipalities to develop mechanisms to ensure citizen participation in policy initiation, formulation, implementation, monitoring and evaluation of programmes. Each municipality must therefore develop a localized system of participation (RSA 1998:33). Leduka (2009:60) highlights the principles which are identified as key in the promotion of citizen participation:

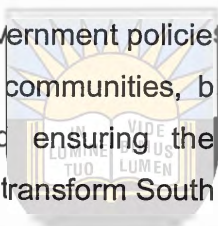
- ❖ Municipalities are expected to perform certain duties but should not leave out the needs and aspirations of ordinary citizens in budgeting for such activities.
- ❖ All stakeholders must be included in decision making processes (budgeting included) and maximum participation must be ensured.
- ❖ The size of the ward should not be too big so that all can air their views.
- ❖ Councilors must originate from within wards since this enables citizens to interact well with these councilors who are in turn expected to give feedback on what has been done with civic funds.

### **2.22.4. The Public Finance Management Act (P.F.M.A. 1999)**

According to Kuye, Thornhill & Fourie (2002:103) the Public Finance Management Act (PFMA) (Act 1 of 1999) as amended by act 29 of 1999 promotes the objective of effective financial management in order to maximize delivery through the efficient and effective use of limited resources. The main objective of this act is to modernize the system of financial management within the public sector. The act adopts an approach to financial management that focuses on outputs and responsibilities. This is contrast to the rule-driven approach of the former exchequer acts. The PFMA assumes that the political head of a department or a cabinet minister is responsible for policy matters and outcomes. This includes seeking the approval and adoption by parliament or the

provincial legislature of the line function budget vote. The head official or the director general of a national department or even the provincial head of a department is responsible for output and implementation and is accountable to parliament for the financial management in the implementation of the budget. This approach is in line with the approach of the new public service regulations which rely on a performance-driven system based on measurable outputs.

The reforms to public sector financial management and budgeting practices have become a reality with the introduction of the PFMA (Act 1 of 1999 as amended by Act 29 of 1999) and subsequent Treasury Regulations (Van der Walddt & Visser 2006:8). These reforms are a cornerstone of government policies supporting the delivery of basic services to previously disadvantaged communities, bringing prosperity to all through steady growth in the economy and ensuring the successful implementation of sustainability of the projects needed to transform South African society. According to the National Treasury (1999), the key objectives of PFMA may be summarized as follows:



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- ❖ Modernize the system of financial management in the public sector;
- ❖ Enable public sector managers to manage, but at the same time be held more accountable;
- ❖ Ensure the timely provision of quality information; and
- ❖ Eliminate waste and corruption in the use of public assets

The Public Finance Management Act (P.F.M.A.) is an exemplary guideline for effective financial control and it is being lauded by financial experts, with by far the majority of its clauses being noted as practical and of great value for improved public finance administration. Nevertheless, it has certain shortcomings. In its implementation it is sometimes theoretical and is lacking in the proper sanctioning of civil servants who have contravened provisions of the Public Finance Management Act (P.F.M.A.). Consequently, it is essential that the legislation which controls the Public Service and Administration be brought in line with the Public Finance Management Act (P.F.M.A.) or else the P.F.M.A would remain toothless with regard to the sanctioning of contravening

civil servants. The Public Finance Act (P.F.M.A.) must be read in conjunction with the South African Treasury Regulations and of course The Public Audit Act. These acts and regulations form the basis in terms of which Public Finance in Government and Provinces should be administered (Leduka 2009:63).

#### **2.22.5. The Municipal Systems Act (2000)**

The act provides principal regulations and processes for municipal operations and administration. The objective of the act is to ensure participation and collaborative decision-making and implementation which are spelt in section 4 (c) 5(a), (b), (c) and (d) 16 and 42. The act maintains the need for regular citizen participation in all municipal processes. Chapter four (4) of the act illustrates that citizen participation can be promoted through the development and implementation of (IDPs) as well as during the assessment of municipal performance. In such processes, the act indicates that citizen participation is compulsory and citizens are highly encouraged to participate in the budgeting process. According to chapter four (4) section 16 (1) of this act, emphasis is on the importance of holistic and multi-disciplinary approaches to planning and decision making that also incorporates citizens in these processes. Section 17(1) also evaluates that citizen participation should be facilitated through civic hearings and consultative meetings and information regarding issues such as the (IDP) and budget processes should be disseminated through local newspapers, radio, as well as municipal notice boards and websites (Leduka 2009:62).

#### **2.22.6. The Municipal Finance Management Act (2003)**

Govender *et al* (2011:203) illustrates that the *Municipal Finance Management Act*, (Act 56 of 2003) provides for the comprehensive reform of local government finance management systems and seeks to regulate the municipal budgeting process, financial accounting, auditing, reporting and borrowing. It also details the responsibilities of municipal functionaries relative to financial management and the budget process. The Act stipulates in section 23 of chapter 4 that a council must consult the community on the annual tabled budget.

According to Leduka (2009:62), this act is intended to assist in the provision of municipal fiscal and financial matters. It regulates and provides efficient and effective municipal expenditure programmes. This act supports citizen participation in municipal budget processes as revealed by the fact that the budget officer is expected to publicize the annual budget and invite the community to comment on it. The main purpose of the act is to secure sound and sustainable management of financial affairs of municipalities and other institutions in the local sphere of government, and to provide for matters connected there with. The mayor also looks at the budget along with the comments from communities and is expected to respond to those comments. According to the act, the budget implementation plan which consists of performance targets and measurable objectives must be approved within 28 days of the approval of the budget. A civic meeting is held annually to give an annual report to the municipal council which will then measure actual implementation against specified objectives.

#### **2.22.7. The Draft National Policy Framework (2005)**

According to Govender *et al* (2011:203) the Draft National Policy Framework for Public Participation of 2005 provides a formal framework for public participation. The policy is seen as building on the commitment of the democratic government to deepen democracy, which is embedded in the Constitution and more importantly the concept of local government, as comprising the municipality and the community. The policy declares that it is committed to participation which is genuinely empowering, and not token consultation or manipulation. The process involves a range of activities including creating democratic representative structures (ward committees), assisting those structures to plan at a local sphere (community based planning), to implement and monitor those plans using a range of working groups and community based organizations, supporting community-based services, and to support these local structures through a cadre of community development workers. The policy also envisages improving the accountability of ward and municipal structures to each other and to the communities they serve, as well as the linkages between provincial and national departments to their clients, and so to service delivery and policy.

## 2.23. A CRITICAL ANALYSIS OF THE SOUTH AFRICAN LOCAL GOVERNMENT SYSTEM

Poor service delivery and governance remains an overwhelming challenge in most municipalities. Of major concern is the degree of corruption, institutional capacity constraints relating to appropriate skills and staff, lack of transparency, dysfunctional ward committees, lack of accountability by councilors and municipal officials, lack of public participation in issues of governance, failure to comply with municipal legislation and other by-laws, failure to prioritize community needs and IDP and budgeting processes not aligned, tensions between the political and administrative sections of the municipalities and weak financial viability of the municipalities. These are factors affect the functioning of municipalities tremendously. As a result this has led to the protests and disgruntlements at local government level. These governance challenges require robust interventions by the national government to expedite local government transformation. Municipalities have a legal obligation to provide basic services to their communities in an adequate and timely fashion. The failure of municipalities to deliver basic services not only causes immense hardship to the residents of municipalities, but can have a detrimental impact on the social and economic development (IDASA, 2010).

The magnitude and urgency of the fiscal problems within municipalities is a cause for concern. The current intergovernmental fiscal system and the equitable distribution of the national revenue should significantly consider the differing challenges, among other things, the relation to rural and urban environments, availability of human resource capacity, degree of economic activity and overall institutional strength. These differing municipal realities show the anomaly of the distribution of resources uniformly to municipalities when in reality there are very different in their economic capabilities (IDASA, 2010).

The unintended consequence of such approach is that the economically distressed municipalities (*local and district*) are seriously challenged to fulfill their constitutional obligations. Therefore, the country's current Intergovernmental Fiscal Relations (IGFR) system is certainly open to question and should consider the fiscal capacity of municipalities. Rethinking fiscal allocations holds great promise for improving the

socioeconomic conditions. Central to this promise is how best the national government redistributes national revenues with a view to equity and poverty alleviation. It is primarily the task of the national government to ensure that it builds the financial and development capacity of local government to effectively discharge their constitutional mandate (IDASA, 2010).

Leduka (2009:63) evaluates that it is also evident that in South Africa there exist a legislative framework for the practice of citizen participation in all spheres of local government in South Africa. However it is evident that no specific form of legislation specifically requires municipal authorities to undertake participatory budgeting although the legal framework appears to be flexible enough to allow participatory budgeting. The main issue then is why is it that despite the legislative framework in South Africa, the degree of citizen participation within communities is still low as clearly evidenced by the prevailing situation at Nkonkobe local municipality which has left most residents and rate payers at the mercy of manipulative city heads of department who go to all lengths to safeguard their huge perks and other lucrative incentives whilst relegating the city residents to a life of squalor.

This alone reveals the fact that the Nkonkobe local municipality will continue to face formidable challenges since such a situation is likely to result in an urban-based conflict between the urban poor and its petty bourgeois allies on one hand and powerful party-state forces on the other which will further lead to the rise of service delivery protest and strikes. Due to this, there is an urgent need to rethink the innovative ways of curbing corruption and some other administrative malpractices within municipalities. Local government transformation in South Africa has exerted considerable pressure on municipalities to manage their financial resources effectively, economically and efficiently in order to meet their developmental mandate. Therefore, municipalities need to improve sound financial management requirements as envisaged in the statutory framework by appointing qualified and capable officials, including chief financial officers and internal auditors, with right and appropriate skills. Importantly, municipal officials must account for results, not only for budget spending and as more resources are transferred to local government, there is a need to strengthen the institutions that

enforce accountability of public resources. To fight the scourge of maladministration, mismanagement of municipal finances, fraud and corruption, municipalities need to strengthen and review their existing internal control systems that detect the above-mentioned deficiencies. These include verifying the quality and appropriateness of internal audit and audit committees. Therefore, this requires effective monitoring by the officials in managerial positions (IDASA, 2010).

When the African National Congress (ANC) took power in 1994, two of its important priorities were to reduce economic inequality and increase political accountability (Okubena 2011:52). It is worth noting however, that the current prevailing situation has proved to be the exact opposite of what the ANC anticipated. There is an increase in economic inequality and a reduction in political accountability as the citizens remain sidelined and at the periphery of the decision making process involving public finance management whilst the principle of democracy and citizen participation ceases to exist practically but continues to be practiced on paper alone yet there are several avenues present that can cater for the effective participation of the citizens in public finance management.

It should also be noted that although the constitution and other legal instruments provide political space for the participation of the common man on the street at all levels of the government, the policies that the African National Congress (ANC) actually pursue in practice have not accommodated the citizens, hence the ideology of the ANC has arguably to date provided limited space for the grassroots majority to participate in decision making. From a pro-poor perspective, the crude logic underpinning the concept of participatory budgeting is that if socially excluded groups, such as people living in poverty, are provided with opportunities to participate meaningfully in processes to decide how public funds are allocated, their needs and aspirations will be reflected in the plans and budgets that are formulated by governments that represent them (at local, regional or national level) but sadly such has not been the case. A number of international experiences with participatory budgeting have demonstrated the positive potential of citizen participation in local government budgeting for reducing poverty and addressing the needs of socially and economically excluded groups, as well as for

reducing inequality, deepening democratic practices and transparency in local government and extending the rights of citizenship to previously excluded groups (Smith 2004:2).

While internationally, efforts to expose local government budgeting practices to public input and scrutiny are well established, South Africa is taking its first baby steps in this regard. Budgeting at municipal level in South Africa has historically been undertaken as a top-down, technical exercise by council politicians and officials, with little or no participation in the process by local residents. Recent legislation pertaining to local government and service delivery has, however, now enshrined citizen participation as a key component of all aspects of municipal policy-making and implementation, including the formulation of Integrated Development Plans (IDPs) and municipal budgets (idasa, 2002). Unprecedented scope now exists for citizens and organized structures within civil society to participate in municipal fiscal spaces although when looking at municipalities like Nkonkobe local municipality, the rate of citizen participation is still very low (Smith 2004:2).

Due to this, it is thus essential to reflect on international experiences and to consider how they may be applied and adapted in the local context. South Africa has to imitate countries like Brazil who have successfully implemented participatory budgeting much to the benefit of their citizens. The comparison of South Africa and Brazil in terms of participatory budgeting is based on three principle issues. The first is the ruling party policies; the second is the institutional framework and last but not least is civil society mobilization. The participatory budgeting approach on the one hand has stemmed from a technocratic and outwardly and downwardly characterized paradigm towards recognizing civic contributions in decision making as a necessary step towards a democratic participatory development process (Leduka 2009:63).

The success of participatory budgeting in countries such as Brazil is mainly attached to the struggles by the organized neighborhood associations, which have formed the participatory budgeting mandate of the Workers Party. Furthermore, an agreement to the decentralization and devolution of administrative and decision making powers and

resources to citizens in Brazil with the establishment of the 1988 constitution has allowed for transformation and institutional reorganization for better implementation of participatory budgeting. In contrast, South Africa concentrated more on deracialising the apartheid city rather than devolving power to the grassroots. It is evident that South Africa has however done much in terms of building developmental local government. For the past years, through the new system of local government, the South African government has concentrated more on post-apartheid reorganization and transformation of political and administrative organization by adapting new forms of planning and resource allocation. So far much has been on deracialising the apartheid tradition and little on decentralization and transfer of resources to citizens as has been the case with Brazil (Leduka 2009:69).

Leduka (2009:69) further reveals that in terms of mobilization of civil society associations the Workers Party in Brazil played a major role in ensuring that neighborhood associations are strengthened and that citizens are allowed to take part in decision making processes. The level of participation therefore increased and the participatory budgeting process ensured that participation contributions are translated into real budgetary outputs. In contrast, the ANC in South Africa saw citizen participation and contribution in policy making only as a way of complementing its goals. This is why certain structures and processes that are initially presented as giving autonomy to citizens in the development processes such as the IDP were rapidly put under the control of the ANC structures or replaced with more technocratic systems of decision making. The ANCs emphasis was more on fostering new ways of State public engagement in changing the apartheid practices in development and service delivery and less on actual promotion of development and service delivery.

In Zimbabwe, South Africa's neighboring country; the success of participatory budgeting can be traced back to the district of Mutoko. Prior to 2001, Mutoko Rural District Council faced continuous budget deficits. Whenever the council proposed or tried to raise tariffs and charges, there were demonstrations and boycotts among the citizens who argued that they did not see any justification for increases by the council which was not providing any quality services (Sachikonye 2007:14). Various Civic Society

Organizations under the influence of the Mutoko Residents Association (MRA) and the Informal Traders Association (ITA) also resisted the increased tariffs by the local authorities.

According to Mamvuma & Matovu (2007:45) whenever the Mutoko Rural District Council (MRDC) held consultative meetings the most vocal and powerful tended to dominate the meeting. As a result, many citizens did not have a chance to speak or participate. This confrontational relationship forced the MRDC to experiment participatory governance. To get the budget process inclusive, a Budget Action Committee (BAC) was established comprising representatives from council, the district administrator, business association, residence association and informal traders association.

The principle task of the BAC is to coordinate the budgeting process which in turn created an opportunity for the council to establish a balance between representative democracy and participatory democracy. Mechanisms were put in place where the council would dialogue directly with their residents for instance through ward and village meetings as well as outreach programs to address specific issues. Unity of purpose and stakeholder involvement in the budgeting process was also now present. Councils deliberated on budget performance and forecasts using central budget government guidelines. The starting point for consultative meetings in the MRDC was the mobilization of residents at the village level. In these Village Development Committee Meetings (VIDCO), members of the public are encouraged to air out their views, needs and priorities (Sachikonye 2007:28).

At the ward level, Ward Development Committee Meetings are also held and participants include representatives of line ministries, Civil Society Organizations (CSO) and Non-Governmental Organizations (NGO) and these stakeholders contribute in the decision making process so as to ensure that the council incorporates all the views and suggestions of the citizens so as to enhance the participatory budgeting process. The success of participatory budgeting in the Mutoko district in Zimbabwe proved to be an eye opener for other municipal councils in Zimbabwe as well as other countries and it

clearly justified the fact that participatory budgeting can be used as a catalyst for effective service delivery as revealed by the fact that service delivery greatly improved in the district and opportunities for local development were created for instance road construction, improvements in water supplies as well as building of more government schools ([www.kubatana.net](http://www.kubatana.net)).

Such experiences from these countries evidently reveal the fact that effective participatory budgeting guarantees success in the every municipality's development endeavors.

## **2.24. CONCLUSION**

It is sad to note that municipalities such as Nkonkobe local municipality have not yet fully embraced the principle of participatory budgeting due to the problem of financial illiteracy as revealed by the fact although the budget is reviewed to the people, there is limited citizen participation in the formulation and implementation of the budget because most of the Alice residence have little or no knowledge of the budget process since most of the residence are elderly people, and those that are not elderly are mostly uneducated. It is also evident that the minority residents who do attend the meetings of the budget review are given the platform to contribute in the budget formulation process but more often than not their views are hardly taken into consideration. Due to such a predicament, the Nkonkobe municipality has to ensure the adequate facilitation of citizen schools that will teach the people about the budget process so as to ensure that everyone understands the budget process. This will not only restore the citizen's sense of local identity, faith and ownership with the municipality but it will also make the municipal officials accountable to the people.

## CHAPTER THREE

### RESEARCH DESIGN AND METHODOLOGY

#### 3.1. INTRODUCTION

From the foregoing discussion, it is evident that chapter 1 provided a general introduction to the study in terms of the background and rationale for the study, problem statement, research questions and objectives, clarification of concepts as well as an outline of the chapters in this research study. Chapter 2 in turn provided vivid and in-depth knowledge pertaining to budgeting and participatory budgeting through the literature review in order to give a clear understanding of the concept in the South African context. The purpose of this chapter is to highlight the research design and methodology that were employed in the present study (participatory budgeting as a catalyst for effective service delivery).

The chapter also reveals the scope of the study consisting of the survey area, the target population and the sample and sampling procedures used when conducting the study. In this chapter both the qualitative and quantitative methodologies will be discussed as research methods used to collect data for the study. Secondly the chapter outlines research surveys as a method of collecting data from the respondents. In this research questionnaires will be discussed as a survey method to collect data. The chapter finally concludes by clarifying the data analysis techniques and by pointing out what will be covered in the subsequent chapter

Research is essentially an attempt to increase a body of knowledge through the discovery of new facts and relationships by a process of systematic enquiry. The research investigation must be logical, systematic, scientific and concerned with seeking solutions to problems and answering questions. As a result, one key to effective research lies in selecting valid and credible research design and methods. Conducting any type of research should be governed by a well-defined research methodology based on scientific principles. Such methodologies are considered to be systems of

explicit rules and procedures, upon which research is based, and against which claims for knowledge are evaluated. The quality of research finding is directly dependent on the accountability of the research methodology followed. Research methodology focuses on the research process and the kind of tools and procedures to be used, the point of departure specific tasks (data collection or sampling) at hand and the individual steps in the research process. To this end this research study is fundamental in evaluating the challenges being faced by the Alice residents in terms of poor service delivery as a result of limited citizen participation in the formulation of the municipal budget (Okubena 2011:109).

### **3.2. PERMISSION TO DO RESEARCH**

Any type of research that involves the interaction of the researcher with the people must evidently reflect a clear indication of the ethical considerations and principles guiding research. The nature of the problem to be investigated guides the type of institution or government to seek approval for research to be conducted (Okubena 2011:110). Bak (2004:28) echoes the same sentiments as he reveals that research that involves people must show an awareness of the ethical considerations and an agreement to conduct the research in accordance with ethical procedures. The written consent of relevant authorities at Nkonkobe local municipality was sought before any interaction with the respondents. The authorities and respondents involved were fully informed about the study and how the intended data will be collected. Confidentiality was strictly observed and maintained throughout the study and clarification pertaining to what the information will be used for, and how it would be handled was provided.

### **3.3. SCOPE OF THE STUDY**

The scope of the study is the area in which the research was conducted and it includes the following:

#### **3.3.1. The survey area and study unit**

The Nkonkobe Municipality is situated in the Amathole District Municipality, bordering the Nxuba Municipality to the west and the Amahlathi Municipality to the east. The

municipality is a category B municipality sharing boundaries with the Amatole District Municipality which is a category C municipality. Nkonkobe Municipality was established in 2000 within the small town of Alice. Alice is a legislative seat and Fort Beaufort is the administrative seat, the latter is situated about 140 km North West of East London on R63 and is approximately 200 km North East of Port Elizabeth.

The municipality is the second largest local municipality covering 3 725 km, and constituting 16% of the surface area of the Amatole District Municipality. The Nkonkobe municipality is a countryside municipality that sits on the foot of the ever imposing and majestic mountain range of the Winterberg. The Nkonkobe local municipality has a predominantly rural population and has a total of twenty-one wards. Only about 20% of the population of Nkonkobe resides in urban settlements, mostly in Alice and Fort Beaufort towns. The municipality prides itself as it is home to three educational institutions Fort Hare University; Lovedale College and Healdtown College ([www.easterncapebusiness.co.za](http://www.easterncapebusiness.co.za))

The municipality's economy is reliant on the civil service for employment. In the agricultural sector, forestry and citrus production are the main agricultural activities. There is also a tourist sector, which is being targeted as a major growth area. The municipality has many attractions for tourists. Not only are the natural surroundings impressive but there are also a number of historical sites worth noting ([www.easterncapebusiness.co.za](http://www.easterncapebusiness.co.za)).

**Figure 3.1: MAP OF THE NKONKOBÉ MUNICIPALITY AND ITS AREA OF JURISDICTION**



Source: ([www.mfa.treasury.gov.za](http://www.mfa.treasury.gov.za))

Within the Nkonkobe municipality jurisdiction, there is also the Martello tower, today a national monument with mounted cannon on it, which served as a British defensive outpost during their occupation. In this regard, this study will evaluate participatory

budgeting as a catalyst for effective service delivery at Nkonkobe local municipality within the small town of Alice.

### **3.4. RESEARCH DESIGN AND METHODOLOGY**

A research design refers to a plan of how one intends to conduct research. According to Welman, Kruger & Mitchell (2005:52), research design is the “plan according to which we obtain participants (subjects) and collect information from them”. It entails the planning by the researcher pertaining to what research instruments are to be used by the investigator, how data is going to be gathered and possibly how it will provide logical answers to the research problem. It is a program to guide the researcher in collecting, analyzing, interpreting and observing facts. Strauss & Corbin (2000:19) define research methodology as a scientific process that seeks to provide answers to questions through the systematic approach with the support of credible data. In this study consideration was made to the information that cannot be quantified, but can only be expressed in words to describe the experience, that is, through the qualitative research method in order to acquire multiple meanings and interpretations rather than impose one dominant interpretation.

Labovitz & Hagedorn (1981:42) are of the opinion that a research design is a set of logical procedures that if followed enables the researcher to obtain the evidence to determine the degree to which he/she is right or wrong for instance the researcher comes to terms with the fact that it was indeed X not Y, and not something else, that led to poor service delivery. Research design is often referred to as the ‘glue’ that holds the research project together. Babbie and Mouton (2001:103) also explain research methodology as whom or what will be studied in order to collect information, identification of subjects and how information will be obtained. Research Methodology is seen as a system through which a researcher is able to collect, analyze and interpret data for the realization of the research aims. According to Welman & Kruger, (1999:46-47) a research design is used to structure the research, to show how all the major parts of the research project – the samples or group measures, programmes and methods of assignment work together to try to address the central research question.

From the definitions highlighted above by the various authors, it is evident that from the above mentioned sentiments the common thread relates to the fact that a research design refers to the planning process done by the researcher in regards to how the research study is to be conducted. The study will adopt a mixed methods approach in order to evaluate the significance of participatory budgeting in improving service delivery. Mixed methods research is also defined as the class of research where the researcher combines both quantitative and qualitative research techniques, methods, approaches, concepts and language into a single study (Johnson & Onwuegbuzie 2004:20). Integrating qualitative and quantitative approaches to development research can help yield insights that neither approach would produce on its own.

### **3.5. RESEARCH APPROACH**

Research is not just a process of gathering information; rather it is a systematic quest for undiscovered knowledge. Research methodology refers to the way in which data is gathered for a research project. It is a blueprint for the collection, measurement and analysis of data in order to achieve the objectives of a research project. Research methodology is systematic in that it is planned, organized and uses applicable tools in achieving a specific goal. It also assists in specifying the sampling design used in a specific research project. Research methods and approaches differ in as much they are influenced by the type of problem to be researched, as well as the area within which the research is being conducted. Research within particular sciences such as social sciences or natural sciences will also determine whether the research should be qualitative, quantitative or a hybrid of the two (Okubena 2011:114).

There are two major types of approaches to research and these are the quantitative and qualitative research methods. Mouton and Marais (1992:155) illustrate that the qualitative and quantitative approach describes groups of research methods, rather than being methods in their own right.

#### **3.5.1. Quantitative Research Method**

A quantitative research approach uses empirical generalizations which may be used to determine future courses of action. Quantitative research techniques involve obtaining

data from a large group of respondents and are used in descriptive or casual research studies to quantify data and generalize the results from the sample to the population of interest (Hollensen 2003:740). According to Bless & Higson (2002:86) the quantitative research method uses quantitative data to record aspects of society. It is an inquiry into social or human problems based on testing a theory composed of variables measured with numbers and analyzed with statistical procedures in order to determine whether the predictive generalizations of the theory hold the truth (Creswell 1994:1).

According to Welman & Kruger (1999:7), one distinct aspect that differentiates the quantitative research method from the qualitative method is the fact that information obtained in quantitative research is expressed in numerical form while in qualitative research emphasis is directed towards the stated experiences of the participants and on the stated meanings they attach to themselves, to other people, and to their environment. This alone has seen a rapid growth in the use of the qualitative research method as many researchers are of the stand point that qualitative research sometimes makes use of direct quotations from their participants, and such quotations are often very revealing. According to Leedy (1989:100) certain requirements must be met in order to apply the quantitative research method and these requirements are:

- ❖ The problem has to be properly defined;
- ❖ Analysis of such a problem must be meticulous and comprehensive;
- ❖ Solutions must take place consciously, rationally, logically, systematically and scientifically.

Phahlamohlaka (2003:82) evaluates that the quantitative research method was originally developed in the natural sciences to study natural phenomena. These methods include laboratory experiments, formal methods such as econometrics and mathematical framework. Quantitative research design is characterized by the assumption that human behavior can be explained by what may be termed social facts which can be investigated by methodologies that utilize the deductive logic of the natural sciences. Quantitative investigation looks for distinguishing characteristics, elemental properties and empirical boundaries. A quantitative research design allows

flexibility in the treatment of data, in terms of comparative analysis, statistical analyses and repeatability of data collection in order to verify reliability.

Brynard & Hanekom (1997:29) are of the view that when using the quantitative research methodology, the researcher assigns numbers to observations, by counting and measuring, data is produced. It is therefore evident that this approach deals with data that is numerical. Rubin & Barbie (2001:44) further highlight that quantitative methods emphasize the production of precise and generalisable statistical findings and are generally more appropriate to nomothetic aims. In verifying whether a cause produces an effect, the quantitative research method will be more appropriate to use.

Welman & Kruger (1999:7) also highlight that measures that are mostly used in this type of method are highly structured and they tend to use primarily closed ended questions and may be administered in either a questionnaire or interview format. In this regard, this study sought to investigate participatory budgeting as a catalyst for effective service delivery to the public hence questionnaire surveys were conducted in which closed ended questions were computed and graphically analyzed.

### **3.5.2. Qualitative Research Method**

According to Van Wyk (2000:141) qualitative methods are an array of interpretative techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency of certain more or less naturally occurring phenomena in the social sciences. Qualitative research methods emphasize the depth of understanding associated with ideographic concerns. They attempt to tap the deeper meanings of particular human experiences and are intended to generate theoretically richer observations that are not easily reduced to numbers (Rubin & Barbie 2001:46). In its broad sense, it refers to research that elicits participants account of meaning, experiences or perceptions as it produces data in written or spoken words. It can however be argued that qualitative research is concerned with understanding rather than explanation, naturalistic observation rather than controlled measurement, and the subjective exploration of reality from the perspective of the insider as opposed to the

outsider's perspective that is predominant in quantitative research (Denzin & Lincoln 2000:2).

According to O'Sullivan and Rassel (1999:36) a qualitative research method produces verbal data, which is difficult to convert into numbers. It is defined by its extensive use of verbal information and its preference for developing full information. Qualitative research is orientated towards exploration, discovery and inductive logic. Data is collected through observations, interviews and other qualitative methods. The product of the research is a new model, theory or hypothesis (Welman & Kruger, 2001:5). Welman & Kruger (2001:5) highlighted the following aspects that are present in qualitative research:

- ❖ The data is in the form of words from documents, observations or transcripts.
- ❖ Theory can be causal or non-causal and is often inductive
- ❖ Hypotheses are frequently undeclared or merely in the form of a research goal.
- ❖ Concepts are in the form of themes, generalizations and taxonomies.
- ❖ Research procedures are particular and replication is very rare

According to Welman & Kruger (2001:5) the verbal encounter between the researcher and the respondents relies heavily on interviews that are usually unstructured and those that concern mainly open ended questions and in-depth probes. In this study, the obtaining of information was based on the effectiveness of participatory budgeting in the provision of efficient service delivery, thus information was collected using open-ended question items on self-administered questionnaires.

### **3.6. RESEARCH STRATEGY**

According to Okubena (2011:118) a research strategy is one of the qualitative approaches in research design. The primary goal of conducting a research and the nature of the research topic influence the selection of a research strategy. A case study examines a phenomenon in its natural setting, employing multiple methods of data collection to gather information from entities (people, groups or organizations) a case study allows researchers to have prior knowledge of what the variable of interest will be and how they will be measured. A case study research is a viable research strategy.

*Firstly*, it enables the researcher to study the research problem in a natural setting, learn about the state of the art, and generate theories from practice. *Secondly* the case study method allows the researcher to answer “how and why” questions, that is, to understand the nature and complexity of the processes taking place. *Lastly*, a case study approach is an appropriate way to research an area in which previous studies have been carried out. With the rapid pace of change in the municipal financial systems, new principles emerge each year for which valuable insights can be gained through the use of case study research. Conversely, when subjects or events must be controlled or manipulated in the course of a research project, the case study approach then becomes inappropriate (Okubena 2011:118). The following are the key characteristics of case study research:

- ❖ The focus is on contemporary events
- ❖ The results derived depend heavily on the interactive powers of the investigator
- ❖ No experimental controls or manipulations are involved
- ❖ The investigator may not specify the set of independent and dependent variables in advance
- ❖ The complexity of the unit is studied intensively and
- ❖ Case studies are more suitable for the exploration, classification and hypothesis development stages of the knowledge building process.

Due to this, the case study approach was one of the approaches used in this study in order to determine the perceptions of the Alice residents towards participatory budgeting and the service delivery currently being rendered by the Nkonkobe municipality in the Eastern Cape.

### **3.7. TARGET POPULATION**

According to Drew, Hardman & Hart (1996:254) a population refers to all constituents of any clearly described group of people, events, or objects who for research purposes are designed as being the focus of an investigation. Welman & Kruger (2005:126) also echo the same sentiments as they highlight that a target population is the population to which the researcher ideally would like to generalize his or her own results. Bless & Higson

(1995:87) are of the opinion that a target population thereby refers to a set of elements that the researcher focuses upon and to which results obtained by testing a sample should be generalized. This means that a target population refers to that group of selected individuals that the researcher depends upon to obtain information during the research study.

**Table 3.1: Target population and number of respondents**

TARGET POPULATION	NUMBER OF RESPONDENTS
Municipal Manager	1
Budget and Treasury Manager	1
Chief Financial Officer	1
Local Economic Development Officer	1
Employees within the Financial Services Department	12
Alice Residence	30

In this study the target population will consists of the Nkonkobe Municipality Municipal manager, the budget and treasury manager, the chief financial officer, the Local Economic Development Officer as well as the Alice residence residents so as to obtain a greater understanding on whether participatory budgeting has led to the improvement of service delivery as well as obtaining the citizens' views on participatory budgeting

and its effects. The table above shows the target population and the number of respondents use in the study.

It is evident that it is not possible to get data from everyone in the categories mentioned hence a certain portion of the target population will be used thus a sample will be selected.

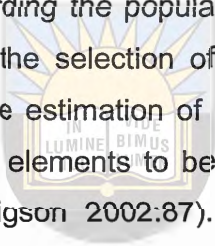
### **3.8. SAMPLING AND SAMPLING METHODS**

Kumar (2005:164) defines sampling as the process of selecting a few (a sample) from a bigger group (the sampling population) to be the basis of estimating or predicting the prevalence of an unknown piece of information, situation or outcome regarding the bigger group. A sample is thus a sub-group of the population a researcher is interested in. Babbie & Mouton (2001:19) asserts that the main purpose of sampling is to make generalizations to people and events that have not been observed. It also enables the researcher to study a relatively small section of the population and still be able to gather data representative of the whole.

Sampling is also less time consuming and less costly for the researcher. There are various sampling techniques that can be identified and classified as probability and non-probability sampling. Probability sampling refers to a process that utilizes some form of random selection; each element in the population has an equal and independent chance of selection in the sample. Equal implies that probability of selection of each element in the population is the same, and the choice of an element in the sample is not influenced by other considerations such as personal preference. The concept of independence on the other hand implies that the choice of one element is not dependent upon the choice of another element in the sample, that is, the selection or rejection of one element does not affect the inclusion or exclusion of another. This means that a sample can only be considered a random or probability sample and therefore representative of the population under study if both these conditions are met. If not, bias can be introduced into the study (Kumar 2005:169).

In this research study, the sample composed of the Nkonkobe municipal manager, the Chief financial Officer, the employees within the financial services department, the local

economic development officer and the Alice residents. To select the sample, non-probability sampling was used specifically purposive/ judgmental sampling and snowball sampling. According to De Vos Strydom & Founche (2005:201), non-probability sampling is a sampling procedure whereby the odds of selecting a particular individual are known to the researcher because one does not know population size of the members. Kumar (2005:168) further defines non-probability sampling as any sampling method where some elements of the population have no chance of selection, these are sometimes referred to as ('out of coverage and under covered'), or where the probability of selection cannot be accurately determined. It involves the selection of elements based on assumptions regarding the population of interest, which forms the criteria for selection; hence because the selection of elements is non-random, non-probability sampling does not allow the estimation of sampling errors. Non-probability sampling suggests that chances of all elements to be included in the sample are not even and are unknown (Bless & Higson 2002:87). The sample for this study is summarized in Table 3.2 below:

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**Table 3.2. Summary of Respondents Sampled**

STATUS	POPULATION	SAMPLING POPULATION		
		MALES	FEMALES	TOTAL
MM	1	1	0	1
BTM	1	1	0	1
CFO	1	1	0	1
LEDO	1	1	0	1
EFS	12	7	3	10
AR	30	10	12	22
<b>TOTAL</b>	<b>46</b>	<b>21</b>	<b>15</b>	<b>36</b>

**N= 36**

**MM:-** Municipal Manager

**BTM:-** Budget and Treasury Manager

**CFO:-** Chief financial Officer

**LEDO:-** Local Economic Development Officer

**EFS:-** Employees within the finance service department

**AR:-** Alice Residents.

### 3.8.1. Snowball sampling

De Vos, Strydom & Fouche (2005:85) reveals that snowball sampling involves the approaching of a single case that is involved in the phenomenon to be investigated in order to gain information on other similar persons. It may be defined as obtaining a sample by having initially identified subjects who can refer the investigator to other subjects with like or similar characteristics (Adams & Schvaneveldt 1991:166). In this study, the Budget and Treasury manager was used by the researcher as a single case and it was through the Budget and Treasury manager at Nkonkobe local municipality that further people who could make up the sample were identified.

### 3.8.2. Purposive/Judgmental Sampling

Purposive sampling is the type of non-probability sampling in which the researchers select a sample with a purpose in mind. The primary consideration in purposive sampling is the judgment of the researcher concerning who can provide the best information to achieve the objectives of the study. Purposive sampling is the type of sampling that is based entirely on the judgment of the researcher in that a sample is composed of the elements that contain the most characteristics, representative or typical attributes of the population (Singleton *et al* 1988:44). Researchers rely on their experience and previous research findings to deliberately obtain participants in such a manner that the sample obtained may be regarded as representative of the relevant population.

Adams *et al* (1991:164) points out that purposive sampling is a procedure based on cases, individuals or communities judged as being appropriate or very informative for the purposes of research underway. Sampling procedures must be designed so that samples of the actual population are collected accurately and consistently and reflect the concentrations of the population at the place and time of research. Thus the objective of choosing a sampling procedure is to select a sample that is representative of the population from which they are drawn (Nel 2001:345). In this research study the researcher used purposive sampling because the selected respondents from Nkonkobe local municipality that is, the municipal manager, the Chief financial Officer, the

employees within the financial services department, the local economic development officer and the Alice residents were considered to be appropriately informed to provide the researcher with the appropriate and relevant information that would seek to solve the problem identified. Questionnaires were also administered to the residents of Alice as part of the study. This is in line with Polit and Hungler's assertion (1991:40) which states that the logic and power behind purposive selection should be information richness. Thus the selected population provided the required information on participatory budgeting at Nkonkobe local municipality.

### **3.9. DATA COLLECTION METHOD**

Data collection refers to a process of preparing and collecting data. Data collection is fundamental in conducting research in order to obtain information to keep on record, to make decisions about important issues, and to pass information on to others. In this study, two sources of data were used, that is, primary and secondary sources of data. Literature from unpublished and published articles, journals and newspapers was regarded as secondary sources of data whereas primary data was informed by information derived from the population targeted in the research. According to Mouton (1996:107) the data collection method refers to the way in which data has been collected or some of its intrinsic properties or it is the way a researcher is going to collect data. In this study data was collected through a survey.

Moore (1983:10) is of the opinion that a research survey is the most widely used method of collecting data in the social sciences. Moore (1983:10) further states that the primary function of surveys is to collect information which can then be analyzed to produce conclusions. Surveys can be divided into two broad categories, namely the questionnaire and the interviews. Questionnaires are usually paper and pencil instruments that the respondent completes whilst interviews are completed by the interviewer based on the responses of the respondents. Kumar (2005:129) identifies a number of instruments that can be used to gather data; among these are interviews, intake forms, questionnaires, surveys and attendance records. In this study questionnaires were used as a method of collecting data from respondents therefore the following section will discuss questionnaires as a data collection method used in this

research as well as reveal why they were viewed as a preferred method to gather data in this study by the researcher.

### 3.9.1. Questionnaires

According to Kumar (2005:129) a questionnaire is a method used to collect data by means of written questions which calls for the responses on the part of the respondent. It is a set of questions on a form which is completed by the respondent in respect of a research project (Mouton 1996:107). In this study, self-administered questionnaires were designed by the researcher and completed by respondents from Nkonkobe local municipality as well as the Alice residents. The questionnaires consisted of both open-ended and closed-ended questions. Open ended questions are those questions in which the interviewer asks a question without any prompting with regards to the range of answers expected and they enable the respondents to fully express their views freely and to give detailed and precise information (Welman *et al* 2005:174).

According to De Vos *et al* (2005:175) closed-ended questions enable the respondents to understand the meaning of the questions better, questions are answered within the same framework and responses can consequently be compared with one another. A closed-ended question is one which offers the respondent a range of answers to choose from, either verbally or from a show card (Welman *et al* 2005:175). It is assumed that open-ended and close-ended questionnaires give adequate and accurate information pertaining to the actual situation on the ground with regard to participatory budgeting as a catalyst for improving service delivery. Denscombe (2003:159) suggests the following as some of the advantages of questionnaires:

- ❖ Questionnaires are economical - Questionnaires are economical in the sense that they can supply a considerable amount of research data at relatively low cost low cost in terms of material, money and time.
- ❖ Easier to arrange - Questionnaires are easier to arrange than for example, personal interviews. They can be simply sent unannounced to the respondent.
- ❖ Questionnaires supply standardized answers - Respondents are posed with exact same questions, with no scope for variations to slip during face to face contact with

the researcher. Data collected is unlikely to be contaminated through variations in the wording of the questions or the manner in which questions are asked.

Pule (2009:46) also highlights the following as the major disadvantages of questionnaires:

- ❖ The population under study is restricted because the respondents must be able to read and write.
- ❖ There is a high degree of self- selection, leading to a comparatively low response/ return rate ( a 30% return is not uncommon)
- ❖ The questionnaire must be restricted in length and scope, because respondents lose interest or become fatigued.
- ❖ There is a lack of depth interviewing or probing for the meaning of statements.

However, although questionnaires have several disadvantages, it is their advantages such as being less expensive, and that they can reach a large number of people simultaneously and give them more confidence in their anonymity so that they can give out information freely, that makes questionnaires more appropriate for this study.

### **3.10. ETHICAL CONSIDERATIONS**

Bak (2004:28) asserts that any research that involves people must show an awareness of the ethical considerations and an agreement to conduct the research in accordance with ethical procedures. Ethical guidelines serve as standards and as a basis on which the researcher ought to evaluate own conduct (De Vos *et al* 2005:57). In this study the ethical issues which were strictly observed and adhered to include confidentiality, informed consent and voluntary participation for the purpose of avoiding harm to the respondents. Permission was sought from the Nkonkobe local municipality before the questionnaires were distributed and all respondents were assured that whatever information that was collected from them through the questionnaires would be used for academic purposes only.

### **3.10.1. Confidentiality**

According to De Vos *et al* (2005:160) confidentiality indicates the handling of information in a confidential manner. The principles underlining research ethics are universal and they concern issues such as honesty and respect for the rights of individuals. Laws and statutes are put in place to protect the privacy of participants and to ensure that the information is released only when necessary (Welman *et al* 2005:181). In this study participants were assured of confidentiality, no identifying information was disclosed in any part of the study and as a result the respondent's rights to privacy were protected by means of confidentiality.

### **3.10.2. Informed consent**

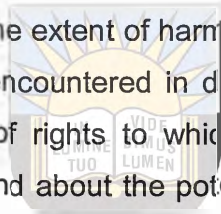
Informed consent ensures the full knowledge and cooperation of subjects. Parties to the research should be briefed about the risks if any and the researcher can also pronounce the benefits of the research, however, the researcher should not do this in a manner that highlights aspects of bribery (De Vos *et al* 2005:162). In this study the respondents were informed of their right to withdraw from the study at any time and the aims and purposes of the study were also clearly highlighted.

### **3.10.3. Voluntary Participation**

Babbie & Mouton (2002:521) are of the view that although the norm of voluntary participation is important, it is often impossible to follow it. This comes in the face of some compelling situation whereby if the researcher seeks the voluntary participation of subjects it might compromise the information collected. However, it is essential that no one should ever be forced into participating in research projects as the process has to be voluntary. In this study, the respondents were not coerced into participating as there was voluntary participation which allowed the researcher to collect data from the respondents who were willing to contribute to the topic under investigation which is participatory budgeting as a catalyst for effective service delivery at the Nkonkobe local municipality.

#### **3.10.4. Avoidance of harm**

Welman *et al* (2005:186) states that respondents should be given the assurance that they will be indemnified against any physical or emotional harm. Avoidance of harm is a fundamental rule of research. One of the major problems with the harm-to-participants is that it is not possible to identify in all circumstances whether harm is likely, although that should not be taken to mean that there is no point in seeking to protect participants (Bryman & Bell 2003:542). It is important for the researcher to identify any possible forms of harm to the participants in the research project and if there is possibility of harm, the researcher has to make sure the risk is minimized. According to Kumar (2005:214) minimum risk means that the extent of harm or discomfort in the study is not greater than that which is ordinarily encountered in daily life. In this study harm was minimized by avoiding the violation of rights to which every respondent is entitled. Respondents were informed beforehand about the potential impact of the investigation and this offered the respondents an opportunity to withdraw from the investigation if they wished to do so.



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#### **3.11. DATA ANALYSIS**

Data analysis is a practice in which raw data is ordered and organized so that useful information can be extracted from it. Data analysis helps establish how participants make meaning of a specific phenomenon by analyzing their perceptions, attitudes, understanding, knowledge, values, feelings and experiences in an attempt to approximate their construction of the phenomenon (Maree, 2010:99). It is a process of interpreting and making sense of what respondents would have said about the topic under study ([www.socialresearchmethods.net/kb/qualapp.php](http://www.socialresearchmethods.net/kb/qualapp.php)).

As revealed earlier, the study will utilize both quantitative and qualitative techniques of data analysis. Quantitative data analysis refers to the numerical representation and manipulation of observations for the purpose of describing and explaining the phenomenon that these observations reflect while qualitative analysis is a non-representative of data. Kumar (2005:248) contends that the main purpose of using data display techniques is to make the findings clear and easily understood, therefore in this

study text, tabular and graphic presentations were used to present data. Graphical presentations were used so as to make it easier to see pertinent features of a set of data and they can be constructed for every type of data, that is, qualified or quantified data. Graphs are also essential as they present data in a way that is easy to understand, comprehend and interpret.

### **3.12. CONCLUSION**

This chapter provided an explanation of the methodology used in this study. The chapter clearly revealed that quantitative and qualitative research methodologies were used. It also clarified the sampling procedures and data collection techniques used in this study. Ethical issues observed were described, explained and justified. The technique used for the quantitative data analysis was the frequency distribution and percentages which was used to determine the proportion of respondents choosing the various responses. The following chapter will present, analyze and interpret data which was collected using the methodology described in this chapter.

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## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.1. INTRODUCTION

The main aim of chapter three was to reveal the research methodology used in collecting empirical data. This chapter on the other hand gains insight into the evaluation of participatory budgeting at Nkonkobe local municipality and it seeks to analyze and interpret collected data into an acceptable form that is, analyzing and interpreting the collected data. Data analysis is a process of interpreting and making sense of what respondents would have said about the topic under investigation.

Data analysis and interpretation of data are closely related. In data analysis, collected data is broken down into groups or elements which are examined separately and translated into intermediate results. The intermediate results are translated into integrated and meaningful general references and findings. Furthermore, data analysis requires the use of statistical tools that reduces the amount of detail in the data, summarizing it and making the most important facts and relationships apparent. In this chapter quantitative and qualitative data analysis methods were used and this data was analyzed and interpreted concurrently. Information was reduced into different themes using the coding procedure (Okubena 2011:150). The fundamental purpose of this chapter is to present, analyze and interpret the data collected from the respondents sampled at Nkonkobe local municipality as well as the Alice residence.

#### 4.2. QUANTITATIVE DATA ANALYSIS

The information obtained by the researcher after conducting experiments or surveys is known as quantitative data and it is measurable and focuses on numerical values. As revealed in the previous chapter, self administered questionnaires were distributed to the respondents at Nkonkobe local municipality and these consisted of the municipal manager, the Chief financial Officer, employees within the financial services department, the local economic development officer and the Alice residents. These selected respondents were used by the researcher to represent the larger population although it must be vividly highlighted that not all the respondents returned their filled

questionnaires. The response rate of the questionnaires distributed and received is presented in table 4.1 as shown below.

**Table 4.1. Questionnaires distributed and received**

Questionnaire	Distributed	Received	Response Rate (%)
One	1	1	100%
Two	1	1	100%
Three	1	1	100%
Four	10	5	50%
Five	20	13	65%

From the table highlighted above, it is evident that the response figures for questionnaire one two and three was one hundred percent (100%). Questionnaire four had a response rate of fifty percent (50%) and that for questionnaire five was sixty-five percent (65%). According to Bailey (1982:165), a response figure of at least fifty percent (50%) should be sufficient enough for data analysis, a figure of sixty percent (60%) can be seen as “good” and a figure of seventy percent (70%) can be seen as “very good”. In this regard it is evident that out of a total number of thirty- three (33) respondents used in this study, twenty-one (21) respondents returned their completed questionnaires. This signifies a total response rate of sixty-four percent (64%). From this analysis it is evident

that as shown above (see Table 4.1); it is evident that this study had a very good response rate for further interpretation.

### **4.3. DEMOGRAPHIC DETAILS OF THE RESPONDENTS**

According to Okubena (2011:149) basic demographic analysis is used for two major reasons: firstly to identify population characteristics in order to determine basic information about the respondent and to provide identification material about the respondents such as gender of the respondent, educational qualifications of the respondent, and age of the respondent, hence the analysis of the questions to be asked to the respondents in the questionnaire is addressed both in qualitative and quantitative dimensions as highlighted in chapter three of this study. The following diagrams will vividly highlight the gender, age, marital status, level of education as well as the various ethnic groups of the respondents which have been elicited from the responses provided by the respondents for each of the items in the questionnaires.

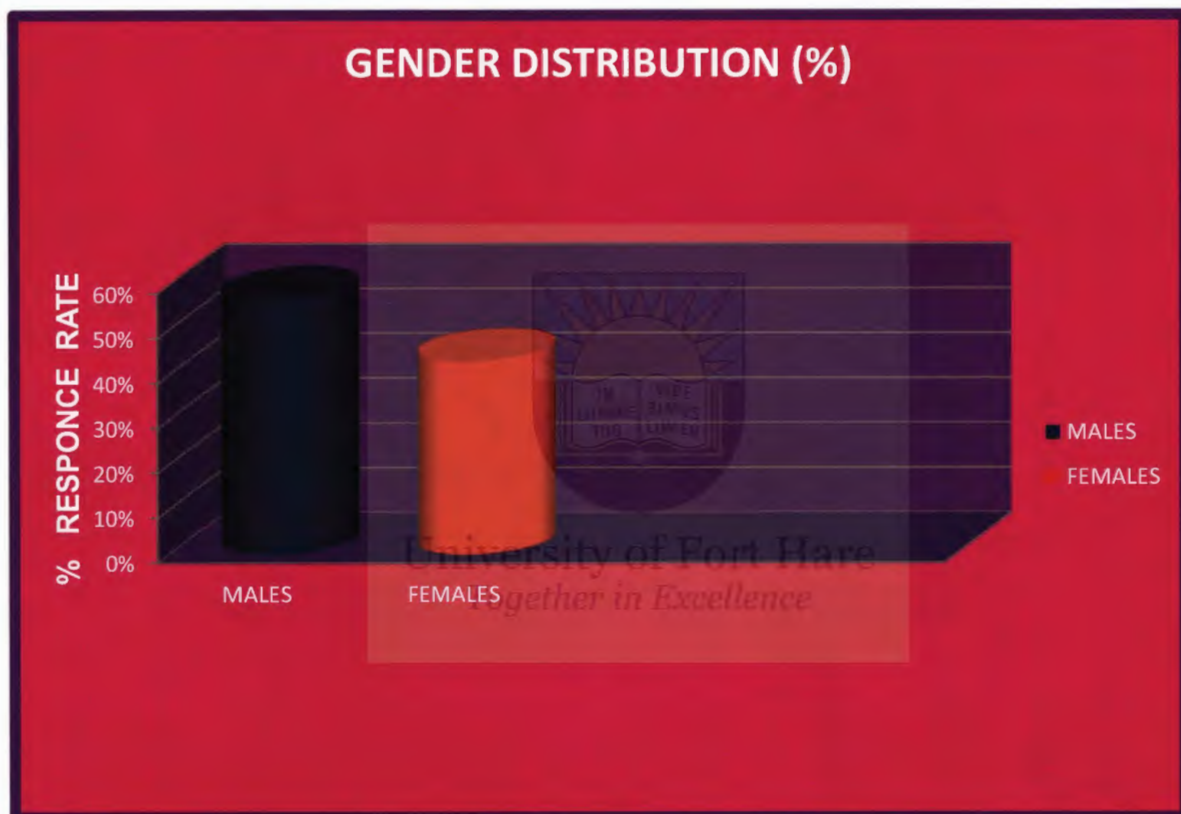
#### **4.3.1. Gender Distribution**

The respondents used by the researcher consisted of both male and female respondents. It is evident however that from the data collected within the respondents twelve (12) respondents were males and nine (9) respondents were females. This automatically translates to fifty-seven percent (57%) male respondents and forty-three percent (43%) female respondents. From this analysis it is evident that there is a relatively low participant rate among woman in the governance of financial administration in South Africa. When it comes to financial issues, the males often dominate especially since they are regarded as the “bread winners” in the family.

Due to this it is evident that the males take up the responsibility of paying for taxes and user charges in most households while the woman take up other dual responsibilities such as taking care of the household, the family and most importantly child bearing. In this regard, the highest number of respondents came from the males rather than the females among the Alice residents. In terms of the respondents at Nkonkobe local municipality, it is evident that the issue of gender equity has not yet been fully addressed especially at the finance department were the majority of the workers who

occupy the major positions in the municipality are males. The gender composition of the respondents is represented graphically as shown below in figure 4.1.

**Figure 4.1: Gender distribution**

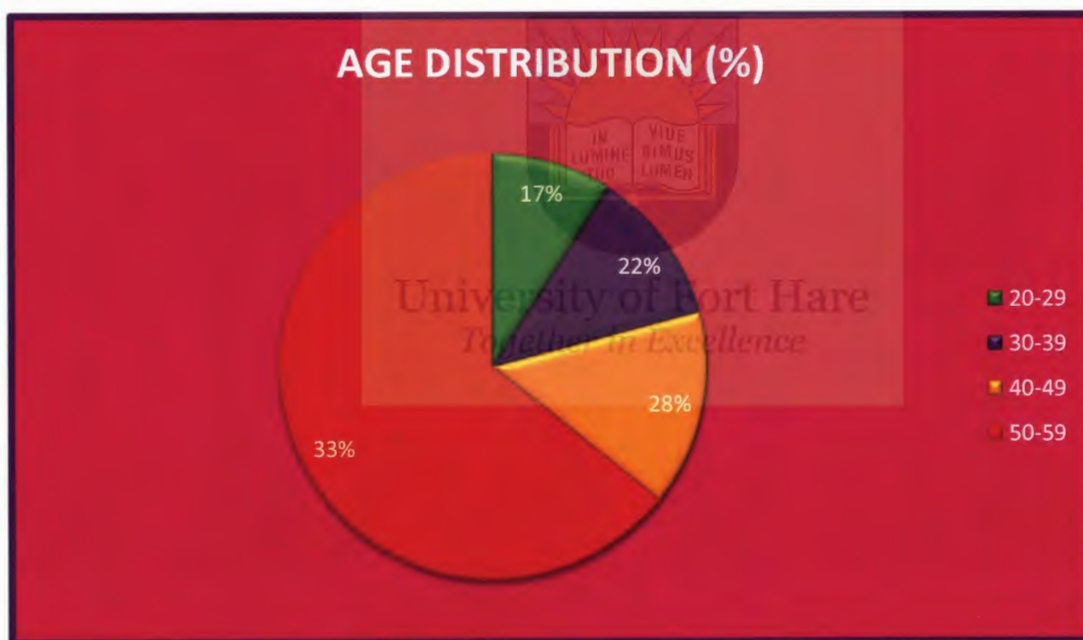


#### 4.3.2. Age Distribution

From the research findings, it is evident that the age groups of the respondents' clearly reveal the fact that most of the respondents were all mature individuals and mostly elderly people. This is because since the majority of the residences who reside in Alice consist of elderly people who have little or no knowledge of the participatory budgeting process since the majority of them are financially illiterate. From the data collected it was evident that the highest age range was 50-59. Thirty-three percent (33%) had ages which ranged from 50-59; Twenty-eight percent (28%) of the respondents had ages that ranged from 40-49; while twenty two percent (22%) of the respondents had ages ranging from 30-39. From the respondents only seventeen percent (17%) of the

respondents' ages ranged from 20-29. This clearly shows that the respondents with the age group ranging from between 50-59 are the elderly people who have lost interest in participating in the IDP budget review meetings due to the fact that they do not understand the budget process since they are financially illiterate. As a result these residences are left to endure the poor service delivery being offered by the municipality. The age distribution of these respondents is graphically represented below on figure 4.2.

**Figure 4.2: Age Distribution**

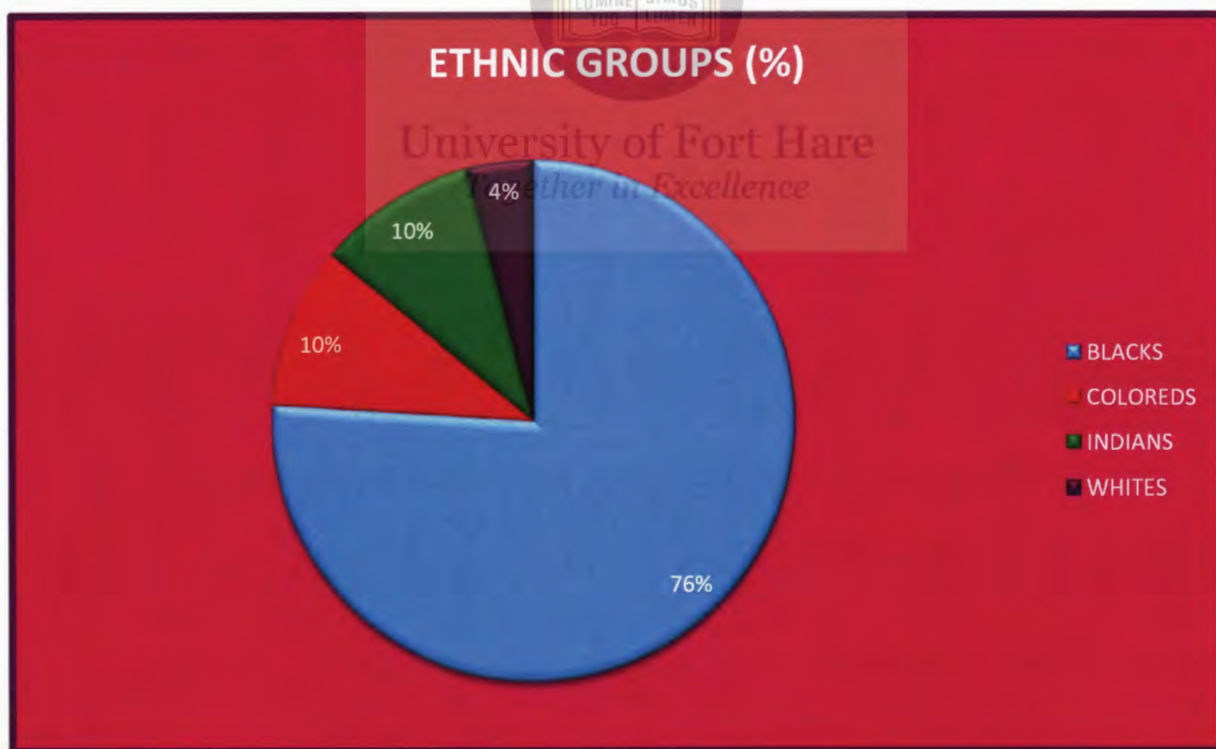


#### 4.3.3. Ethnic Groups

In this research endeavor, the respondents used composed of four ethnic groups which included Blacks, Indians, Colored's (mixed race) and Whites. The respondents from the black racial group were sixteen (16). This translates to seventy-six percent (76%) of the respondents being black people. One (1) of the respondents was of the white ethnic origin, representing four percent (4%) of the respondents while two (2) respondents were of the colored ethnic origin thereby comprising ten percent (10%) of the respondents. Only two (2) of the respondents was of Indian ethnic origin, thereby

representing ten percent (10%) of the respondents. This analysis clearly reflects the fact that due to the rural nature of the town of Alice, most of the residence that resides in Alice consists of the Black racial group. This is mainly due to the fact that the apartheid government provided for the establishment of limited local government to non-white communities. The pre-1994 racially based municipalities have left spatially segregated patterns of human settlements as revealed by the fact that the majority of the Blacks reside in Alice while the white people mainly reside in Fort Beaufort. It is worth noting however, that although the majority of the respondents come from the black racial group mixed racial groups were used in this study as well. The ethnic groups of the respondents can be graphically represented as shown in figure 4.3 below.

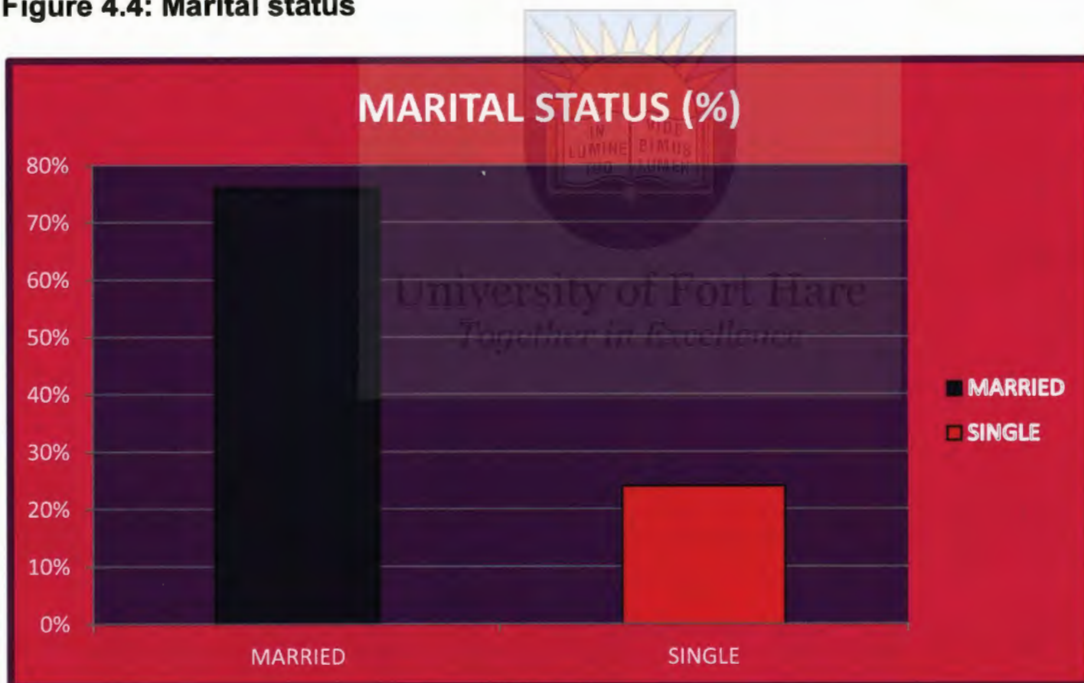
**Figure 4.3: Ethnic groups**



#### 4.3.4. Marital Status

Sixteen (16) of the twenty-one (21) respondents stated that they were married. This goes on to translate to a total of seventy-six percent (76%) of the respondents being married and twenty-four percent (24%) of the respondents being single. This highlights the fact that the poor services provided by the Nkonkobe local municipality to the residents have a major impact especially to the people who are married and have families; children and grandchildren to cater for. The marital status of the respondents can be graphically represented as shown in figure 4.4 below:

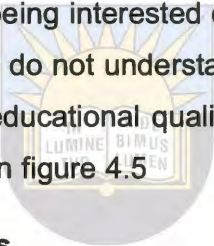
Figure 4.4: Marital status



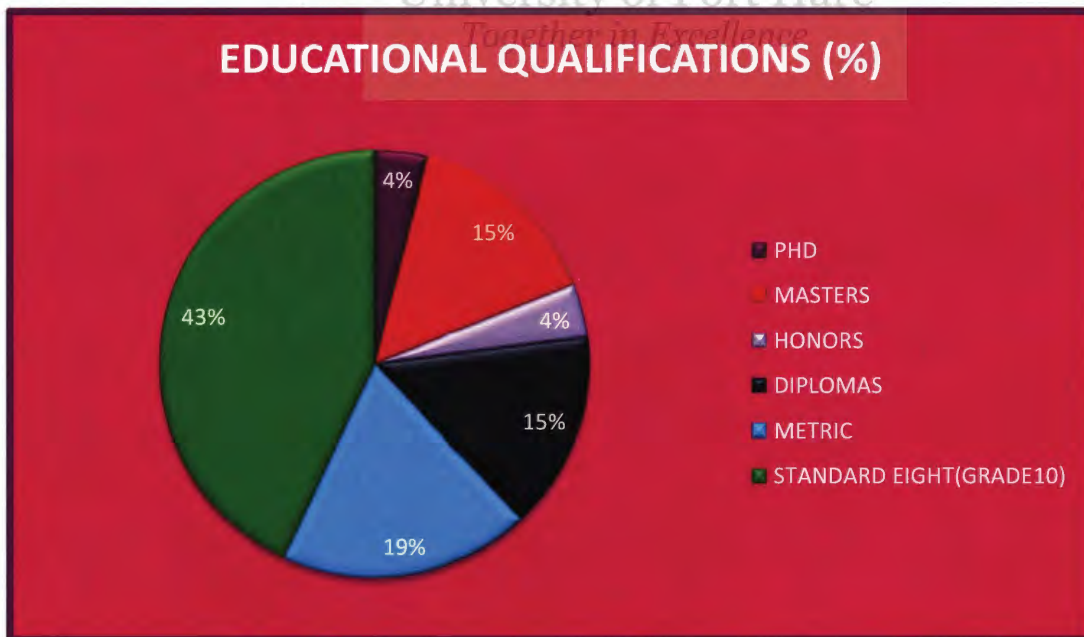
#### 4.3.5. Educational Qualifications

The educational levels of the respondents ranged from a doctorate (PhD) degree to standard 8 or grade 10. Of the respondents one (1) had a doctorate (PHD) degree, three (3) had masters degrees, one (1) had an honors degree, three (3) had diplomas four (4) had matric certificates whilst Nine (9) had standard 8 or grade 10. This thereby means that four percent (4%) of the respondents had doctorates (PhD) degrees, fifteen percent (15%) had masters' degrees, four percent (4%) had Honors degrees, fifteen

percent (15%) had diplomas, nineteen percent (19%) had metric certificates and forty three percent (43%) had standard 8 or grade 10. The above statistics obtained from the respondents evidently show that except for the Nkonkobe local municipality employees, the majority of the Alice residents are not fully educated. This means that there exist a close relationship between educational qualifications and the degree of citizen participation in the budget process. Residents who had obtained at least a tertiary education qualification were the ones who showed interest in participating in the IDP budget meetings. Due to this situation at hand, this means that most of the Alice residence might also be financially illiterate and the impending result of such a situation is the possibility of the residence not being interested or motivated to participate in the IDP budget review meetings since they do not understand the budget process or public finance management in general. The educational qualifications of the respondents are graphically presented as shown below in figure 4.5



**Figure 4.5: Educational Qualifications**



#### 4.4. QUALITATIVE DATA ANALYSIS

According to Denzin & Lincoln (2000:2), in its broad sense, qualitative data analysis refers to research that elicits participant accounts of meaning, experiences or perceptions as it produces data in written or spoken words. It can however be argued that qualitative research is concerned with understanding rather than explanation, naturalistic observation rather than controlled measurement, and the subjective exploration of reality from the perspective of the insider as opposed to the outsider's perspective that is predominant in quantitative research. In this regard, this section of the analysis clearly outlines the views of the municipal manager, the Chief financial Officer, employees within the financial services department, the local economic development officer and the Alice residents. These selected respondents within the finance department at Nkonkobe local municipality as well as the Alice residents all had the same set of questions and their responses' were categorized into themes.

From the information gathered, it is evident that some respondents could clearly differentiate participatory budgeting from the usual national budgeting as they vividly acknowledged that participatory budgeting in the South African local sphere has always been a long awaited management practice that will help to encourage participation and improve accountability and transparency, especially within the arena of local government finance and administration. The respondents also highlighted that participatory budgeting is essential since it opens up the framework of sovereignty of the public at large over the financing of government activities since the public will obtain an insight over how their money will be spent, hence the fundamental premise of this, is that, all public institutions financed from public funds will be held responsible and have to account in public for the expenditure of public funds.

In a context where resources and capacity are limited, the question remains as to which services to prioritize, in other words, which services are regarded as basic services. The *Financial and Fiscal Commission* (FFC) regards all the local government functions spelt out in schedule 4B as a core bundle of basic municipal services. The *White Paper on Local Government* (1998) also offers no clarity and refers to basic services as those

services that enhance the quality of life of citizens, increase their social and economic opportunities by promoting health and safety, facilitating access (to work, to education, to recreation) and stimulating productivity activities (section 92 of the Reconstruction and Development Programme, 1994). The introduction of the *Reconstruction and Development Programme* (RDP) as South Africa's socio-economic policy framework was introduced in 1994 by the ANC and its Alliances partners (comprising of the Congress of South African Trade Unions and the South African Communist party) was to alleviate poverty and address the massive backlogs in social service delivery. Hence meeting basic needs was identified as one of the key objectives of the RDP (Okubena 2011:283). However, it is quite evident that the goal of meeting effective service delivery can never be reached without the participation of the public in the distribution and allocation of resources. Public participation is fundamental in making sure effective development takes place within a community. From the information gathered from the Alice respondents, it is evident that the Nkonkobe local municipality is experiencing service delivery backlogs and although this can be attributed to other factors such as lack of adequate funding, limited citizen participation has also been a major contributory factor.

The information obtained from the respondents automatically cemented the relationship between the research questions of the study and the data collected due to the fact that the data obtained from the respondents created a vital link to the research questions as indicated below:

**4.4.1. Research Question 1:-** The extent to which participatory budgeting strategies lead to effective service delivery.

From the data collected from the respondents at Nkonkobe local municipality, it was evident that participatory budgeting strategies such as the implementation of effective citizen schools, are likely to create opportunities for the public to engage more in local government issues since they would have acquired all the knowledge in public finance management as well as how the budget process operates. This is because from the data obtained, some of the respondents were not even aware of the principle of

participatory budgeting despite the fact that the budget review meetings are publicized and the budget is made open to the public. This is because most of the Alice residences do not have the adequate knowledge pertaining to public finance management as some of them go to the extent of assuming that the whole budgeting process is done by the government and government officials.

Due to these general assumptions, as well as the high levels of financial illiteracy amongst the Alice residents, some of the respondents expressed concern that Nkonkobe local municipality has to implement effective citizen schools that will enhance the citizens knowledge about participatory budgeting since this will further facilitate the increased participation by the people while improving the quality of service delivery. This is mainly because failure to do so often automatically derails any efforts pertaining to the success of the participatory budgeting process and this appears to be the focal challenge being faced with the Nkonkobe local municipality hence, participatory budgeting should be a constitutional matter not only practiced and implemented on theory alone through the various legislation but should be practiced within the communities. Shah (2007:56) also echoes the same sentiments highlighting that participatory budgeting enables the people to participate in the formulation and implementation of specific projects; hence as the citizens become more aware of the principle of participatory budgeting, they also will become responsible for the monitoring and evaluation of specific projects.

#### **4.4.2. Research Question 2:- Challenges in implementing participatory budgeting.**

The Nkonkobe local municipality respondents revealed that it is difficult to implement effective participatory budgeting because it is difficult to reach a consensus with the public since most of the residence will be interested in discussing issues pertaining to the reduction of taxes and not developmental projects pertaining to their community. Some of the respondents went further and expressed criticisms of the participatory budgeting process as they argued that participatory budgeting often results in lengthy arguments since a lot of time is wasted dwelling on the same topic and this automatically results in delays and wastage of time. According to Shah (2007:60) such a situation becomes prevalent due to the fact that it is often difficult to reach a

consensuses with the public, especially where financial issues are concerned. It is also quite evident from the information gathered that the Nkonkobe local municipality faces great challenges in their efforts to ensure effective participatory budgeting takes place due to multi-ethnicity and diversity of languages. This is because most of the Alice residents are elderly people who mainly understand their own language as a medium of communication. This then appears to be a major problem for the municipality since they have to constantly find a means of interpreting the information about the budget process in such a manner that at the end of the day everyone is able to understand. According to Mamvuma & Matovhu (2007: 90) this has serious cost implications in translating information into ethnic languages using oral and visual means of communication.

#### **4.4.3. Research Question 3:- Measures in place to encourage participatory budgeting.**

The respondents expressed great concern regarding the fact that the Nkonkobe local municipality has not put in place measures to encourage participatory budgeting. They argued that in order for the people to get motivated to participate in the participatory budgeting process, the municipality has to at least start considering the views and suggestions from the people in the formulation of the budget as well as start implementing effective citizen schools for the benefit of the financially illiterate.

#### **4.4.4. Research Question 4:- Perceptions and opinions of the residents regarding participatory budgeting.**

According to the Alice residents, participatory budgeting is a process that can be viewed as the most innovative and effective way of avoiding corruption and mishandling of public funds since clarity is given with regards to the setting up of tariffs as well as the allocation of funds. There were however, other residents who expressed skepticism with regards to the participatory budgeting process as they argued that the whole participatory budgeting process appears to be a waste of time and resources since the resident's views in the budget process are being ignored. The majority of the residents highlighted that they do not understand what will be taking place during the budget review meetings since they have no knowledge pertaining to the participatory budgeting process. They also highlighted that attending the IDP budget review meetings still

remains a problem due to several reasons that plague the aspect of participation for instance time, general apathy, as well as the financial cost of attending meetings since some of the residents stay far away from the areas that the meetings will be conducted.

The residents went on further to highlight that the concept of participatory budgeting has the potential of improving service delivery provided the Nkonkobe local municipality takes into consideration the inputs from the citizens as well as creating avenues to educate the residents more about the principle of participatory budgeting.

The analysis above evidently reveals that participatory budgeting plays a fundamental role within the discipline of public administration, as it not only gives people a real say over their communities, but it also improves people's understanding of the complexities of a public budget setting and the choices that need to be made with finite resources. Participatory budgeting also leads to real improvements in the way local people and elected councilors and council officials work together. It is also worth highlighting that by empowering people and devolving decisions through participatory budgeting, services can be better tailored to local circumstances and residents are likely to be more satisfied with those services as a result [www.communities.gov.uk](http://www.communities.gov.uk)

#### **4.5. CONCLUSION**

From the foregoing assessment, it is evident that the chapter presented and analyzed the data that was collected from the management officials at Nkonkobe local municipality comprising of the municipal manager, the Chief financial Officer, the employees within the financial services department and the local economic development officer. The views from the Alice residents were also incorporated in the study. The study used both qualitative and quantitative data and the coding process enabled the data to be reduced into different themes. The data obtained by the researcher was presented through the use of graphs and it was interpreted through graphical analysis for the purposes of displaying numerical data. The ultimate purpose of graphical analysis was to present data in a way that was easy to understand and interpret.

The results obtained from the study revealed that participatory budgeting can be seen not only as a pathway for transparent and decentralized decision making, but also as a solution for improving service delivery at Nkonkobe local municipality provided the municipality puts the citizens views and suggestions into consideration during the budget formulation process, as well as creating effective citizen schools for the financially illiterate. The following chapter provides the study summary and concluding remarks for the study as well as recommendations that the Nkonkobe local municipality needs to consider in order to ensure effective participatory budgeting.



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## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATIONS

#### 5.1. INTRODUCTION

Participatory budgeting currently occupies centre stage in public financial management. This is mainly due to the fact that participatory budgeting is an innovative mechanism designed to incorporate the ultimate participation of the citizens in the decision making processes involving the distribution as well as the allocation of public resources. The principle of participatory budgeting ushers in a broader public forum in which crucial principles in Public financial management such as accountability and transparency are observed. The efficacy of participatory budgeting is to improve service delivery through opening up structures that will eliminate the spread of mal-administrative practices such as corruption whilst enhancing democratic participation by making the governments more responsive to the needs of the people.

The main objective of this chapter is to reveal the major causes of limited citizen participation in the municipal budget processes at Nkonkobe local municipality. It aims to determine whether the existing strategies being employed by the municipality to encourage citizen participation in public finance are effective enough to allow maximum participation by the citizens in the budget process. This chapter also reveals the conclusions and recommendations that are attributed to this study and makes recommendations based on the findings of the study. The significant shortcomings of the participatory budgeting strategies being employed by the Nkonkobe municipality as well as contradictions between policy and practice are highlighted. This concluding chapter evidently highlights the significant gap that exists between policy and practice and the impact such a prevailing situation has on the citizens. The seeds of participatory budgeting can lead to the fruits of efficient and effective service delivery provided the principle is practiced effectively both in theory and practice.

## 5.2. FINDINGS OF THE STUDY

The Nkonkobe local municipality practices participatory budgeting. However, the research findings tend to suggest that the main aspect that has crippled the municipality's endeavors' in improving service delivery is the fact that the municipality is giving a deaf ear to the views and suggestions of the citizens during the IDP budget forums since the municipality is failing to incorporate the residents' views during the formulation of the budget. This has in turn led to the manifestation of lack of interest by the citizens to participate in the budget review meetings. The research findings also revealed that the municipality is being ignorant of the fact that the majority of the Alice residents are financially illiterate and have little or no knowledge of the municipal budget process and due to this, participating in the municipal budget process appears irrelevant considering the fact that the citizens will not be understanding what will be taking place. The findings also revealed that distance was also a major reason that is being attributed to lack of citizen participation. This is mainly due to the fact that at times the meetings are held at areas that are far away and as a result the residents will not be able to participate.

An brief analysis of the study also showed that Chapter 1 provided a broad introduction to the study in terms of the background and rational of the study, problem statement, research questions and objectives, clarification of concepts as well as an outline of the chapters in the study. The objectives of the study were to examine and evaluate the extent to which Participatory Budgeting strategies employed by the Nkonkobe local municipality have led to effective service delivery, to determine the challenges being faced by the municipality in implementing participatory budgeting, to identify the main strategies and the methods for implementing Participatory Budgeting at the Nkonkobe local municipality, and to determine the residents' perceptions regarding the participatory budgeting strategies.

Chapter 2 provided in-depth information concerning participatory budgeting through the literature review on participatory budgeting so as to provide better and deeper understanding of the concept. Chapter two also provided an explanation of the

relationship between good governance and effective service delivery as well as the relationship between public finance management and public administration. The essence of participatory budgeting in local government as well as the stages in the participatory budgeting process was also discussed. The chapter also went further to provide an overview of the legislative framework surrounding participatory budgeting in South Africa as well as highlighting the types of participatory budgeting programmes.

Chapter 3 vividly outlined the research design and methodology of the study. The scope of the study consisting of the survey area, target population and sample used, all formed part of the chapter. The chapter also clarified the data analysis techniques used by the researcher as well as indicating the data collecting instruments used in the study.

Chapter 4 presented, interpreted and analyzed data gathered from the respondents. The quantitative and qualitative methods of analysis were used in the study and the coding procedure was used to reduce the data into different themes. Graphical analysis was also used for the ultimate purpose of displaying numerical data and the fundamental objective of graphical analysis was to present data in a way that was easy to understand and interpret. The results revealed that Nkonkobe local municipality needs to value and consider the citizens inputs during the decision making process at the IDP budget forums. The municipality also needs to employ effective strategies that will guarantee that the residents acquire the relevant knowledge pertaining to participatory budgeting as well as public finance management so as to ensure an increase in the number of citizen participation.

From this analysis, it is evident that after an investigation and examination of participatory budgeting at Nkonkobe local municipality, a number of conclusions and recommendations can be made.

### **5.3. RECOMMENDATIONS**

The participation of the community members in local government affairs is a defined right of every South African citizen and due to this, the creation of effective structures

that assist in facilitating the maximum participation of the citizens as well as the creation of effective dialogue between the citizens and the municipal officials is fundamental in order to ensure improved and efficient service delivery to the residence. According to Okubena (2011: 303), if people are encouraged to perform as important actors in local development, they feel responsible for the vision and directions of development set in local policy. A society's wellbeing depends on ensuring that all its members feel they have a stake in it, hence the relationship between local government and society can greatly enhance or obstruct local government development initiatives. Improving and encouraging the culture of public participation that will promote inclusive participation and actively incorporate public inputs on vital governance issues remains vital in this democratic era.

It should be stressed that public participation is a key tenet of democratic governance. Municipalities should engage and consult civil society more frequently in policy formulation and implementation and incorporate them in governance structures. In fact, the process to ensure community participation is a core principle of legislation. There is a wide consensus that 'local democracy entails participatory and inclusive decision-making processes in which the beneficiaries have a substantial say in determining local government developmental agendas. To achieve this, it is essential that community awareness of rights and obligations should be enhanced so that citizens can play an instrumental role in municipal affairs and in implementation of MDG-related activities in their localities. For local government to live up to its potential, it depends not only on availability of skilled personnel and financial resources but also on the role played by communities in the structures ([www.idasa.org.za](http://www.idasa.org.za)).

- In order to eliminate the potential threat of the re-birth of centralization in public finance management, it is imperative for the Nkonkobe municipality officials to promote transparency and uphold the tenants of the rule of law by taking into consideration the views and suggestions of the citizens during the formulation of the budget and not only initiating the IDP budget forums as a mere formality whilst at the end of the day the municipal officials have the final say. Limiting the discretionary decision making powers of the officials will not only restore the resident's confidence

in the municipality, but it will also motivate the residents to keep on participating in the IDP budget review meetings.

- Furthermore, there is need for the Nkonkobe local municipality to engage the Alice residents in public awareness programmes into the discipline of public finance. This will in turn give the residents the necessary insight into the principle of participatory budgeting as well as public finance since the results from the findings revealed that some of the residents were not familiar with the principle of participatory budgeting. This will also further enhance the level of citizen participation during the IDP budget forums. The municipality must also ensure that effective citizen schools are implemented. These will assist in educating the residents who might be aware of the principle of participatory budgeting but lack understanding of the process due to financial illiteracy. These citizen schools will also assist the elderly people who consist of the majority residing in Alice, to also become active players in the setting up of development initiatives involving their community through their participation in the decision making process involving public finance as well as in formulation of the budget.
- It is also evident that in order for participatory budgeting to be implemented effectively, there is need for more stakeholder involvement as well as the participation from the private sector and the Non-Governmental Organizations (NGO) in the participatory budgeting process. Such involvement will assist the municipality in building up effective structures that will accommodate the citizens in the budgeting process. Civic engagement will also assist the municipality officials in obtaining assistance pertaining to the implementation of effective participatory budgeting techniques that will in turn guarantee an improvement in the livelihood of citizens as well as in the quality of service delivery.

- In order for participatory budgeting to be successfully implemented, it is also very important that there should be flexible funds to cater for the improvement of service delivery. This can only be achieved through an increase in the financial resources allocated to local government by the national government. Lack of efficient funds has been a contributory factor that has facilitated the service delivery back logs as well as the poor service delivery by the Nkonkobe local municipality. Due to this, adequate funding is also essential in order to complete the successful implementation of the participatory budgeting exercise.
- From the information gathered, it is also evident that there is need for some of the Nkonkobe local municipality officials to receive training pertaining to public finance management since some of them possess little or no knowledge at all pertaining to financial issues yet these are the same people that are supposed to assist and help the residents in understanding the principle of participatory budgeting. Such a situation is a cause for concern that should be addressed by making sure the municipal officials also undertake training pertaining to public finance management.

Due to the prevailing situation in Alice, immediate action should be taken by the Nkonkobe local municipality official's in order to accommodate the citizens in the budgeting process so as to ensure improved service delivery while restoring the confidence and interest of the residents to participate in the IDP budget forums.

#### **5.4. CONCLUSION**

The problem of limited citizen participation in public finance is increasingly becoming a global issue that is not being felt in South Africa only but is extending to other borders as well. Such a prevailing situation has raised a lot of eye brows putting into consideration the escalating rate of financial fraud and corruption especially in many African countries, hence African countries must develop efficient and effective strategies that will be formulated and implemented in theory and practice so as to ensure the maximum participation of the citizens in the public finance issues.

This thesis has revealed that the South African local sphere has not yet fully embraced the principle of participatory budgeting. Although the South African legislative system upholds and supports participatory budgeting, there are a number of underlying factors which clearly distinguish policy from practice. This is mainly because in most municipalities in South Africa, there ceases to exist an appropriate relationship based on cooperative governance between the citizens and the municipal officials. This is evidenced by the prevailing situation at Nkonkobe local municipality whereby attending the IDP budget review meetings has become a mere waste of time for the Alice residents due to the fact that more often than not their views are hardly taken into consideration and they continue receiving poor service delivery despite their participation. Most of the residents are also financially illiterate and the impending result of this is that although the budget is reviewed and publicized to the people, there is limited citizen participation. It is crystal clear that such situations are the sparks that set alight the rise of service delivery protests and strikes.

This study however concludes that in order for municipalities to ensure effective service delivery to their citizens, the participation of the citizens in the budgeting processes is a crucial ingredient that should not only be supported by literature and legal documents but should actually be implemented effectively on paper as much as in practice. This study has achieved what it set out to do as highlighted in chapter one. It also served as an effort to further expand the existing body of knowledge and literature relating to participatory budgeting in South Africa.

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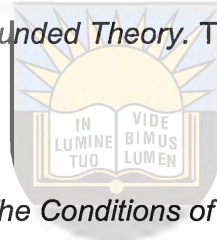
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# APPENDIX A: LETTER OF REQUISITION.



University of East Angles  
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**DEPARTMENT OF PUBLIC ADMINISTRATION  
SCHOOL OF PUBLIC ADMINISTRATION AND  
DEVELOPMENT, FACULTY OF MANAGEMENT &  
COMMERCE BISHO CAMPUS  
PO BOX 1153, KING WILLIAMS TOWN 5600  
SOUTH AFRICA**



**TEL: (040) 602 2533**

The Municipal Manager

Nkonkobe Local Municipality

8 Somerset Street

Fort Beaufort

5720

28 August 2012

Dear Sir/Madam



This serves to confirm that Ms **MUSWAKA PHYLLIS** is a registered student for the Degree of Masters in Administration (Public Administration). As part of the requirements for this degree programme, the student is expected to conduct a research and this research is solely meant for academic purposes only.

We humbly request you to allow the student to conduct the research in your institution and to interact with relevant selected office-bearers and officials. We have instructed the student to observe professionalism and ethical considerations by maintaining anonymity of the participants concerned. The student has also been instructed to maintain strict confidentiality in her interactions with respondents. Once the research is complete, it can be availed to your institution on request. We hope that the findings of the research will benefit your institution as a whole as well as your stakeholders.

Your support in this research endeavour is greatly appreciated. We thank you in advance.

Regards

Prof. D.R Thakhathi

0795165999

University of Fort Hare  
Department of Public Administration  
P.Bag X1314, Alice 5700



The Municipal Manager  
Nkonkobe Local Municipality  
8 Somerset Street  
Fort Beaufort  
5720  
28 August 2012



Dear Sir/Madam

**RE: REQUEST TO CONDUCT ACADEMIC RESEARCH**

My name is Phyllis Muswaka. I am currently studying towards the attainment of a Masters degree in Administration (Public Administration) in the Department of Public Administration at the University of Fort Hare. As part of the requirements for this degree, I am undertaking a research study on, **“Participatory budgeting as a Catalyst for Effective Service Delivery: A case Study of Nkonkobe Local Municipality”**.

I kindly request for permission to conduct this research study at your municipality. In conducting this study, I have an obligation to adhere to strict ethical principles governing research conduct at the University. To this end, the municipality and the respondents to this study are assured that their privacy, anonymity and confidentiality will be strictly observed and guaranteed.

Your co-operation to this academic endeavor will be greatly appreciated.

Yours faithfully

Phyllis Muswaka



## **APPENDIX B: ACCEPTANCE LETTER.**

University of Port Harcourt  
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**U Masipala Wase Nkonkobe**

**Municipality of Nkonkobe**

8 Somerset Street  
FORT BEAUFORT  
5720  
Eastern Cape – RSA



P.O. Box 36  
FORT BEAUFORT 5720  
Tel: (046) 645-7400  
Fax: (046) 654-1619

OFFICE OF THE MUNICIPAL MANAGER

30 August 2012

**University of Fort Hare**  
**Department of Public Administrator**  
**P. Bag X 1314**  
**Alice**  
**5700**




**Dear Ms Muswaka**

**Re: Permission to conduct Academic Research**

Nkonkobe Municipality acknowledged your correspondence received on the 29<sup>th</sup> of August 2012 requesting a permission to conduct academic research as part of the requirement for your degree. The permission is therefore granted.

We indeed wish you the best on your career.

Regards

  
.....  
K.C. Maneli  
Municipal Manager



## **APPENDIX C: RESEARCH QUESTIONNAIRES**

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**QUESTIONNAIRES 1, 2, 3, and 4** were distributed to the Nkonkobe Local municipality employees whilst questionnaire 5 was distributed among the Alice residents.



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*Together in Excellence*

**FACULTY OF MANAGEMENT AND COMMERCE**

**SCHOOL OF PUBLIC MANAGEMENT AND DEVELOPMENT**

**DEPARTMENT OF PUBLIC ADMINISTRATION**

My name is Phyllis Muswaka. I am currently studying towards the attainment of a Masters degree in Administration (Public Administration) in the Department of Public Administration at the University of Fort Hare. As part of the requirements for this degree, I am undertaking a research study on, "**Participatory budgeting as a Catalyst for Effective Service Delivery: A case Study of Nkonkobe Local Municipality**".

I kindly request your cooperation in completing this questionnaire. Your contribution to this academic endeavor will be greatly appreciated as it will assist the researcher in reaching the objectives of this research study.

Please be fully assured that, the information collected through this questionnaire will **ONLY** be used for the purposes of this study. Your privacy, anonymity and confidentiality will be strictly observed, guaranteed and protected, as you are not expected to reveal your names or any personal information that may identify you as a respondent in this study.

Please answer all questions as clearly and honestly as you can.

# QUESTIONNAIRE, 1:

## SECTION A:

### 1. BIOGRAPHICAL DATA

Please tick with the letter **X** in the appropriate box

#### 1.1. Gender

Male		Female	
------	--	--------	--

#### 1.2. Age

21-29		30-39		40-49		50-59		60+
-------	--	-------	--	-------	--	-------	--	-----

#### 1.3. To which ethnic origin group do you most closely belong?

Black African		White		Coloured		Indian		Prefer not to say	
---------------	--	-------	--	----------	--	--------	--	-------------------	--

#### 1.4. Marital status

Single		Married		Divorced		Widow	
--------	--	---------	--	----------	--	-------	--

#### 1.5. Highest qualifications obtained

Matric		Diploma		Junior degree		Honours		Masters		PhD
--------	--	---------	--	---------------	--	---------	--	---------	--	-----

#### 1.6. Position

(Please specify your role in the formulation of the local budget)

.....

**1. NUMBER OF DIRECTORATES**

1.1 How many Financial Directorates does Nkonkobe municipality have?

**2. PARTICIPATORY BUDGETING PROCESS.**

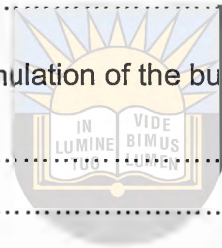
2.1. Who facilitates the formulation of the budget?

.....

.....

.....

2.2. Who are the key actors in the formulation of the budget?



.....

.....

.....

.....

.....

2.3. What are the techniques used for initiating the participatory budgeting process?

.....

.....

.....

2.4. What is the role of the municipality in the participatory budgeting process?

.....

.....

.....

**3. PARTICIPATORY BUDGETING AT NKONKOBÉ LOCAL MUNICIPALITY**

3.1 Does Nkonkobe municipality practice participatory budgeting?

Yes		No	
-----	--	----	--

3.1.1. If yes, please explain

.....

.....

.....

.....

.....

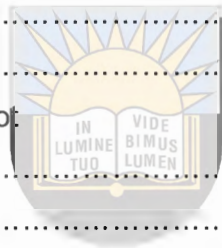
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3.1.2. If no, please give reasons why not

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3.2. What are the regulatory mechanisms enforced by the Nkonkobe local municipality to institutionalize participatory budgeting?

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3.3. Do you think the methods applied at Nkonkobe local municipality to encourage participatory budgeting are effective?

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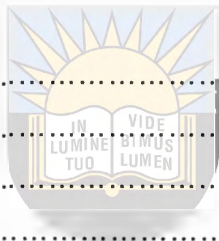
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**4. CHALLENGES FACED IN ENCOURAGING PARTICIPATORY BUDGETING**

4.1. What are the challenges faced by Nkonkobe local municipality in encouraging participatory budgeting?



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4.2. To what extent have these challenges affected the rendering of services to the community?

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Once more, I thank you for your co-operation!



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**FACULTY OF MANAGEMENT AND COMMERCE**

**SCHOOL OF PUBLIC MANAGEMENT AND DEVELOPMENT**

**DEPARTMENT OF PUBLIC ADMINISTRATION**

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Please answer all questions as clearly and honestly as you can.

## QUESTIONNAIRE, 2:

### SECTION A:

#### 1. BIOGRAPHICAL DATA

Please tick with the letter **X** in the appropriate box

##### 1.1. Gender

Male		Female	
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##### 1.2. Age

21-29		30-39		40-49		50-59		60+
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##### 1.3. To which ethnic origin group do you most closely belong?

Black African		White		Coloured		Indian		Prefer not to say	
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##### 1.4. Marital status

Single		Married		Divorced		Widow	
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##### 1.5. Highest qualifications obtained

Matric		Diploma		Junior degree		Honours		Masters		PhD
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##### 1.6. Position

(Please specify your job title)

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2.3. Do you regard participatory budgeting as an appropriate measure to enhance effective service delivery?

2.3. 1. If yes, please explain

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2.3. 2. If no, please explain

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2.4. How has the municipality incorporated the citizens in the budget formulation process?

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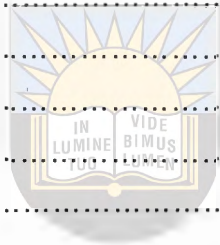
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2.4. In your own assessment, has the involvement of the citizens been beneficial to the municipality? **(Please motivate your answer)**

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2.5. Do you think participatory budgeting will be beneficial to the community at large? **(Please, give reasons for your answer)**

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**3. SERVICE DELIVERY INCAPACITIES**

3.1. In your opinion are there any instances of service delivery incapacities at the Nkonkobe municipality? **(Please motivate your answer)**

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3.2. Do you regard citizen participation as an appropriate measure to correct these incapacities if any? **(Please kindly, Explain your Answer)**

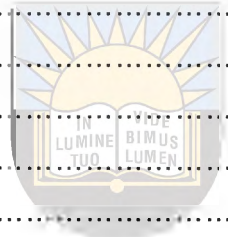
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**4. CHALLENGES FACED AS A RESULT OF PARTICIPATORY BUDGETING**

4.2. What are the challenges faced by Nkonkobe local municipality as a result of the participatory budgeting process?

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4.3. To what extent have these challenges affected the rendering of services to the community?

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4.4. How can these challenges be minimized



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**5. GENERAL COMMENT**

5.1. Any other comment you would like to make regarding participatory budgeting at Nkonkobe municipality?

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Once more, I thank you for your co-operation!

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**FACULTY OF MANAGEMENT AND COMMERCE**

**SCHOOL OF PUBLIC MANAGEMENT AND DEVELOPMENT**

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Please answer all questions as clearly and honestly as you can.

### QUESTIONNAIRE, 3:

#### SECTION A:

#### 1. BIOGRAPHICAL DATA

Please tick with the letter X in the appropriate box

##### 1.1. Gender

Male		Female	
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##### 1.2. Age

21-29		30-39		40-49		50-59		60+
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##### 1.3. To which ethnic origin group do you most closely belong?

Black African		White		Coloured		Indian		Prefer not to say	
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##### 1.4. Marital status

Single		Married		Divorced		Widow	
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##### 1.5. Highest qualifications obtained

Matric		Diploma		Junior degree		Honours		Masters		PhD
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##### 1.6. Position

(Please specify your role in the formulation of the local budget)

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**1. NUMBER OF DIRECTORATES**

1.1 How many Financial Directorates does Nkonkobe municipality have?

**2. PARTICIPATORY BUGDETING PROCESS.**

2.1. Are the residents incorporated in the municipal budget formulation process and are they familiar with the principle of participatory budgeting?

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2.2. Who is responsible for the auditing of the financial reports at Nkonkobe municipality?

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2.3. What are the techniques used for initiating the participatory budgeting process?

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2.4. What is the role of the municipality in the participatory budgeting process?

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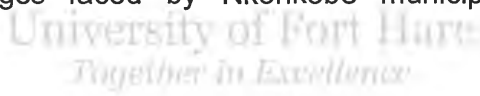
3.3. Do you think the methods applied at Nkonkobe municipality to encourage participatory budgeting are effective?

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#### **4. CHALLENGES FACED IN ENCOURAGING PARTICIPATORY BUDGETING**

4.1. What are the challenges faced by Nkonkobe municipality in encouraging participatory budgeting?



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4.2. To what extent have these challenges affected the rendering of services to the community?

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4.3. How can these challenges be minimized?

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4.4. Are local citizens able to benefit from the participatory budgeting initiative?

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**5. GENERAL COMMENT.**

5.1. Any other comment you would like to make regarding participatory budgeting at Nkonkobe municipality?

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Once more, I thank you for your co-operation!



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**FACULTY OF MANAGEMENT AND COMMERCE**

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Please answer all questions as clearly and honestly as you can.

**QUESTIONNAIRE, 4:**

**SECTION A:**

**1. NUMBER OF DIRECTORATES**

1.1 How many Financial Directorates does Nkonkobe municipality have?

**2. PARTICIPATORY BUDGETING PROCESS.**

2.1. In your own opinion as an employee, do you think the citizens are aware of the process of participatory budgeting?



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2.2. Who are the key actors in the formulation of the budget?

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2.3. How does the implementation of participatory budgeting assist the municipality in encouraging local economic development?

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2.4. What is the role of participatory budgeting in local economic development?

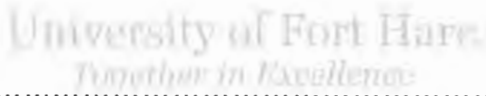
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**3. PARTICIPATORY BUDGETING AT NKONKOBÉ LOCAL MUNICIPALITY**

3.1 Does Nkonkobe municipality practice participatory budgeting?

Yes		No	
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3.1.1. If yes, please explain



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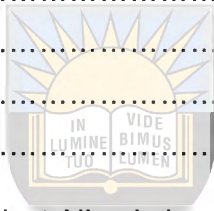
3.1.2. If no, please give reasons why not

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3.2. What are the regulatory mechanisms enforced by the Nkonkobe local municipality to institutionalize participatory budgeting?

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3.3. Do you think the methods applied at Nkonkobe local municipality to encourage participatory budgeting are effective? **(Please motivate your answer)**

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3.4. What participatory budgeting initiatives have been implemented by the municipality and how effective are they at encouraging local economic development?

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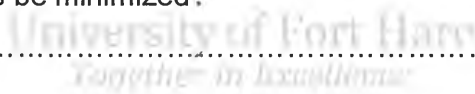
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4.2. To what extent have these challenges affected the rendering of services to the community?

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4.3. How can these challenges be minimized?



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4.4. Are local citizens able to benefit from the participatory budgeting initiative?

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Please answer all questions as clearly and honestly as you can.

## QUESTIONNAIRE, 5:

### SECTION A

#### 1. BIOGRAPHICAL DATA

Please tick with the letter **X** in the appropriate box

##### 1.1. Gender

Male		Female	
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##### 1.2. Age

21-29		30-39		40-49		50-59		60+
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##### 1.3. To which ethnic origin group do you most closely belong?

Black African		White		Coloured		Indian		Prefer not to say	
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##### 1.4. Marital status

Single		Married		Divorced		Widow	
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##### 1.5. Highest qualifications obtained

Matric		Diploma		Junior degree		Honours		Masters		PhD
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**SECTION B**

**THE PROVISION OF SERVICES TO THE CITIZENS**

**1. Are you satisfied with the services rendered by the Nkonkobe local municipality?**

Yes		No
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**(Please motivate your answer )**

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**2. In your opinion are the residents fully incorporated in the budget formulation process and are they familiar with the principle of participatory budgeting?**

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**3. In your own opinion what should be done to improve the services offered by Nkonkobe local municipality?**

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**4. To what extent has participatory budgeting contributed to effective service delivery?**

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5. Do you think the participatory budgeting strategies currently being practiced by Nkonkobe local municipality are effective? (Please motivate your answer)

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6. In your own opinion what measures should be put in place by the Nkonkobe local municipality to encourage participatory budgeting within the citizens?

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**7. GENERAL COMMENT**

7.1. Any other comment you would like to make regarding services rendered to you as citizens.

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Once more, I thank you for your co-operation