IMPEDIMENTS TO MEANINGFUL AND EFFECTIVE PUBLIC PARTICIPATION IN LOCAL GOVERNMENT BUDGETING IN THE WESTERN CAPE

Tembela Wilberforce Nabe

Dissertation presented for the degree Doctor of Philosophy in
Public Management in the Faculty Economic Management Sciences
at Stellenbosch University

Promotor

Prof Gavin Woods

March 2016

DECLARATION

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ABSTRACT

Challenges facing the municipalities in the Western Cape have been identified as multifaceted impetuses that require a comprehensive action plan. Government at national, provincial and local sphere in South Africa, with the help of academics, is experimenting with and evolving its approaches for imposing development plans and revitalising municipalities. A major challenge facing South Africa at local government sphere is the need to ensure that the formal processes of representative democracy become meaningful for ordinary citizens, and particularly the poor. Creating this opportunity for local residents to be part of planning and decision-making has not yet become the norm for municipalities in the Western Cape. This in turn decreases the level of participation in decision-making.

Citizen input is generally viewed as a way to reduce the level of citizen distrust in government and to educate people about government activities. For example, citizens in cities with greater levels of participation have been found to be less cynical about local government. This study is based on the assumption that municipalities in the Western Cape, like other municipalities in South Africa, are confronted with numerous challenges when implementing the constitutional developmental mandate conferred on them by the Constitution of the Republic of South Africa, 1996. It is vital that local government understands and contextualises these challenges, so that appropriate interventions are developed.

This study was conducted in order to identify the problems that impede meaningful and effective public participation in decision-making, with a focus on the local government budgeting process. The study found that there are problems that impede meaningful and effective public participation in the budgetary processes. While provision is made for the creation of ward committees, the reality is that there are existing structures in the form of development committees or forums, established for a particular purpose or geographic area, that are being used to this end. This results in tension between the proposed structure and scope of committees, as well as around issues of adequate representation and accountability. In addition, in many

instances municipalities have not formalised these structures to avoid having to make budgetary provisions for their operation and they are as a result under-resourced. IDP forums established to drive the IDP formulation and review processes are only open to recognised structures, and no other community groups or individuals. In the main, these are drawn from ward committee structures, with their inherent problems of legitimacy, accountability and representation.

The capacity of councillors and officials is sometimes a further impediment to public participation. Many are dedicated community development activists facing complex and intimidating processes. The role played by skilled and experienced officials in manipulating processes often comes into question, compounded by issues of racism. The tension between elected and traditional local government role players and the inadequate use of traditional structures and mechanisms to disseminate information and involve communities in decision-making processes serves to weaken public participation in municipal processes.

Likewise, IDP steering committees comprise only officials and councillors, not representatives of community structures. Finally, consultants developed many municipal IDPs without adequately engaging affected communities. This does not comply with the White Paper on Local Government (1998) requirement that this process be community driven, and capacitate communities. Council legislative processes pose similar challenges to those of provincial and national government, in that they are not easily accessible to marginalised groups, not well publicised, the language is intimidating and time frames for input are tight. The accessibility and accountability of councillors continues to be an issue, even with ward councillors, with many communities still claiming not to know who their councillors are. Communities are typically not consulted or provided with feedback. The code of conduct for councillors is applied to actions to be taken by municipalities in relation to councillors' performance in council, rather than recourse available to aggrieved communities.

Solutions are recommended in this study to address challenges faced by the communities with respect to public participation in the budget process. There is a need for capacity-building by councillors, ward committee members and the community, particularly regarding the municipal budget process, the relation between the capital and operating budget, how income is generated, and how to influence resource allocation decision and taxation policies. Training on the issues identified above should be practical. There should be strong political will from the government who should be supported by an enabling legal framework. For participatory budgeting to be effective, public officials need to provide citizens with detailed and accessible information to help them better understand budgetary constraints and options. Experts should play an essential role as technical advisors, clarifying the range of possible and appropriate budget projects, and working with residents to design sound projects. Improvement in communication between councillors, ward committee members and the community would enhance the participation process. It is important to include the development of a communication strategy in any capacity-building programme.

During this study a multiple methods research approach was employed, one of these being the use of a framework of participatory budgeting, implemented in both Porto Alegre (Brazil) and Kerala (India), to analyse participatory budgeting in six municipalities in the Western Cape province in order to identify appropriate lessons for the South African context. Further to this, interviews and supplementary questionnaires were facilitated in Breede Valley, Overstrand, George, Langeberg, Stellenbosch, and Theewaterskloof to identify problems that impede meaningful and effective public participation in the formulation of budgets in those municipalities. In addition, municipal documents were used to review the existing situation within these municipalities.

OPSOMMING

Uitdagings wat munisipaliteite in die Wes-Kaap in die gesig staar, is geïdentifiseer as stukragte met vele fasette wat 'n omvattende plan van aksie vereis. Die regering in Suid-Afrika is op nasionale, provinsiale en plaaslike vlak besig om met die hulp van akademici met benaderings tot ontwikkelingsplanne vir die instelling van en die herstel van munisipaliteite te eksperimenteer en dit te verander. 'n Groot uitdaging vir Suid-Afrika op plaaslike regeringsvlak is die behoefte om te verseker dat die formele prosesse van verteenwoordigende demokrasie vir gewone burgers betekenisvol word, veral vir diegene wat arm is. Die skep van 'n geleentheid vir plaaslike inwoners om deel te neem aan beplanning en besluitneming het nog nie die norm in Wes-Kaapse munisipaliteite geword nie. Die vlak van deelname aan besluitneming word hierdeur verlaag.

Insette deur burgers word algemeen beskou as 'n manier om die vlak van burger wantroue in die regering te verlaag, en mense met betrekking tot die regering se bedrywighede te onderrig. Daar is byvoorbeeld gevind dat inwoners van stede waar daar groter vlakke van deelname is, minder sinies oor plaaslike regering is. Hierdie studie is gebaseer op die aanname dat munisipaliteite in die Wes-Kaap, soos ander munisipaliteite in Suid-Afrika, met talle uitdagings gekonfronteer word in die uitvoering van die grondwetlike ontwikkelingsmandaat wat aan hulle in die Grondwet van die Republiek van Suid-Afrika van 1996 toegeken is. Dit is noodsaaklik vir plaaslike regering om hierdie uitdagings te verstaan en te kontekstualiseer, sodat toepaslike intredes ontwikkel kan word.

Die studie is met die oog op die begrotingsproses in plaaslike regering onderneem om probleme wat betekenisvolle en doeltreffende openbare deelname aan besluitneming in die wiele ry, te identifiseer. Die studie het bevind dat daar wel probleme is wat betekenisvolle en doeltreffende openbare deelname in die begrotingsprosesse belemmer. Terwyl daar voorsiening gemaak word vir die skepping van wykskomitees, is daar in der waarheid reeds bestaande strukture in die vorm van die ontwikkelingskomitees of forums vir 'n spesifieke doel of geografiese gebied wat vir

hierdie doel gebruik word. Dit lei tot spanning tussen die voorgestelde struktuur en die bestek van komitees, sowel as rondom kwessies van voldoende verteenwoordiging en aanspreeklikheid. Daarbenewens het munisipaliteite in baie gevalle nie hierdie strukture geformaliseer nie, om te verhoed dat daar vir die werking daarvan in die begroting voorsiening gemaak moet word. Sodanige strukture is gevolglik sonder die nodige hulpbronne. Forums vir die Geïntegreerde Ontwikkelingsplan (GOP) wat gestig is om die GOP-formulering en hersieningsprosesse te stuur, betrek slegs erkende strukture, en nie ander groepe of individue in die gemeenskap nie. Hierdie forums kom hoofsaaklik uit wykskomiteestrukture met hul inherente probleme van legitimiteit, aanspreeklikheid en verteenwoordiging.

Die bevoegdheid van raadslede en amptenare verteenwoordig soms 'n verdere struikelblok tot openbare deelname. Baie van hulle is toegewyde onwikkelingsaktiviste wat voor ingewikkelde en intimiderende prosesse te staan kom. Die rol wat deur bekwame en ervare amptenare in die manipulering van prosesse gespeel word, word dikwels bevraagteken en deur kwessies rondom rassisme vererger. Die spanning tussen verkose en tradisionele rolspelers in plaaslike regering en die ontoereikende gebruik van tradisionele strukture en meganismes om inligting te versprei en gemeenskappe by besluitnemingsprosesse te betrek, lei ook daartoe dat openbare deelname in munisipale prosesse verswak.

GOP reëlingskomitees bestaan eweneens slegs uit amptenare en raadslede, nie uit verteenwoordigers van gemeenskapstrukture nie. Ten slotte is baie munisipale gemeenskapsontwikkelingsplanne deur konsultante ontwikkel sonder om geaffekteerde gemeenskappe voldoende te betrek. Dit voldoen nie aan die vereistes van die Witskrif op Plaaslike Regering nie, waarvolgens hierdie proses deur die gemeenskap gestuur moet word en gemeenskappe moet bemagtig. Wetgewende prosesse van die Raad hou soortgelyke uitdagings in as dié van die provinsiale en nasionale regering, in die sin dat hulle nie maklik vir gemarginaliseerde groepe toeganklik is nie, nie goed gepubliseer is nie, intimiderende taal gebruik en té kort tydraamwerke vir insette behels. Die toeganklikheid en aanspreeklikheid van raadslede, selfs wyksraadslede, bly 'n probleem en baie gemeenskappe beweer steeds dat hulle

nie weet wie hul raadslede is nie. Hulle word tipies nie geraadpleeg nie en ontvang geen terugvoer nie. Die gedragskode vir raadslede word toegepas op die optrede van munisipaliteite met betrekking tot raadslede se prestasie in die raad, eerder as 'n toevlug tot beskikking van gegriefde gemeenskappe.

Oplossings word in hierdie studie aanbeveel om uitdagings wat deur gemeenskappe met betrekking tot openbare deelname in die begrotingsproses ervaar word, aan te spreek. Daar is behoefte aan kapasiteitsbou by raadslede, wykskomiteelede en die gemeenskap, veral ten opsigte van die munisipale begrotingsproses, die verband tussen die kapitaal- en bestuursbegrotings, hoe inkomste gegenereer word, en hoe om besluite ten opsigte van die toekenning van hulpbronne en belastingbeleid te beïnvloed. Opleiding in hierdie kwessies moet prakties van aard wees. Daar behoort sterk politieke wilskrag vanaf regeringskant te wees, met 'n ondersteunende bemagtigende wetlike raamwerk. Vir deelnemende begroting om effektief te wees, moet openbare amptenare gedetailleerde en toeganklike inligting aan burgers voorsien om hulle te help om begrotingsbeperkinge en opsies beter te verstaan. Kenners moet 'n noodsaaklike rol as tegniese adviseurs speel om die omvang van moontlike en toepaslike begrotingsprojekte te verduidelik en grondige projekte in samewerking met inwoners te ontwerp. Verbeterde kommunikasie tussen raadslede, wykskomiteelede en die gemeenskap sal die deelnemingsproses vergemaklik. Dit is belangrik om die ontwikkeling van 'n kommunikasiestrategie in enige kapasiteitsbouprogram in te sluit.

Die benadering tot die navorsing het verskeie metodes behels. Een hiervan was die gebruik van 'n raamwerk vir deelnemende begroting wat in Porto Alegre (Brasilië) en Kerala (Indië) geïmplementeer is, om deelnemende begroting is ses munisipaliteite in die Wes-Kaap Provinsie te ontleed ten einde toepaslike lesse vir die Suid-Afrikaanse konteks te identifiseer. Verder is onderhoude en aanvullende vraelyste in die Breedevallei, Overstrant, George, Langeberg, Stellenbosch en Theewaterskloof gebruik om probleme wat betekenisvolle en doeltreffende openbare deelname in die formulering van begrotings in daardie munisipaliteite verhinder, te

identifiseer. Hierbenewens is munisipale dokumente gebruik om 'n oorsig van die bestaande situasies in hierdie munisipaliteite te bekom.

PREFACE

While growing up in South Africa, a country within which government often lacks competent ways to provide public goods and services, I watched my fellow citizens individually 'adjust' to inefficiencies, rather than collectively demanding or trying to affect change. It was (and still is) common to see households – often with minimal economic capacity to pay – seek private solutions to public problems: since electricity is a challenge in our country, let's buy generators; since public schools' quality is extremely low, let's send our children to private schools; since public transportation is a disaster, let's buy private vehicles and use them at all times; the weaker economic performance; the limited space within which government has to manage public finances; and the list goes on. In sum, the common scenario has been one of people acting independently to create a decent private version of what an acceptable provisioning of public goods and services should be.

I cannot say that I have never seen groups of people acting together as a strong, united front to request credible change from the authorities, but such actions were usually related to costs (e.g. protests when gas or food prices have increased) rather than the mediocre provision of public goods and services. As a result, most, if not all, improvements that have finally come about have been the result of delayed political action, often conveniently provided near election times for the purpose of gaining votes, and not due to civic pressure.

Due to the lack of awareness of our rights as citizens and our limited ability to successfully influence public policies, we still suffer from many old problems. I can only presume that these repeated disappointments, together with the typically negative incentives that make achieving collective action difficult, have restricted the type of public participation that drives change. Even with our democratic system in place, we have stopped believing in the power we have as 'the people' and hence, we 'adjust'.

These personal interpretations of South African society, especialy in the Western Cape where this study is based, have inspired my research. However, I acknowledge from the very beginning that I will not try to tackle this triangular issue of public participation in the budget process, the ability to affect change, and effective change, from the perspective of public involvement directed towards the solution of macro-level issues. Instead, I examine public participation within local participatory and democratic settings that seeks answers for strictly local problems. I argue that such local participation is the first step in the generation of citizen awareness of the importance of being agents of change and the gradual achievement of not only a kind of development that is sustainable and led by politicians, but also one that is authentic and in which citizens play conscious and active roles.

When I first became interested in studying the phenomena and forums of participatory democracy, and particularly one mechanism known as participatory budgeting (PB), in which communities have a voice in the way local resources are spent through deliberative dialogue and/or voting, I initially concentrated on Brazilian and Indian experiences. After visiting six different municipalities in the Western Cape, conducting interviews, observing public consultation processes, analysing survey data, and seeing the diversity of local PBs, I have concluded that PB should be understood and evaluated in relation to differing local contexts. This research has not radically changed my views about paerticipatory budgeting as a whole in South Africa, for I still believe that the South African society is largely passive and conformist. Nonetheless, this study, although based on a micro-level perspective, gives me some reason to believe in the positive prospects of a direct democracy framework to increase people's control and sense of control over issues that matter to them. This work also speaks to the way in which varying community-level characteristics can shape its inhabitants' degree of integration and their ability to influence change.

It is also pertinent to acknowledge that, while a government agency might be interested in a cause-effect relationship between PB and some sort of monetary efficiency or political support variables, the researcher is more interested in the relationship between PB and agency – peoples'

ability to make decisions about things that they care about and, thereby, influence change. It is my normative belief that this is an empirical relationship important enough to inform the creation of evidenced-based policies in support of PB as an official political tool for budget planning. In other words, I believe that projects and practices that bolster agency, as does PB at its best, should be seriously considered when designing institutions and making policies in a democratic society. These practices can lead to the type of authentic development supported by this study.

Although very limited in its scope, this work aspires not only to enrich the institutional performance of local governments so that governments, citizens, and civil society organisations (CSOs) can increasingly forge better public policy, but also to document and analyse people's individual perspectives, regardless of whether or not they participate in a PB, with respect to their power to bring about positive change in their cities. Do people believe that their participation in, or access to, a PB enables them to bring desired change to their communities? More precisely, do they believe that their involvement in the decision-making process, which distributes a portion of the local budget, has this beneficial impact? Alternatively, do participants tend to see the process as one which they cannot fully trust, one in which local leaders manipulate them or simply one that is interesting for a while but eventually becomes boring? In the worst of cases, do participants in a PB see the process as so useless that it does not merit their attendance? By answering these and other questions, assisted by qualitative methods of analysis, the researcher hopes to contribute to recent literature that assesses participatory forums, such as PB, their legitimacy, and their contributions to a more inclusive and deeper democracy of multiple stakeholders.

ACRONYMS

ANC: African National Congress

BVM: Breede Valley Municipality

CDW: Community Development Worker

CFO: Chief Financial Officer

CB: Consultative Budgeting

CSO: Civil Society Organisations

DBC: Deliberative Budget Council

LED: Local Economic Development

ExCo: Executive Committee

IDASA: Institute for Democracy in South Africa

IDP: Integrated Development Plan

Mayco: Mayoral Committee

MFMA: Municipal Finance Management Act

MIG: Municipal Infrastructure Grant

MSA: Municipal Systems Act

NGOs: Non-Governmental Organisations

NPM: New Public Management

PB: Participatory Budgeting

PT: Partido dos Trabalhadores

SDBIP: Service Delivery and Budget Implementation Plan

SO: Strategic Objective

SMOs: Social Movement Organisations

WB: World Bank

WC: Western Cape

WP: Workers' Party

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ACKNOWLEDGEMENTS

I wish to express my gratitude to God and all those who aided, supported, and inspired me in this academic venture. They are too numerous to mention by name. However, I would like to single out a few persons who have been of special importance.

I wish to offer my gratitude to Professor Johan Burger and Professor Gavin Woods for their enthusiastic supervision and helpful support, especially during the four years of my research. Their comments and encouragement have been invaluable to me during various stages of my studies.

I wish to offer my deepest appreciation to my children who stood by my side and never put their beautiful smiles away. I also wish also to acknowledge my mother's moral support since my early school days, and her blessing, which has always been with me.

Many people contributed to this research in various ways, in particular during fieldwork and the preparation of the surveys, especially the six municipalities of the case study. I wish to thank those who shared their knowledge and information with me, which forms the most important part of the case study section.

Without the support of these individuals, this project could never have become a reality and their experience and knowledge has allowed me to understand the process of participatory budgeting. My sincerest gratitude also goes to the municipal managers, CFOs and IDP managers for granting me permission to undertake this study within their municipalities.

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CHAPTER 1: INTRODUCTION

1.1   INTRODUCTION

Over the past two decades, participatory institutions have been initiated throughout the developing world in order to deepen the quality of democracy. Local governments in countries as diverse as Brazil, India and South Africa have experimented with participatory institutions to promote governmental accountability, create active and knowledgeable citizens, and establish the conditions for achieving social justice (Santos, 2003, Heller, 2007, Fung & Wright, 2003).

The initial body of research on participatory democracy programs has largely extolled the positive benefits of these institutions, highlighting how participatory institutions have been able to produce specific social and political advances that deepen the quality of democracy (Abers, 2001; Avritzer, 2002; Baoicchi, 2005; Heller, 2001; Nylen, 2003; Santos, 2003. According to this literature, social capital is being generated, citizens are being empowered, and governments are becoming more transparent (Baoicchi, 2003; 2005; Heller, 2000; Wampler & Avritzer, 2004; Wampler, 2007a). Matsiliza (2012:443) asserts that cities and towns in some countries contest local government service delivery by challenging the lack of transparency and inclusiveness of the majority the people in the allocation of resources. Stakeholders and practitioners are currently clamouring for inclusive budget planning and implementation as part of local democratic reforms whereby the public is allowed to participate in the allocation of resources.

Despite a rich literature on participatory institutions in democratising countries, they continue to lack a coherent theoretical explanation to account for where and when these participatory experiences are likely to be successful. Institutions as diverse as the World Bank, the United Nations, Brazil's leftist Workers' Party, and India's Communist Party are now promoting the adoption of participatory institutions, which means that it is now crucial to advance understanding of these programs.

The absence of a generalisable theoretical framework to explain the divergent outcomes produced by participatory institutions has methodological and conceptual roots. Methodologically, most studies on participatory institutions are single case studies and have focused on the most successful cases (Abers, 2001; Baoicchi, 2003 & 2005; Santos, 2005). While these studies have greatly advanced our understanding of how participatory institutions can deepen democracy, their theoretical findings are not generalisable because they select on the dependent variable (Brady & Collier, 2004).

Conceptually, civil society has received the lion's share of scholars' attention. The role of state officials has been downplayed despite the active role they play in these participatory processes. If participatory institutions have the potential to deepen democracy, it must also recognise that they have the potential to undermine efforts to deepen the quality of democracy. They can explain why some participatory institutions succeed; some fail, and others produce mediocre results.

The environment of local government budgeting has unique challenges that are different from national and provincial allocations. Giamakis (1999:1) asserts that the typical local government organisation also constitutes a province, replete with uncertainties, paradoxes and illusions. Adding to this, local governance is at grassroots level, where different participants in priority identifications would want to see their interests protected through patronage and coalition. Public budgets are political statements that imply a political process in the allocation of public funds (Matsiliza, 2012:444). This study argues strongly that the perceived political process of participatory budgeting should involved civil society and other stakeholders in planning and allocation of public resources.

The main argument is that the substantial variation in the participatory institutions' outcomes is best explained by identifying the incentives of local governments to delegate authority, and the capacity of CSOs to use contentious politics inside and outside of new institutions. Participatory institutions complement representative democracy, which means that government officials must

decide if delegating decision-making authority directly to citizens coincides with their own interests. Elected officials must determine if they can accommodate the demands presented by citizens in participatory institutions within their broader electoral, intraparty, governing, and policy interests. As governments' willingness to delegate authority decreases, so too does the quality of the participatory program.

This study has found the existence of many barriers to effective people's participation in local government affairs. The researcher argues that government bureaucrats and politicians create most of these barriers (Khan, 2005). To overcome these political, structural and bureaucratic barriers, some authors have suggested increasing 'political and administrative autonomy' for local government institutions, effectively organising common people around economic and social enterprises and scheduling a 'realistic program' for the local level (Khan, 2005:194).

1.2   JUSTIFICATION OF THE RESEARCH

In this time of globalisation, the rich governments and international development agencies (IDAs) are trying to lift poor and developing economies by alleviating poverty through effective development (Grindle, 2004). In this milieu, IDAs, particularly the World Bank and International Monitory Fund (IMF), started structural adjustment programs (SAP) during the 1970s and 1980s in aid-receiving countries Giamakis (1999:1). The main objective of structural adjustment programs was to change the governing processes by changing different regulations and policies. However, in 1989 the World Bank found that structural adjustment programs were not serving the purpose of aid assistance in developing countries.

Reasons for the failure of the programs were identified as misreading the local socio-economic values and imposing western models of macroeconomic management and market liberalisation in the developing countries (Yahya, 2008; Zikmund, 1991). However, the main reason for failure in the World Bank's (2003; 2005; 2006) view was the absence of good governance in the recipient developing countries, which hindered the highest use of aid by the recipient

governments (Grindle, 2004:45& the World Bank (2006:40) suggested that without good governance the development outcomes would not be effective. As participation is an element of good governance, it is argued that, without participation, local people would not accept and harness a development output that can yield economic contribution. Since then, development agencies and developed governments – development partners – put the condition of ensuring good governance on making developments effective and pro-people.

To comply with these conditions, several initiatives by government and civil society have attempted to address the social inequalities wrought by apartheid since the advent of a democratic South Africa in 1994. Government has implemented legislation on a national, provincial and local government level, as well as infrastructure programs in historically marginalised areas, along with other initiatives. Besides provisions for formal political representation in local government, there is a wide array of other provisions and suggestions included in South Africa's municipal policies and legislation that seek to foster citizen participation in planning, budgeting and other local government functions. These include public meetings and hearings, mayoral 'imbizos' or listening campaigns, suggestion boxes, public notices, and information road shows. However, as has been the problem with many other policies in South Africa, effective implementation has been lacking. Implementation of the suggested mechanisms for participatory budgeting has largely been left to municipalities' own discretion, bar a few regulated mandatory public participation processes that municipalities are required to implement.

Despite a long practice of public participation, local people have failed to achieve local good governance and thus pro-people development (Khan, 2005:50). Several researchers also support the point that good governance in developing countries is impeded by lack of opportunity for people's participation in government policy formulation and decision-making (UNDP, 2007; World Bank, 2002). Nonetheless, many international and national development agencies and researchers argue that there is little scope for the people to be effectively engaged in the affairs of South African local government (World Bank, 2002). The United Nations Development

Program pointed out that public participation in development activities is far from being an efficient tool of governance in South Africa (UNDP, 2002). Similarly, other researchers also argued that the on-going system of people's participation in development programs has been shown to be very ineffective in South African local government Shar (2007:20).

1.3   THE RESEARCH ISSUE

Participatory budgeting (PB) has emerged as a key innovative model for improving governance practices within municipalities, particularly in terms of strengthening the voice of local citizens in local development planning, resource allocation and monitoring. In a context of growing concerns with governance practices in South Africa, especially at municipal and provincial levels, participatory budgeting is seen by the South African government as key to the community being in control: having real power, a real people strategy, and a real say in decisions that affect their local area (Maer, 2008:24). Public participation in budget making is not a new idea. Originally formulated in Porte Alegre, Brazil, participatory budgeting was seen as an important mechanism to ensure accountability and transparency in the spending of public resources.

Public participation in decision-making processes, such as budgeting, has emerged as a key innovative model. Maer (2008:25), for example, asserts that local democracy was an instrument for social inclusion. Public engagement in democracy has been brought to the forefront in recent years. Public participation in decision-making legitimises the bureaucratic process and improves policy making. Certainly South Africa is still far behind Brazil and India with regard to participatory budgeting.

According to Shar (2007:20), participatory budgeting represents a direct democracy approach to budgeting. The area of public finance and, more specifically, the way in which municipalities manage their finances has been subject to much scrutiny by the public over recent years. A range of progressive legislation, including the Constitution of the Republic of South Africa of 1996; the Local Government Municipal Systems Act (No. 32 of 2000); and the Municipal Finance

Management Act (No. 56 of 2003), compels the government to engage with communities on matters of governance, and particularly in budgetary processes. Participation in the budgeting process has been of great interest to management accounting researchers because they want to examine the link between participation in the budget setting process and organisational performance (Merchant, 1981).

Despite these requirements, 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 a concern that they have little influence on the prioritising of needs and related budget allocations (Guwa, 2008). Although the Constitution of the Republic of South Africa (1996) emphasises the need for accessibility to services, promotion of sustainable economic growth, equity and public participation in development initiatives, experience shows that, in practice, public participation in South Africa is still rare.

Public participation in decision-making, such as budgeting, is in fact a well-established idea. In 1861, Mill argued that local democracy was an instrument for social inclusion. Citizen engagement in democracy has been brought to the fore in recent years. It is argued that public participation in decision-making legitimises the bureaucratic process and improves policy-making (Waugh, 2002:379). In South Africa, participatory budget processes have not yet found significant direct expression in the Western Cape municipalities, even though the direct benefits for deepening democracy have been widely observed in Brazil and India. Given the widespread loss of public trust in authorities (particularly with regard to financial administration and mismanagement at municipal level), service delivery challenges and ineffective public participation practices, it has become important for the identified municipalities in this study to urgently consider innovative ways of improving governance.

Although public participation has been legislated in South Africa, how it is implemented is largely left to the discretion of individual municipalities. The manner in which a municipality

approaches public participation in budgetary processes varies according to the capacity and structure of that municipality. Furthermore, there are many challenges associated with public participation, especially when dealing with budgetary issues. According to the Constitution of the Republic of South Africa, 1996, the public has a significant role to play in the decision-making processes of the municipality. In particular, the Municipal Finance Management Act (MFMA) (No. 56 of 2003) and the Municipal Property Rates Act (No. 6 of 2004) promote public participation in the budget process, and the determination of rates policies respectively.

Despite legislation that was passed several years ago, a wide range of government institutions still acknowledge that insufficient consideration has been paid to public participation in budgeting and that the existing policy framework, institutions, mechanisms, and program interventions are failing to comply with governments' constitutional and statutory obligations. Certainly in South Africa there is a lack of public participation in the budget process of municipalities. A large proportion of the community has not had the opportunity to build financial literacy skills and understanding the budget process is complex.

The current structure of local government in South Africa impedes opportunities for marginalised and poor groups to be heard and for their interests to be advanced with respect to the provision of water, electricity, sanitation, and employment creation. The Municipal Structures Act (No. 117 of 1998) and the Municipal Systems Act (No. 32 of 2000) are key pieces of legislation that enshrine public participation in the realm of local government. Although these legislations sought to ensure transparency, accountability, and responsibility in the management of local government affairs, the forms of participation created by them do not mobilise the actual public participation of civil society in decision-making (Buccus, Hemson, Hicks & Piper, 2007:10). Although these legislative guidelines sought to ensure transparency, responsibility and accountability at municipal level, they have been proven inadequate in practise due to:

- Politicisation of development and participatory structures.
- Lack of commitment by municipality to prioritise public participation.

- Lack of capacity amongst the stakeholders.

- The slow pace of basic service delivery and the lack of access to basic services, which hampers public participation and prevent ordinary citizens from enjoying a decent standard of living.

- Failure to recognise and work closely with community-based organisations.

This research also identifies the problems that impede meaningful and effective public participation in local government budgets.

Democracy is relatively new in South Africa, with the first democratic election held in 1994. Furthermore, local government has undergone institutional reforms from 1994 until 2000. A key part of this overhaul has been the requirements for democratic operation, including forms of public participation in municipal decision-making between elections. Legislative policies like the Municipal Systems Act (No. 32 of 2000) require municipalities to develop a culture of municipal governance that complements formal representative government with a system of participatory governance. These South African innovations are similar to, and to some extent inspired by, new local democratic institutions from around the world, such as participatory budgeting in Porto Alegre, Brazil and Kerala, India.

According to Piper and Von Lieres (2008:22), the new system of participatory governance in South Africa has both structural and procedural implications. Structurally, the new system provides for committees to be established in each ward of the municipality. However, the formal participation mechanism created within the institution of the state does not engender participatory governance partly because the participation processes do not allow the policy to be influenced in a qualitative manner, and partly because the voices of the poor, who would benefit most significantly from participation in governance decision-making, are not heard. Public participation is considered one of the key tenets of democratic governance in South Africa. According to Piper and Von Lieres (2008:24), municipal councils are obliged, "to develop a culture of municipal governance that shifts from strict representative government to participatory

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governance, and must for this purpose, encourage, and create conditions for residents, communities and other stakeholders in the municipality to participate in local affairs".

In addition, the White Paper on Local Government (1998), states that, "Local government structures must develop strategies and mechanisms to continuously engage with citizens, business and community groups and offer the following options, amongst others: focus group participatory action research to generate detailed information about a wide range of specific needs and values; and participatory budget initiatives aimed at linking community priorities to capital investment programmes". The deepening of local democracy in South Africa is embedded in wide-ranging regulative provisions that oblige organs of the state in general, and municipalities in particular, to establish mechanisms and processes for public participation. Municipal legislation Municipal Systems Act (No. 32 of 2000), and the Structures Act (No. 117 of 1998) lays down formal measures to establish a coherent system of developmental local governance resting on pillars of community participation, integrated development planning (IDP), budgeting, and performance management.

The preparation of IDPs, in particular, has become a mantra for communities, managers and political representatives at all levels of government as an all-embracing planning tool that allows municipalities to address wide-ranging developmental challenges through public participation in a systematic and sustainable manner. In addition to general provisions for participation, municipalities are also given specific obligations to consult in a prescribed manner through legislation. The advertising of the annual tariffs and rates, which form part of the budget, is prescribed. When municipalities are considering alternative service delivery mechanisms they must consult the community. Land-use planning decisions are commonly advertised in the press in a prescribed manner and some decisions must be advertised for comment and made available in public places. In addition, extensive use is made of ward participatory systems in terms of municipal by-laws and these are mandated by notices published by the Members of the Executive Council (MECs) for local government.

Sadly, research suggests that democratic and delivery benefits from participatory governance are few and far between. This research demonstrates this through an examination of six municipalities in the Western Cape. This failure is due to a complex combination of three factors: the poor implementation of public participation policy reflecting significant administrative weaknesses; a serious lack of political will amongst political elites to make public participation work; and, lastly, the poor 'design of these invited spaces', particularly as related to Fung and Archon's criteria (Fung & Wright, 2001:45). All of these suggest that the formal invited space of public participation in South Africa will offer little meaning for the foreseeable future.

1.4 PROBLEM STATEMENT

The subject of participatory budgeting has received considerable attention in the normative and descriptive literature (Caiden & Wildavsky, 1980; Ebdon, 2002; Acioly, Hertzog, Sandino & Andrade, 2002; Awio, Lawrence & Northcott, 2007: 209-220, Kelly, Rivenbark & Williams., 2008:20), yet there is "… persistent evidence that public participation occurs infrequently and has little influence on decision-making" (Franklin & Ebdon, 2004:210). Though there are many studies on participatory budgeting, no rigorous analytical study has been conducted on how the design features and preconditions of participatory budgeting influence its desired outcomes (Goldfrank, 2006; 2007:). Second, the design and how local context affects outcomes has not been theoretically explained. Since the 1990s, South Africa has been implementing public sector reforms with the assistance of international institutions and agencies. However, there is scant progress and evidence of their impact in South Africa. The existing literature on participatory budgeting has focused on municipalities and cities in developed and developing countries (Ebdon, 2002; Ebdon & Franklin, 2004&2006, Rubin, 1990). The social and economic setup in rural areas, especially in developing countries, is quite different from the cities and municipalities.

South Africa has embraced all public sector reforms as recommended by supranational agencies and has been cited as a 'success' story in public sector reforms by these agencies (Ellis & Levy, 2009. The South African Constitution of 1996; the Municipal Structures Act 117 of 1998; and the Municipal Systems Act 32 of 2000 are also referred to as a showcase of potential gains from a neo-economic reform agenda (Hickey, 2003:10). As Arnstein notes, "there is a critical difference between going through the empty ritual of participation and having the real power needed to affect the outcome of the process" (Arnstein, 1969:216). The above scenario raises a pertinent question: is participatory budgeting process an end in itself or a means of addressing the needs and priorities of participants? There is little empirical evidence on the goals and outcomes of participation. As Yahya (2008:20) observes, "the benefits of citizen participation have therefore largely remained unclear for the local communities, leading to varying expectations and little means for determining whether the outcomes of citizen participation are acceptable or even exceed the costs of the process" (Yahya, 2008:443).

The reorganisation and transformation of the political and administrative organisation of local governance in South Africa gave rise to a new system of local government that adopted a humanistic approach. However, although a space for public participation in local government has now been created, there is still limited space for public participation in the budget process. Although legislative processes, like the Constitution of the Republic of South Africa 1996, stress the need for accessible services, the promotion of sustainable growth and economic development, and equity and public participation in development initiatives, experience suggests that public participation in the budget processes of municipalities in South Africa is still rare. This study analyses the problems that impede effective and meaningful public participation in the budget process of municipalities in the Western Cape.

Presumed obstacles to participatory budgeting are, inter alia, a lack of financial, administrative and institutional capacity to initiate development; failure to properly budget for maintenance backlogs; a weak ward committee system; weak intergovernmental relations structures, program and activities; the absence of agreed institutional priorities in municipalities' IDPs; limited public

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participation in decision-making, including budget formulation and the preparation of IDPs; the absence of clear criteria to evaluate service delivery and development; and, lastly, failure by local government to deliver on the 2006 Election Manifesto.

1.5   RESEARCH AIM

The aim of the research is to promote knowledge and practices of enhanced participatory budgeting as an element of decision-making processes. This is to be achieved by using municipalities in the Western Cape for case study purposes. The cases will be explored with a view to identify factors that hinder the effective participation of common citizens in the budgeting process of municipalities in the Western Cape. This research is the first detailed study to identify barriers to people's effective participation in local government budgeting process in South Africa. The study will illustrate how localised indigenous knowledge and forms of social organisation within civil society can be mobilised to provide more efficacious forms of assistance and governance. This suggests some implications for management at the community level. Particularly, this management includes a systematic engagement of local people with the local government bodies to implement development programs. This research will also contribute to the analytical, academic and empirical knowledge related to the topic in the following ways.

Analytical knowledge: This research will provide analytical knowledge of the role of public participation in decision-making in developing socio-economic countries, such as South Africa. The impact of socio-cultural issues, such as social capital and civil society, in enhancing public participation for achieving good governance will also be assessed through this study.

Academic knowledge: The study will provide a new classification of good governance on the basis of people's participation levels in government works. Engaging people in development works is not a 'one size fits all' procedure in different cultures and socio-economic conditions (OECD, 2000). Public participation in the budget process has to be understood and implemented with regard to the local context. This research will provide insights into the details of public

participation in the context of the developing socio-economic conditions where civil society is underdeveloped.

Empirical knowledge: The study will increase the practical knowledge about making public participation in the budget process effective when implementing development programs, specifically in developing countries like South Africa. The present scenario of public participation in decision-making in South Africa will also be illustrated by this study.

The aims of the study are to:

- Examine, by means of a literature study, whether involving the public in the budgeting process better achieves desired goals and outcomes.

- Examine, by means of a literature study, factors that enhance or inhibit participation by citizens in the process of budgeting.

- Examine how participatory budgeting is actually practices in South Africa.

- Examine the policy framework for public participation at local government level in South Africa.

- Using case studies, examine public participation in the budgetary process at local government level in the identified municipalities.

- From these cases, identify the challenges facing municipalities with respect to public participation in the budget process.

- To learn, by way of comparative studies, from Brazil's and India's experiences with regard to participatory budgeting.

- To develop an appropriate public participation model for the Western Cape municipalities.

- Provide policy recommendations that can be made for the PB process that will enhance benefits to local communities, especially the poor.

- To generate proposals that contributes to strengthening the capacity of councillors and civic and ratepayer's organisations in the participative budgeting process.

This study is expected to improve the implementation of financial policy, as stated in section 215 of the Constitution of the Republic of South Africa (1996), which emphasises the significance of

budgeting in all three spheres of government. The study will also contribute to an improved understanding of the significance of public participation in municipal budgeting processes. This study aims to contribute to the development of participatory budgeting theory and, as there have been no such experiences in South Africa as yet, to analyse whether, and which, models of participatory budgeting could be implemented in South Africa.

1.6 THE RESEARCH QUESTIONS

This study seeks to identify problems that impede meaningful and effective public participation in the budget processes of municipalities in South Africa and particularly the Western Cape. It intends to discuss the concept of participatory budgeting, including its various meanings, contradictions and intersections. It will provide an overview of the concept by reviewing its definitions, stating advantages and objectives, and by critically assessing these definitions' conceptual coherence and utility as operational and policy tools. This study will provide an operationalisation of the concept of participatory budgeting so that the extent to which practices are being implemented can be assessed, along with which problems and challenges are being faced during implementation. This will enable a better understanding of how, and under which conditions, participatory budgeting can contribute to more inclusive and democratic social change.

This study aims to construct an analytical framework that will facilitate an assessment of the degree to which participatory discourse is translated into practice, and to explore the causes of the implementation gap or shortfalls. This conceptual framework for assessing public participation in decision-making will provide a model by which the issues that should be considered and prioritised in the formulation and evaluation participatory strategies for democratic local governance can be defined.

In particular, this conceptualisation will assist in the evaluation and understanding of the patterns of public participation in local governance in the Western Cape, South Africa. The research

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seeks to assess the extent to which municipalities' developmental role is being conceived through the incorporation of participatory practices. Additionally, it will provide an evaluation of the 'intensity levels' of public participation in the budget processes as understood by local government authorities, while comparing these answers with the perceptions of CSOs. It intends to identify and analyse the key challenges and constraints restricting the incorporation of participatory development approaches in local governance.

After establishing this diagnosis, the study will identify and discuss possible strategies to overcome the problems and limitations causing the gap between theory, policy formulation and practice. This study seeks to discuss the suitability and potential of public participation in the province, and more generally in South Africa, and to suggest policy guidelines in the light of these findings. The case studies will provide a critical analysis of the debate surrounding participation and democratic local governance in the South African context. It will also, more broadly, situate the assessment in terms of the international academic debate. It intends to contribute to a body of developmental narratives that will provide empirical material for scholars and developmental practitioners. It also seeks to record and appreciate the varieties, dynamics and gaps between development discourses and practice that are relevant for the work of development practitioners and for the enrichment of academic debate.

The study begins with the concept questions, which in this instance are relevant to participatory government and to the challenges faced by communities with respect to public participation in the decision-making process. The concept questions lead to the research questions, which are developed from the literature review on interaction case studies. This research looks for answers from the research literature regarding the relationship between local residents and local municipalities, and seeks to highlight any ambiguities concerning these areas.

The aim of this research is therefore to answer the following question:

What factors hinder the effective participation of common citizens in the budget process of municipalities in the Western Cape?

In order to answer the main question, the research must construct a literature review as a chronological and analytical study of public participation in the budgeting process. This will consequently raise sub-questions that look for detailed answers to specific experiences of public participation and policies. The sub-questions are as follows:

- How can the public effectively participate in the budgeting process?
- What are the challenges facing municipalities in the Western Cape with respect to public participation in the budget process?
- What are the factors that influence participation? For example, might any political, social, economic or environmental circumstances affect the outcome of participation?
- Is the design of the process and mechanisms for participation appropriate for effective citizen participation?
- What redress mechanisms exist?
- How can the process and outcomes from PB be theoretically explained?
- How might experiences and lessons from the three case studies be used to improve the PB concept?
- What policies are in place to ensure effective and meaningful public participation in the formulation of local government in the Western Cape municipalities?
- Do the current plans and structures have the capacity to ensure and sustain meaningful and effective public participation to such an extent that communities can confirm changes to their socio-economic conditions as a result of their participation in the budgetary processes of the municipalities?
- Can a suitable comprehensive model for public participation in the budget process be constructed for application in the Western Cape municipalities as well as other South African municipalities?

From the above, two dimensions to the study can be identified: first, the process through which the public participate, with a focus on the government environment, participation mechanisms,

and the design of the participation process; and, second, the desired goals and outcomes of participation as an outcome from the process.

1.7   DELIMITATIONS AND ASSUMPTIONS OF THE STUDY

This study was limited to identifying problems that impede public participation in local government budgeting in the Western Cape. Breede Valley, Overstrand, George, Langeberg, Stellenbosch, and Theewaterskloof municipalities were examined. These municipalities were identified because of the huge challenges they face with respect to public participation, institutional development, local economic development, and good governance. However, the recent widespread service delivery protests that have occurred throughout the country confirm that the vast majority of South African municipalities face similar challenges.

This study is guided by the conviction that municipalities face challenges in implementing participatory budgeting. These challenges include a lack of capacity, limited understanding of the roles and responsibilities of all actors, limited scope of participation, legislative constraints, inadequate monitoring and evaluation systems, lack of transparency and trust, breakdown in communication, insufficient resources, and political and social differences. This assumption was initially based on the contents of an address by the former state president of South Africa, President Mbeki, on Wednesday, 22 May 2002, to a Southern African delegation of Anglican bishops in Kempton Park, Gauteng. During this address, Thabo Mbeki acknowledged that the country had weak local government structures, with some even unable to generate sufficient funds to pay their employees. The assumption was further strengthened by widespread service delivery protests in all provinces, which intensified in 2004 and persisted into 2014. This research intends to investigate the validity of the assumption.

1.8   SIGNIFICANCE OF THE STUDY

According to the White Paper on Local Government (1998), budgeting and planning should be the cornerstones of municipal development in South Africa. Municipalities in South Africa, including the Western Cape Province where this study is based, are losing the battle against poverty and inequality due to the inability of citizens to adequately participate in the planning, implementation and monitoring process. This leads to the non-payment of essential municipal services and exorbitant rises in municipal debt. The Western Cape Province is no exception.

Some of the biggest areas of concern that could be ascribed to this problem are increasing levels of poverty, unemployment, lack of economic growth and development, lack of industrial infrastructure, and inequality experienced by a large section of the community. It must be acknowledged that communities are not homogeneous, thus they have varied identities, value systems, and characteristics that must be taken into consideration when designing engagement mechanisms (Ebdon & Franklin, 2006:438). Municipalities must be sensitive to issues that have a direct impact on the community.

This study will be of significance and stand to benefit the national, provincial, and local government, as it can give these facets of government a clear indication of the influence of public participation on developmental issues. The researcher believes that this study could also benefit previously disadvantaged communities, by aiding them to gain the opportunity to make choices that will affect how their government acts.

Public participation in the formulation of budgets has been growing steadily but more slowly than improvements in budget transparency. This is not necessarily cause for concern. According to Houston, Humphries and Liebenberg (2001:92), it takes several years to build analytical capacity in a process new to broad participation. This dynamic reflects that, on average, the obstacles to participation are still greater than the opportunities. This study will be of significance for identifying the obstacles that impede effective public participation in the formulation of a local government budget.

This study can also help national, provincial and local government by giving them an idea of whether their policies are in line with the developmental needs of their people and, if not, how this could be improved in order to uplift the social well-being of communities. Participatory budgeting represents a direct-democracy approach to budgeting (Shar, 2007:1) which could be encouraged by this study by offering citizens at large an opportunity to learn about government operations and to debate and influence the allocation of public resources. Participatory budgeting is noteworthy because it addresses the two distinct but interconnected needs, that of improving state performance and of enhancing the quality of democracy (Shar, 2007:21). The study can improve state performance through a series of institutional rules that constrain and check the prerogatives of the municipal government while creating increased opportunities for the public to engage in public policy debates.

The study will also help to enhance the quality of democracy by encouraging the direct participation of the public in open and public debates, increasing their knowledge of public affairs. There are many reasons to place some faith in the role of participatory mechanisms in a South African context. The main reason is to build citizenship by making a once exclusive state inclusive, open, and responsive to the needs of the majority who were previously excluded and discriminated against. Participatory budgeting enhances accountability and transparency, helping to reduce government inefficiency and curb clientelism, patronage and corruption.

A useful contribution can be made by the study towards municipal activities that address the public's main needs and incorporating the initiatives of its members. In addition, the participation process could help make residents aware of the importance of participatory budgeting in order to improve the quality of their lives. Due to the ineffectiveness of public participation in the formulation of local government budgets, municipalities in South Africa are not focused enough on development and also do not have an understanding of what development means. A redirection of all municipal efforts from being service- to development-oriented will aid this process.

It is hoped that the results of this research survey on public participation in the Western Cape municipality's budgetary process will provide a valuable contribution to the scarce body of knowledge on the subject of participatory budgeting in South Africa. Furthermore, the results of this survey, which are based on a restricted sample of the population at the six municipalities in the Western Cape, may not be absolutely conclusive but may reveal issues of participatory budgeting and implementation of policy.

1.9 THE RESEARCH APPROACH

Public participation covers an immense field. Therefore, the scope of the research framework will be detailed in both chapters two and three. International research and case studies will be analysed to advance an understanding of the topic at hand. These analyses will be used as a basis for the development of a model for public participation in the budgetary process of municipalities in the Western Cape Province. The analysis and evaluation of the unfolding events in Western Cape Province will be of a detailed nature to enable the informed formulation of recommendations.

Previous research studies in this area have used either normative or non-normative approaches, but not a combination of the two. Studies using non-normative approaches have found that government bureaucrats and political representatives are creating barriers to effective public participation, which is consequently hindering the establishment of good governance in South Africa (World Bank, 2006). To remove these barriers, researchers have provided a range of suggestions. Some researchers (Khan, 2005) consider that public participation in decision-making would be effective if South Africa built more effective local government systems. They have suggested giving more autonomy to local government institutions. Others (Shar, 2007:21; Khan, 2005) have suggested delegating more power and funds from national government to local government levels to build effective local governance.

On the other hand some researchers Fischer (2007) and Stivers (2000) have asked for capacity-building of local institutions and creating a suitable environment for effective engagement. However, these studies have limitations. They did not include consideration of the possible contributions of public representatives, local people or government officials in finding ways to overcome alleged barriers. Moreover, none of these studies considered local politics, social hierarchy, norms, trust and networks to examine the effectiveness of public participation in local government affairs. These studies can thus be termed as 'technocratic policy analysis' (Fischer, 2007:223) which exclude normative values. A different, more normative, approach has been suggested by researchers such as Fischer (2007) and Stivers (2000) who have suggested focussing on 'participatory policy analysis' that is, including related stakeholders to find out the full picture of the public functions.

In this study, the research approach has been designed to include all related stakeholders, such as government bureaucrats, public representatives and local beneficiaries, so as to find out the full range of barriers to people's participation. This participatory analysis will consider local politics, power-balance, empowerment, social norms, and networks in South African local governance that might have an impact on participatory budgeting. These normative elements will initially frame the research questions for this study, and more structural non-normative barriers will be included to the extent that the field research shows them to be important.

As such, this study will focus on both agency variables (focusing on human subjectivity) and structural variables (social context, power, politics, wealth, etc.) (Waters,1994). Thus, this research will investigate the agency issues: that the barrier of ineffective participation may be a factor of human subjectivity, and will also investigate the structural issues that may exist within the system. As both the agency and structural components will be investigated in this research, a qualitative methodology has been selected as particularly suitable to explore this vast problematic area (Merriam, 1988: 20) and to obtain a detailed understanding of the problem. A large range of qualitative data from two different types of development programs from three socio-economically varied locations of South Africa will be collected to interpret data for each of

the research questions. Face-to-face interviews were conducted with local government officials in all six municipalities. In addition to interviews, the researcher developed questionnaires to supplement the interviews. All data was collected between November 2012 and February 2013. During the methodology section, the above methods that were used to look at the literature, and the method implemented to use the fieldwork data will be described in further detail.

1.9.1   Literature review

According to Kumar (2005:30), one of the vital initial assignments when undertaking research is to peruse through the existing literature on the research problem. This assists the researcher by familiarising him/her with the existing body of knowledge in the field of the study. A literature review is a fundamental component of the research process and adds value to every research stage. It also assists the researcher to locate the theoretical roots, clarify ideas, and develop the methodology of the study (Maree, 2009:34). It helps improve and condenses the researcher's perceptions, as well as puts together research findings and already available literature. This study begins by reviewing existing knowledge and other people's research work through an internet and library search (books and journals) with the aim of a comprehensive examination of issues of local government, particularly regarding the budgeting process. It was found to be essential to establish whether public participation and participatory budgeting in South Africa has been previously researched.

The preliminary literature review in this study covers several aspects that directly impact on the issue of participatory budgeting, thus the theoretical framework was developed from this review. An extensive literature review was then made from the designed framework. An assessment of the extent of public participation in municipal decision-making with a focus on the local government budgeting process was made. A comprehensive review was also made of Porto Alegre's framework of participatory budgeting with the view of drawing lessons from it for South Africa. It is envisioned that the review will enhance the understanding of the concept and the framework to be used.

1.9.2   Empirical survey

A survey of senior municipal officials was conducted in Breede Valley, Overstrand, George, Langeberg, Stellenbosch and Theewaterskloof municipalities to identify the challenges facing them in fulfilling their developmental mandate with a focus on participatory budgeting. This was done so as to find timely and effective interventions to accelerate service delivery and development. The survey took the form of self-administered questionnaires, which consisted of attitude questions. These were presented in the form of statements, to test the attitudes of respondents.

1.9.3   A comparison of three case studies

The institutional and legislative framework, budget cycle, ruling party policies, and civil society mobilisation all form a basis for understanding participatory budgeting in the three countries of South Africa, Brazil and India. Brazilian cities are divided along class lines or by socio-economic wealth, while South African cities are divided along racial lines. The Communist Party of India and the Workers' Party of Brazil have demonstrated greater commitment than the African National Congress (ANC) government in terms of involving the public in decision-making at local government level. The institutional reform and local government efficiency in South Africa are fairly high and the efficiency well developed, however public participation in the budget process and other planning processes is very weak (Van Donk, Swilling, Pieterse & Parnell, 2008). In terms of the mobilisation of civil society, the Workers' party played a major role in ensuring neighbourhood associations are strengthened and citizens are allowed to take part in decision-making processes. The level of participation therefore increased and the participatory budgeting ensured that participatory budgeting contributions are translated into real budgetary outputs.

Participatory budgeting in Porto Alegre contributed to an improvement of communication between the administration, the local political elite and citizens, and to the increased engagement of the public in annual budgets. The participatory institutions that have been built in both Kerala (India) and Porto Alegre (Brazil) are largely effective and have directly addressed many

obstacles to participatory budgeting that are often experienced in South Africa. According to Van Donk *et al.* (2008:155), Brazil and India seem to be determined to promote good governance and, in all cases, citizens have shown a capacity to actively take part in the local government decision-making process. Furthermore, these countries are making an effort to overcome the challenges of inequality in resource distribution and social exclusion in decision-making that have long been social problems.

Successful participatory processes have the potential to create innovative and commonly held solutions to the complex and social problems. Reviewing evidence from successful experiences of mainstreaming direct participation into local government in Kerala and in Porto Alegre, Heller (2007:170) argues that, because local groups can work closely with government and be jointly invested in achieving common goals, "local government is often an area where alliances across the state society boundary can develop and produce synergistic outcomes".

1.9.4   Normative model construction

Based on the literature review, empirical research and comparative case studies, a normative model will be constructed and proposed for public participation in the budgetary processes of municipalities in the Western Cape.

1.10   THE ORGANISATION OF THE STUDY

The research begins in chapter two, which is part one of a literature review; with part two continuing in chapter three. More specifically, in chapter two a history, and general theory, of participatory budgeting is discussed in an effort to establish the origins of developmental local government and, in chapter three, a comparative study is conducted between South Africa, Brazil and India.

In order to fulfil the aims of the research and find proper answers to the questions, this study uses a qualitative research method and criteria of an institutionalism approach as the basis for gathering information and analytically reviewing impediments in the participatory budgeting

process in the six case studies. This section is important, as Brazil and India are the leaders of participatory budgeting in the world. These chapters form the basis of the research development.

The survey methodology is then described and analysed in chapter four, based on two main categories of data. First, the literature-based study, which is derived from secondary sources and documents, allowing a review of policies. In this way, the literature review will not only be a review of available written materials but will become part of the flow of the research analytical process, which studies, evaluates and compares the participatory budgeting process of three countries. This research uses officials and academic literature on participatory budgeting as part of the study, which not only fulfils functions of a literature review, but also enriches the comparisons in the theoretical part of the research. In other words, it is not only fieldwork that plays a role in the structure and process of learning in this research. The researcher looked at both literature (secondary sources) and case study work (primary sources) of the three countries to gain a balance between the development of theory and practice.

Chapter five of the study reviews the participatory structures that are available in the six municipalities (Breede Valley, George, Langeberg, Overstrand, Stellenbosch and Theewaterskloof) to determine if they are effective or not. Chapter six covers an empirical survey of senior municipal officials in the identified municipalities. A questionnaire was distributed to senior officials to complete, taking into account the questions posed in chapter one. The interpretation of the research findings is presented in chapter seven, with six models being discussed. The motive behind this is to ascertain the best model for South Africa and the Western Cape in particular. Chapter eight, in conclusion, highlights the main points of the research and lessons that can be drawn from the case study.

1.11   SUMMARY

This chapter described the research background, the research problems and outlined the structure of this study. The aim of the research is to promote participatory budgeting in decision-making

processes. This can be achieved by identifying factors that hinder the effective participation of common citizens in the budgeting process of municipalities in the Western Cape. The study also examined some of the well-known examples of participatory budgeting: Porto Alegre in Brazil and Kerala in India.

CHAPTER 2: HISTORY AND THEORY OF PARTICIPATORY BUDGETING

2.1   INTRODUCTION

Globally, citizens show a growing apathy and distrust towards municipalities and state institutions. Academic research shows that large institutions, particular those of the State, are perceived by the poor as distant, unaccountable and corrupt. Developing countries, such as South Africa, often inherit a top-down system of government in which politicians and civil servants need not to be accountable to their constituencies. The result is often system-wide corruption, from the community to the head of the government. Pressure is growing for greater transparency, leading to new forms of representation and public participation emerging, and traditional forms being re-evaluated. Well-informed communities now expect municipalities to consider their views when making decisions. It is clear that the public demand their voices to be heard, as vocal and active citizenry are increasingly prepared to take to the streets in protest.

All citizens suffer as result of this, but none more so than the marginalised and poor who have the greatest need for services like water, sanitation, electricity, health care and education. As a result, initiatives to make local government more transparent, participatory, efficient, and open to public participation and scrutiny have become critical. Efforts are being made to find ways for the public, particularly the marginalised and poor, to re-establish trust in their municipalities and institutions. For the last twenty years there has been increasing recognition of the significance of local government as an arena for public participation in governance. According to Gaventa (2004b:20), much of this focus has been on the local government planning process, and their development of methodologies and tools to open these processes to greater public participation and influence.

Along with planning, more attention has also been given to enabling the public to participate meaningfully in the local government budgeting process. Decision-making around the government budget is of significant public interest as these decisions determine how state

resources are allocated and whether the needs and interests of the marginalised and poor are prioritised and addressed. Government budgets, especially municipal budgets, are thus the focal point where various competing demands on the state are contested and negotiated. According to Smith (2003:25), 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 the process of deciding how public funds are allocated, their needs and aspirations will be reflected in the plans and budgets formulated by the government that represents them at national, provincial and local level.

A number of international experiences with participatory budgeting have demonstrated the positive potential of public participation in local government and its budget for reducing poverty and addressing the needs of socially and economically excluded groups, as well as reducing inequality, deepening democratic practices and transparency in local government, and extending the rights of citizenship to previously excluded groups. Participatory budgeting has emerged as a key innovative model for improving governance practices within municipalities, particularly with respect to strengthening the voice of local citizens in local government planning, resource allocation and monitoring. Amidst growing concerns with governance practices in South Africa, especially at municipal level, this research puts forward the concept of participatory budgeting as a potentially valuable means to improve governance, deepen the participation of the public in decision-making, and create a sense of ownership in local communities with regard to municipal affairs.

The objective of this chapter is to conceptualise participatory budgeting using an illustrative example of decision-making. This is necessary because public participation and decision-making are broad concepts that can be examined from different perspectives. This chapter is divided into six sections. Section 2.2 defines the two concepts of budget and participatory budgeting. Section 2.3 discusses global examples of participatory budgeting, while section 2.4 discusses the significance of participatory budgeting along with its benefits and limitations. Sections 2.5 and 2.6 critically discuss participatory budgeting and its legislative framework in South Africa.

2.2 Conceptual clarification

Before addressing the principal definition of participatory budgeting, it is helpful to examine the concepts of budget and budgeting – the key components of local government budgets.

2.2.1 Budget

Budgeting is a process that involves planning, allocating resources, and coordinating an organisation's activities. The main purpose of budgeting is to aid planning, coordinate activities, communicate plans to various responsible managers, motivate employees, control activities by comparing actuals with budgets, evaluate performance, and express conformity with social norms (Anthony & Govindarajan, 2001; Preston, 1995; Ezzamel, Hyndman, Johnsen, Lapsley, and Pallot, 2007,2004 Luft & Shields, 2003). Based on the above listed objectives for budgeting, Uddin (2005:30) concludes that budgets have an important role in the management control system of both public and private sector organisations. However, it is not clear whether when the public is involved in the process of budgeting, chances of achieving desired budgeting objectives are enhanced in a decentralised local government system in a developing country.

Conceptually, a budget is the principal mechanism through which the policy intentions of any organisation are translated into concrete actions and results on the ground. In all (developed and developing) countries, the budget is an important policy document through which governments establish their economic and social priorities and set the direction of the economy. In the public sector, budgets are legal instruments that authorise the levying of taxes and incurring of public expenditure. Therefore, any budgeting process adopted by a public sector organisation should be evaluated on the basis of its effectiveness as a central policy tool to achieve set goals and objectives. Lucy (1996) also concludes that budgets of public sector organisations should reflect fundamental social, political and economic intentions of governments.

The definition of a budget and its relevance as a management tool for organisations is not in contention by scholars. On the other hand, the requirement to have a budget in place for public

sector organisations is not an option but a legal requirement, whereas in the private sector it is only considered best practice.

2.2.2 Budgeting techniques

Budgeting techniques are economic frameworks specifically designed to aid those charged with the responsibility of setting priorities, to ensure that they maximise the benefits from the available resources. The technique or approach adopted by an organisation in the preparation of a budget has an effect on its implementation and outcomes (Lucy, 1996; Luft & Shields, 2003). The focus of scholars up until the 1950s was on the normative theory of budgeting, trying to identify the most theoretically appropriate budgeting technique. After the 1950s, the focus changed to descriptive theory focusing on the most appropriate budgeting techniques to achieve the desired budget objectives (Forrester & Adams, 1997).

Budgeting reforms resulting from pressures for efficiency, accountability and effectiveness in resource allocation led to the rationality-based budgeting system known as the performance budgeting approach. This approach was built on the realisation that, in order to cause change in budget outcomes, there was a need to change the budgeting process (Kelly & Rivenbark, 2003:35). However, reforms over the years have not changed the traditional line item format of budgets and the incremental approach to budgeting.

2.3 THE CONCEPT OF PUBLIC PARTICIPATION IN THE BUDGET PROCESS

Scholars have extensively examined the concept of public participation in the budgeting process (Herian, 2011; Miller & Evers, 2002). Various scholars are in agreement that the participation of stakeholders in the budgeting process adds value (Stivers, 2000; Awio, Lawrence & Northcott, 2007; Ho & Coates, 2002). Scholars' interest mainly lies in examining how citizens' involvement the process of budgeting influences service delivery to the satisfaction of those who participate (Halvorsen 2003; Kweit & Kweit, 1987). Stivers (2000) recognised the concept of public participation in public financial management.

It has been argued that allowing the public to participate in matters that concern them should not only be seen as a means of achieving consensus, but also as an avenue to sensitise and educate the public, in order to develop their highest capacities (Stivers, 2000). Similarly, Frederickson (1997) argues that managers of public organisations and institutions should take into account management practices that are likely to enhance stakeholders' involvement if they are to embrace changes that will have an impact on achieving desired goals and objectives. According to Moynihan (2003), public participation can be categorised into three levels: full, partial and pseudo participation. At each level, the representation of citizens can either be narrow or broad, as summarised in Table 1.1 below.

Table 1.1: Typology of Public Participation

	REPRESENTATIVENESS	
LEVEL	BROAD	NARROW
Full		
Decisions	Public officials make decisions but citizens have strong influence.	Public officials and selected interest groups make decisions.
Participation	Large, diverse groups of citizens engage in meaningful discourse with government.	Interest groups exert significant influence; most citizens lack opportunities to participate.
Partial		
Decisions	Public officials make decisions; citizens have limited influence.	Government elite makes decisions; interest groups have limited influence.
Participation	Large, diverse groups of citizens engage in limited discourse with government.	Interest groups exert influence; most citizens lack opportunities to participate.
Pseudo		
Decisions	Public officials make decisions.	Public officials make decisions in a non-transparent manner.
Participation	Participation is symbolic but involves large, diverse groups of citizens.	Participation is symbolic, involving only a small number of citizens.

Source: Adapted from Moynihan (2003)

The concept of Participatory budgeting (PB) is deeply rooted in the principles of democracy, transparency and accountability (Monfardini, 2005). Anderson (1995) made similar observations after the Porto Allegro experience in 1989 that involving citizens in the budgeting process enhances democracy, transparency and accountability. Uddin and Tsamenyi (2005) state that budgets can either be participatory or imposed. Thus, the concept of stakeholder participation is the underlying principle of PB. Based on this categorisation, PB is not a budgeting technique or method but a description of a process mechanism through which a budget can be developed and

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managed. Therefore, PB is a budgeting method whereby all stakeholders in the budget to be developed participate in the entire process of its preparation, approval, management and evaluation (Acioly *et al.,* 2002; UN-HABITAT, 2004; Allegretti, 2011; Shar, 2007; Wampler, 2007a. Thus, unlike budgeting techniques, PB goes beyond the development phase and extends to involving stakeholders in the management and evaluation stages of the budget.

It is therefore possible for the PB to use any budgeting technique outlined above in developing a budget. This supports the argument by various (Ingraham, Joyce & Donahue, 2003), that performance budgeting requires a participative approach to performance measurement The whole process of budgeting works under uncertainty, as it is concerned with future projection. Benefits associated with a participative approach include: (1) ability to access knowledge and experience; (2) enhancing chances of integrating new ideas into organisational procedures; (3) promoting unanimity among stakeholders; and (4) promoting a culture of performance throughout the organisation (Burke & Costello, 2005; Yang & Hsieh, 2008).

Abers (2001) identifies three problems of participation: (a) Implementation – the powerful often resist changes; (b) Inequality – social-economic inequalities inhibit the effective participation of certain groups of people; and (c) Co-option – control of information and resources leads to manipulation of participatory avenues by government officials. According to the World Bank (2004), the principal goal of participation is empowering social groups that have been typically ignored by social and economic development policies: participation means having an opportunity to present views and influence decisions on a given subject matter. The World Bank also asserts that in participation, multilateral organisations seek "… transparency, accountability and voice of local people, particularly the poor" (World Bank,).

This raises a pertinent question: What is participation? Also, what does stakeholders' participation in the budgeting process mean and involve? According to Miller and Monge (1986), three models of participation influence decision-making: cognitive, effective and contingency. The cognitive concept is premised on the thinking that participation improves the

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flow of information from bottom to top, leading to quality decision-making. The effective model reasons that participation enhances self-realisation, as advocated by McGregor's (1960) theory about motivation. The effective model thus concerns itself with a focus on the passionate gains of participation. Finally, the contingency model assumes that the level and effectiveness of participation depend on circumstances. While the cognitive and effective models express the logic behind participation, it has been argued that the contingency model states that, to be effective, certain conditions for participation must be in place, including participants' attitudes, organisational context and the kind of decisions to be made (Connor, 1992; Sagie, 1994; Scully & Kirkpatrick, 1995).

Participation is also viewed from the political point of view, whereby it is seen as part of democracy, that is, looked at in the context of public rights to participate in matters that concern them. It has also been argued that participation enhances democratic values that are necessary for enhancing and improving service delivery in public organisations. Top-down incremental budget formulation processes in the public sector are criticised for their inadequacy in being able to lead to the optimal allocation of resources (Hope & Fraser, 2003; Osborne & Gaebler, 1992). This leads to the question: what does stakeholders' participation mean?

There have also been considerable arguments in favour of participatory approaches to decision-making (Wampler 2007a; Askim & Hanseen, 2008; Irvin & Stansbury, 2004; Orr & McAteer, 2004; Callanan, 2005). In particular, changes in budgetary control in the public sector, especially in local governments, are intended to promote participatory approaches involving various stakeholders in the management of financial resources, which is believed to lead to effective and transparent resource utilisation (Wampler, 2007a). Moynihan's (2003) analysis also revealed that civil society plays an important role in ensuring that PB achieves its intended outcomes, as in most cases non-government organisations (NGOs) represent the public, especially the poor, in presenting and disseminating their views to government.

Songco (2001:28) states that, "transparency of the budget process opens up the government's budget to public scrutiny and will certainly make it more efficient". But there is no convincing evidence that there is transparency in the budgeting process in the developing countries where citizens have been involved in that process. On the contrary, there is evidence that in most cases transparency is lacking, leading to a lack of accountability, which is examined in the next section.

2.3.1   Impact of participatory budgeting

The Porto Alegre and Kerala in PB process, and similarly structured PB initiatives, provide the greatest evidence of impact – both in terms of more immediate, process-related impacts and longer-term democratic and developmental outcomes. For example, Santos (2005) documents how PB in Porto Alegre and Kerala led to greater access to public sanitation, paved roads and expanded granting of land titles. Goldfrank (2007) reviews a number of studies that demonstrate evidence of PB's success in redirecting public resources towards poor neighbourhoods, extending service provision, democratising existing civic associations and spurring the creation of new ones, and increasing transparency and accountability, while reducing clientelism and enhancing democratic representation for the formerly excluded. However, he notes that PB by no means guarantees these outcomes, and that even well regarded cases show some contradictory results.

Schneider and Goldfrank (2002) document successful scaling up of PB initiatives from the municipal to the state level. They show that the PB process did not hurt efficiency of public spending, and may have even improved it. They also find evidence that PB contributes to effective planning, enhanced participation and redistribution.

2.3.2   Accountability

Various scholars have studied and developed the concept of accountability from different perspectives (Bohme 1997). Accountability can be analysed from the financial perspective, examining how resources received were applied; it can also be conceptualised from the social

dimension, focusing on how an organisation or individual is accountable to the wider public or community; and it can be analysed from the political viewpoint, focusing on how elected political leaders fulfil their manifesto and give feedback to their electorate. Thus, the concept of accountability has political, social and financial dimensions. Transparency aims to enhance accountability to all stakeholders, focusing on the above three dimensions (financial, social and political). Therefore, this study limits its analysis to external accountability of the PB process in terms of desired outcomes, focusing on these three dimensions.

In this study, PB is reviewed as a process that involves formulation, approval, implementation, control, monitoring and evaluation of both recurrent and development income and expenditure of public resources. The focus of the study is to explore the process of PB and whether participation by stakeholders achieves desired goals and outcomes. The aim of the study is to make a contribution to the financial management body of knowledge on how, in practice, an interactive participative budgeting process is conducted in developing countries, and its outcomes. The next section describes the extent to which PB has been embraced by developing countries.

2.3.3   Participatory budgeting and developing countries

The relevance of participatory budgeting in developing countries has been based on the following arguments: (a) the process of participatory budgeting provides an opportunity for an open and transparent mechanism for policy making and this reduces the clientilism common in most developing countries; (b) participatory budgeting increases the chances of allocating more resources to those areas that are more likely to benefit low income groups; (c) by involving marginalised groups in the process of resource allocation, a forum is created that enables low income citizens to put forward and advocate for their priority needs; (d) participatory budgeting provides an opportunity for government to educate their citizens on their rights and responsibilities as citizens, which in the long run also promotes social justice; (e) it is also believed that, when developing countries involve their citizens in the budgeting process, accountability, transparency and efficiency are enhanced, as citizens are made aware of government operations and how resources are mobilised and utilised for the common good (Shar,

2007). Shar (2007) further states that tremendous achievements in terms of political, social and economic development have been made in those local governments of both developed and developing countries where citizens have been involved in the budgeting process.

Transparencies, lack of democracy and corruption have been identified as key hindrances to effective service delivery. Donor countries believe that, to address the above hindrances, stakeholders especially in local governments, should participate in all affairs that concern them including the budgeting process (World Bank, 1995, 2000; Fjelstad, *et al.,* 2004; United Nations, 2003). In Porto Alegre and Kerala, where PB was part of a large program to extend and deepen democracy, there was evidence that, as a result of PB, low income people and neighbourhoods were getting increasing benefits from public resource allocations and spending (Wampler & Avritzer, 2004). The World Bank Report (2006) also reported that in Porto Alegre and Kerala there was an increase in government spending in areas considered occupied by the poor after their involvement in the process of budgeting. It was also observed that this led to increased efficiency and reduced corruption in these areas that is attributed to their participation in the budgeting process.

This experience was the basis used by donors in the 1990s to encourage developing countries to embrace PB as a means to enhance democracy and address poverty. Thus, a number of developing countries adopted changes in budgetary practices as part of New Public Management (NPM) reforms (complying with 'best practices') promoted by supranational agencies as a way of ensuring continued access to international development financing (Uddin & Hopper, 2003; Tambulasi, 2007). Literature on the success of PB in developing countries is mixed. Scholars from international agencies show evidence that PB leads to optimal allocation and utilisation of resources in developing countries (Wampler, 2007a; Moynihan, 2007; World Bank, 2006; Hickey & Mohan, 2005).

The World Bank Report (2006) argues that PB could lead to better allocation and utilisation of resources in developing countries. Hickey and Mohan (2005) have also stated that, in the Indian

states of Bengal and Kerala, PB contributed to enact pro-poor policies. However, they also concurred with various scholars (Callanan, 2005; Hickey & Mohan, 2005; Francis & James, 2003), that the elite dominated the processes and structures of PB. The existing literature also shows evidence that in some cases PB processes are undertaken for purposes of securing legitimacy, and the process is reduced to mere consultation, whereby input from participants is not reflected in the final budgets (Bräutigam, 2004; Lapsley, 2008). This school of thought was well articulated in the Harare Communiqué (2007), which asserted that PB was a mere rhetoric, as challenges facing developing countries such as low levels of literacy, information asymmetry and inadequate funding were not conducive to an effective PB process (Wampler, 2007a).

This reinforced the view that the implementation of PB by developing countries was a strategy of gaining legitimacy from donor agencies that linked PB to good governance (Wampler, 2007a; Lapsley, 2008). In the context of developing countries, the World Bank (1998) attributes poor budgeting outcomes to a lack of integration of the processes of policy formulation, planning and budgeting (Hopper, Tsamenyi, Uddin & Wickramasinghe, 2003; Wickramasinghe & Hopper, 2005). According to the World Bank (1998), the lack of integration of development planning and annual budgeting does not lead to the optimal allocation and utilisation of scarce resources in developing countries. In Nigeria, Agbakoba and Ogbonna (2004) note that local governments, because of corruption, incompetent staff and high dependence on central government funding, failed to achieve their goals due to poor budget implementation.

This confirms the observation by some scholars that lack of technical capacity; effective mechanisms, transparency, and accountability affect budget management and controls in developing countries (Peters, 2002; Mase & Devas, 2004). Thus, the available literature indicates that PB enables citizens who were previously excluded, because of their social status, from the decision-making process in matters that concern them to have a platform to express their priorities in the allocation of public resources. In developing countries, PB has been used for political, social, economic and other purposes in the disguise of promoting equity, efficiency, accountability and transparency.

A number of developing countries have a legal framework requiring citizen participation in the planning and budgeting process (Hope & Chikulo, 2000). The 1996 Constitution of South Africa contains provisions that are aimed at ensuring public participation in local government affairs (Shar, 2007a). However, a number of challenges have been cited that include poor communication, different educational background making it difficult to understand documents prepared by technocrats, different social status and petty conflicts between technical staff and political leaders and the perennial shortage of resources (Moore, 2007);

Krylova (2007), in her survey of Ukraine's experience in participatory budgeting, established that failure by government to mobilise the public, unavailability of materials for training, and information asymmetry amongst key players in the budgeting process were responsible for poor participation in the process of budgeting process by stakeholders in Ukraine. Krylova's (2007) results are in agreement with Fölscher's (2007) findings in Bangladesh, India, Indonesia, the Philippines, and Thailand that PB can enhance service delivery that is required by the residents and generate more resources for local development. The two surveys also concurred that conditions facilitating effective participation include good information; combinations of more than one mechanism; raising awareness and education of stakeholders; provision of incentives to participants; and clear rules for participation and decision-making. Fölscher recommends that initiatives need to be established to put these conditions in place before introducing participatory budgeting.

Some researchers have claimed that the concept of participatory budgeting does not effectively work in developing countries, in private or public sector organisations (Hoque & Hooper, 1997). This view is based on cited problems of implementing participatory budgeting in developing countries that include: (1) budgets being considered as a pressure to the subordinates (Argyris, 1952); (2) most organisations in developing countries use traditional historical cost information (Hoque & Hooper, 1997) (3) most decisions are centralised and involve less delegated management (Uddin & Hopper, 2003); (4) job insecurity due to high unemployment (Uddin & Hopper, 2003); (5) prevalence of political interference in developing countries (Hoque &

Hopper, 1993); and (6) lack of education and experience in budgeting in top management (Uddin, 2005).

2.3.4   Reforms in implementing participatory budgeting

In South Africa, reforms in the local government system were aimed at empowering local governments to play a leading role in delivering services to residents in their areas of jurisdiction, while central government focuses on policy making, providing legal frameworks, oversight and evaluating performance. This was based on the argument that, since local governments are closer to the people, they are better placed to know the needs and priorities of their residents and thus the services required to meet their needs (Wampler, 2007c; Lapsley, 2008). Donor countries imposed the adoption of NPM reforms in developing countries, especially in South Africa, as a condition for accessing aid. As a result, although many African countries have committed themselves to new public management reforms such as decentralisation and privatisation, implementation of these reforms has to a large extent not achieved desired goals and objectives due to a number of factors, which is a subject of this study (Harare Communiqué, 2007).

Goldfrank (2007) studied the adoption of participatory budgeting in Latin America. He observed that adoption of PB was successful where: (a) there was commitment on the part of political leaders; (b) civil society organisations were active and willing to get involved in policy debates on allocation of public resources; (c) the political environment was conducive and people could freely express themselves; (d) resources were made available to finance projects identified by participants during the budgeting process; (e) legal frameworks were in place giving legal backing to PB; (f) there was fiscal transparency; and, (g) the local government systems were effective. Based on the above, he concluded that "the design features that ultimately aided the deepening of democracy in Porto Alegre, a high degree of participant decision-making power, a wide range of issues under debate, and an informal structure were contingent upon a decentralized national state that afforded resources and responsibilities to the municipal government and a set of weakly institutionalized local opposition parties that failed to resist the

participation program forcefully" (Goldfrank, 2007:9). This concurs with Goldfrank and Schneider's (2006) observation that adoption of PB is a political decision that is subject to opposition by other political organisations. Local government planning to implement participatory budgeting should be prepared to undertake reforms. The political leadership should be willing to embrace reforms and practices that have been successful in other countries (World Bank, 1998).

2.4   ELEMENTS THAT IMPACT ON THE PARTICIPATORY BUDGETING

Ebdon and Franklin (2006:45) identified four key elements (variables) of the participatory budgeting process: (1) government environment; (2) participation mechanisms; (3) design of the participation process; and (4) goals and outcomes of the budget. They categorised the four elements into two dimensions: process and outcomes. The study's focus is on these two dimensions, which are examined and analysed below.

2.4.1   Government environment

Ebdon and Franklin (2004), in their study of citizen participation in Topeka and Wichita, concluded that, in designing a budgeting process that aims at involving stakeholders' participation, consideration should be given to political and environmental issues as they can negatively impact on the process and outcomes. Extant literature indicates that the process of PB will not be effective where: (a) the government is not committed to empowering the participants; (b) matters to be considered are of little interest to participants or too technical for them to comprehend; and (c) it is regarded as a once-off project (Moynihan, 2007; Folscher, 2007; Goldfrank, 2007; Ebdon & Franklin, 2004; 2006; Franklin, 2001). Franklin (2001) observed that, where participatory processes do not recognise the dynamics of local politics, economic conditions and social setting, the participatory processes can be captured by elites and this may negatively affect the desired outcomes.

2.4.2   Design of the participation process

Various scholars have recommended that the design for an effective participatory process should take into account various factors that include expected goals, mechanism for participation, implementation procedures and the environment within which participation will take place (Franklin, 2001; Wampler, 2007b; Moynihan, 2007; Folscher, 2007b; Goldfrank, 2007). Therefore, the design of the process has an impact on the suitability of mechanisms for participation, which is examined in the next section.

2.4.3   Participation mechanisms

Ebdon and Franklin (2004) assert that coming up with an appropriate mechanism for citizen participation requires adequate resources in terms of time and effort by key players. A variety of mechanisms to involve stakeholders in the budgeting process at local level have been used in government budgeting (Ebdon & Franklin, 2006:57) The commonly used mechanism in developing countries has been come one, come all public meetings, conferences and consultative meetings involving key and influential stakeholders. In Uganda, structures that were established from village level to national level have been used as mechanisms for citizen participation. According to Ebdon and Franklin (2006) in Thailand focus group arrangements for participation in the budgeting process have been successfully used to produce desired outcomes.

2.4.4   Goals and outcome of participatory budgeting

Two sets of outcomes have been identified as a result of involving citizens in the budgeting process: enhanced democracy, transparency and accountability; and the material benefits for low income groups, in terms of better services and anti-poverty programs (Navarro, 2001; Blair, 1998; Songco, 2001). Heimans (2002) argues that participatory budgeting matters because it promises to improve social and economic outcomes while increasing confidence in public institutions. Therefore, to effectively implement development strategies and achieve intended goals and outcomes, there is a need to link policies plans and budgets, and to involve the public (beneficiaries) in the process (Ebdon & Franklin, 2006).

Navarro (2001:10) highlights factors that helped Porto Alegre to succeed with PB: (a) participation by citizens was constitutionalised; (b) existence of political will for stakeholders' participation in the planning and budgeting process; and (c) there was an established network of association in the municipal local government. Songco (2001) and Heimans (2002) identified four direct benefits to the poor as a result of PB: (a) pro-poor policies can be adopted that take into account their priorities; (b) it provides opportunities to access resources in the budget; (c) due to transparency and demand for accountability, corruption and mismanagement can be reduced; (d) scarce resources are more effectively utilised for the benefit of all stakeholders; and (e) quality and delivery of services is likely to be improved and enhanced. This study focuses on three areas that are considered to constitute evidence of outcomes. First, the information generated from the participatory process will be used by the six municipalities to influence budget allocation to priorities identified by participants in the budgeting process (Ebdon & Franklin, 2006:20). Second, transparency and accountability will be enhanced through two-way communication. Third, the capacity of participants in public financial management will be enhanced and lead to their satisfaction and motivate them to participate in future budgeting processes. When outcomes are achieved, it is more likely that the public will be motivated to participate in the future and this will make the participatory budgeting concept sustainable.

2.4.5   Participatory budgeting framework

The PB process involves six stages, and is influenced by the government environment, design of the process, and mechanism of participation adopted. The PB and capabilities processes are expected to lead to the desired outcomes listed in the last box. This study explores how the above relationship works in a decentralised local government system and the likely factors that influence and affect the above relationship.

2.5   SIGNIFICANCE OF PARTICIPATORY BUDGETING

Participatory budgeting is an aspect of local governance through which the public can participate in decision-making by looking at the use and management of public resources. Public

engagement can contribute to government accountability and to the integration of decisions that are beneficial to the poor into the budget. An understanding of the budget greatly improves the dialogue between local government, elected representatives, and concerned citizens with an interest in how efficiently local government is using available resources. Participatory budgeting provides the public with the opportunity to influence and help make budget decisions. Through participatory budgeting there can be more informed and constructive engagement and service delivery will be more responsive to the poor. Participatory budgeting is essential as a tool to enhance participatory democracy by directly involving the public in decision-making with respect to prioritising the needs of the specific area and ensuring that these are reflected in resource-allocation decisions.

From an administrative perspective, participatory budgeting aims to improve efficiency, accountability and transparency. The primary objective is thus to ensure that local government finances are in order in an effort to reduce potential maladministration. Its application in the social environment entails the re-ordering of priorities or generating social ties. Thus, the primary objective in the social sphere is to involve community members in all social positions to take part in the budget decision-making process. From a political perspective, participatory budgeting aims to strengthen democracy, thus enhancing a democratic culture, nurturing engagement and developing social capital are all critical in this context. Participatory budgeting has led to direct improvements in the quality and accessibility of public service provision in Porto Alegre (Brazil), as well as the encouragement of citizen engagement and inclusion across communities – especially in low-income districts.

International studies have proven that participatory budgeting is important for a number of reasons. Firstly, the budget is the most important means of ascertaining whether a municipality is using public funds for the purpose of service delivery. Therefore, participatory budgeting offers improved service delivery through increased accountability (Makwela, 2012:7). Secondly, participatory budgeting attempts to include and empower traditionally marginalised groups (such as women, youth, the poor, and people with disabilities) in local government and, more

specifically, in the budget process. The budget therefore has the potential to broaden and deepen public participation in decision-making with respect to public spending, and to create a sense of ownership within municipalities with regard to local development.

Thirdly, transparency is central to participatory budgeting as the process involves the municipal administration sharing information with local citizens, thus potentially dispelling citizens' mistrust linked to corruption and misuse of public funds (Makwela, 2012:7). If communities are rooted within the budget process from the beginning, and continually observe the implementation of the budget, they also develop a degree of appreciation and understanding when officials encounter difficulties linked with this implementation.

In Porto Alegre (Brazil), participatory budgeting helped establish new relations between the elected, local politics, and the population. It was necessary to find ways to end passivity and favouritism, and stimulate participation. Objective criteria were needed to determine investment and expenditure in a way that was acceptable to the community and capable of involving the entire city, and through which an order of priorities could be established that took into account the enormous differences that existed in the city. Apart from changing the geography of the 'Gaucho Capital' with hundreds of public works, participatory budgeting has established a new relationship between the government and population. The residents have taken part in decision-making processes, supervising and following up municipal investment for 16 years (Marquetti, 2000:45).

Participatory budgeting is also an instrument of social justice in terms of taxation, distribution and politics. This is not only through regenerating the public sector's financial, strategic and administrative capacity, but also making sure that those who earn most pay most. The increases in revenue witnessed in Porto Alegre (Brazil) clearly show that co-management of the municipal budget has given political credibility to the government to improve the municipal finances and obtain international recognition and funding for the city. (Marquetti, 2000:46). Participative budgeting has shown that democratic and transparent administration of resources is the only way

to avoid the mishandling of public funds and to ensure that investments are directed towards the most pressing needs of the greatest number of people. Participative budgeting has also proved that the creation of effective participatory tools and government's commitment to meeting people's demands are essential for overcoming the bureaucratic barriers that separate society from the government, and forming an active and mobilised citizenship. In Porto Alegre, the citizens know and decide on public issues, thereby transforming themselves into agents of their own future.

Although shifting control over resources can be politically risky, participatory budgeting allows citizens to make difficult redistribution decisions themselves. These decisions often have powerful results. After eight years of participatory budgeting in Porto Alegre, the percentage of residents connected to water and sewage services nearly doubled, half of the city's unpaved streets were paved, the number of students in elementary and secondary schools doubled, the rate of public housing construction increased, and bus services were extended throughout previously neglected neighbourhoods (Marquetti, 2000:46).

Local government is morally and legally obliged to consult citizens and represent their needs and interests. Equally, it is the responsibility of citizens to give life to democracy by making their voices heard and participating appropriately in government processes. The quality of service planning and delivery depends on these principles being observed, with the support of competent local governance. The IDP and budget processes are key opportunities for cooperation between the state and civil society, as both have an interest in when, how and why public money is spent.

2.5.1   Benefits of participatory budgeting

To understand the role and significance of participation in budgeting it is important to understand why participation itself is important. Most arguments in support of participatory budgeting portray it as a means of improving both the performance and accountability of bureaucracy that is out-dated, unrepresentative and underperforming, thus these arguments are relevant to South

Africa. Increased participatory budgeting can lead to the formulation of investment in pro-poor policies, greater societal consensus, and support for difficult policy reforms.

Experience with participatory budgeting in Brazil demonstrates that it can lead to sound macroeconomic policies and more effective government. Participatory budgeting moves the locus of decision-making from the offices of politicians and technocrats to public forums, fostering transparency. Communities, together with elected representatives (councillors) and officials, work to develop policies and budgets in order to achieve broader social goals. Ordinary people learn to negotiate the distribution of scarce resources amongst themselves as well as with government.

An important aspect of participatory budgeting is the involvement of citizenry in solutions to the problem of raising income to fund development initiatives. This includes dealing with the important issue of payment for public goods and services. In the Brazilian context, participatory budgeting confronted the political legacies of clientelism, social exclusion, and corruption by making the budgetary process transparent, open and public. Social and political exclusion is challenged as low-income and traditionally excluded political actors are given the opportunity to make policy decisions (Santos, 2003:24).

Another argument for participatory budgeting is that it causes a desired and natural outgrowth of trends towards fiscal decentralisation. Fiscal decentralisation is intended to reduce central control in favour of local preferences that foster allocative efficiency. The promise of fiscal decentralisation is therefore also a premise of participation and the success of one depends on the other (Shar, 2007:59). There are also benefits for the public from participatory budgeting. It is likely to improve the accessibility of councils to citizens and allow citizens to have their problems attended to in a timely fashion. Participatory budgeting further enhances accountability and transparency in public financial management and deepens local democracy, involving people beyond elections, i.e. citizens no longer wait for voting day to be heard. With participatory

budgeting, they are able to participate in the entire cycle of budgeting, implementation, monitoring, and evaluation of development projects.

Local government can also benefit from participatory budgeting, as it helps to build joint action around issues with people of different groupings. In this regard, participatory budgeting helps the council to avoid unnecessary arguments within council chambers and between the council and key stakeholders. This can help reduce voter apathy. Participatory budgeting also increases interest in the monitoring and evaluation of development projects as, when the public is not part of the decision-making process, they often lack interest in learning the results. In contrast, when the public is involved they can be the eyes and ears of government with regard to the progress and results of developmental projects. This ensures that project implementation is on target, resources are applied in accordance with agreements, and quality control is in place. This ultimately prevents the abuse of public office and resources.

Municipal councillors can also benefit from participatory budgeting, as it enhances accountability in budget formulation and implementation. Participatory budgeting gives the councillors an opportunity to be transparent in the budgetary process, enhancing his or her credibility and legitimacy in the eyes of the public. Another benefit to councillors when embracing participatory budgeting is that sharing well-defined roles and responsibilities with civil society players during the budgetary process, in an open and transparent way, enhances trust between the two, often antagonistic, camps (Makwela, 2012:11).

Participatory budgeting promotes inclusiveness with equal access to essentials, such as shelter, safe drinking water, and sanitation with institutional priorities focusing on actions that support the poor, such as preferential pricing of policies for water and electricity. By including the informal sectors in the budgetary process, and the sharing of power, all members of the community, irrespective of age, sex, ethnicity, religious affiliation, or physical disability, participate as equals in all decision-making, priority setting and resource allocation (UN-

HABITAT, 2008:9). By allowing citizens to collectively prioritise budget spending based on their perceived needs of the people, resources are channelled where they are most needed.

Public participation in budgeting is a new phenomenon. As budgeting helps concretise policies in implementable terms, public participation in budgeting offers an important space for ordinary people to translate policies into actions. According to Schumpeter, as cited in Bradshaw and Burger (2005), "the budget is the skeleton of the state stripped of all misleading ideologies", and yet the budgeting exercise remains an exclusive domain of the bureaucrats and technocrats with little or no room for citizens to participate and influence. If the budget is to become pro-poor (i.e. its expenditure and revenue decisions will be more sensitive to the interests of the poor), it is important that the poor themselves participate in its formulation, implementation and monitoring in a manner that is equal, inclusive and collegial.

To reach the millennium development goals of the United Nations, governments must obtain access to more resources and, more importantly, they must employ what funds they have wisely and with purpose. Increased spending on education, for example, will not help achieve the goal of universal primary education if funds are spent on secondary and higher education, or on primary school books in wealthy districts where attendance is nearly full. International donors and multinational agencies alike are disappointed with budgets produced by the traditional political process. Donors encourage and increasingly mandate direct participation in drafting. The expectation is that participatory budgeting will lead to greater transparency, enhanced accountability and, above all, to pro-poor results (World Bank, 1995).

Participatory budgeting has many potential benefits for local government and civil society alike – it can improve transparency in municipal expenditure, stimulate public involvement in decision-making about public resources, and help boost city revenues. Participatory budgeting can redirect municipal investment towards basic infrastructure for poorer communities. It can also strengthen social networks and help to mediate differences between elected leaders and civil

society groups. This approach has been successfully applied in a number of cities in Latin America and Europe and is now spreading to Africa (including South Africa) and Asia.

As a result of the participatory budgeting process in Latin America and Europe, participants have developed a series of democratic skills. The most elementary are collective decision-making, holding meetings, allowing all to speak, and learning how to debate and vote on complex issues where choices are multiple. Participants have also gained critical skills in negotiating with the administration of municipalities, thus they pressure agencies to produce information about government actions and to demystify technical rules. They often successfully force administration officials to talk in ordinary people's terms and in so doing unmask any attempt to veil the real reasons for rejecting or changing the demands that had been prioritised in technical complexity.

Participatory budgeting is not about giving elected leaders the opportunity to lay blame for unpopular decisions at the feet of the public. It is always important that citizens are involved in decisions that will affect their lives. Experience shows that citizens can be thoughtful, insightful, and creative when circumstances are at their most challenging. The opportunity for citizens and local government to collaboratively choose the way forward, based on a shared set of priorities, a comprehensive pot of resources, and a collective mandate, can generate radical new approaches. Participatory budgeting can have a real positive impact on the citizens who are involved, increasing their connectedness and their understanding of public officials.

In most projects, public involvement and engagement increased significantly over time as people became more aware of the process and, crucially, more confident that public sector leaders were really sharing control and power with their public sector leaders, translating into a greater sense of cooperation and shared ownership over outcomes. In many cases, participatory budgeting led to an increase in community cohesion even if budget decisions were not area specific. Being listened to was crucial, not just for local government representatives, but also for them, by each other. In some instances, people made decisions that ran against the grain of their individual

circumstances but unearthed what they thought would 'make the biggest difference'. In addition to increasing community empowerment and confidence, the biggest impact of participatory budgeting to date has been a radically improved relationship between citizens and their public services.

2.5.2   Limitations of participatory budgeting

Although participatory budgeting is useful as a tool to promote political inclusion and social justice, it is not a panacea. According to Wampler (2007b:18-24), there are also limitations to the process. The following are some of the limitations that are commonly identified in the literature, namely:

- Elected members of city councils and state legislators, "have virtually no role in the policy making procedure" because the transfer of authority to citizen forums bypasses the legislative branch.

- Participants do not propose and debate their own policies, thus they focus on the government's pre-existing policies.

- Most citizens are poorly informed and lack expertise and, as a result, broad policy decisions may be largely acts of rubberstamping as the majority of participants follow the lead of the most experienced policy advocates or the position of the government.

- Government remains the principal actor and tends to use its power to reward friendly participants, doing little to empower the majority of people. This may be a new form of clientelism.

- Government can manipulate participatory budgeting to advance its own agenda through the non-disclosure of key information, lack of implementation of selected public policies, or the weakening of citizen oversight committees.

- Participants are often only interested in short- to medium-term public works and find it difficult to fathom the complexities of long-term planning.

- Participatory budgeting programs concentrate on the local level, with the consequence that less attention may be paid to other regional, national and global factors that impact on the social and economic exclusion of people at local level.

- Dependence of the participatory budgeting process on the mayors' office means that local government remains the principal actor, responsible for organising meetings, providing information, implementing projects, and so forth. Without strong political commitment, it is therefore difficult to sustain the process. There is also the danger of the process being manipulated by politicians as a result of the controlling role of the mayor's office.

- In many programs some degree of tension between participatory budgeting delegates and municipal councillors has been reported (Cabannes, 2003:40). Elected councillors may feel that the process takes away their power and they are subject to public pressure to approve budgets without making any amendments (Souza, 2003:11). There is consequently a need to resolve the role of elected councillors in participatory budgeting programs.

- While there is evidence that poor people have been able to influence decisions about resource allocation through participation in participatory budgeting programs, some research suggests that the 'very poor' have not been as able to influence these decisions (Souza, 2001:12).

- There is often a mismatch between the technical knowledge related to the budget that is held by government officials and the knowledge held by citizens. It has been observed that technical knowledge can be used as a form of power in the negotiating process (Acioly, *et al.*, 2002).

- Without a strong political commitment to the program, it is less likely that the program will succeed.

- While participatory budgeting programs directly incorporate civil society actors in the policymaking process, the government remains the principal actor.

- The municipality organises meetings, provides information, ensures that bureaucrats meet with the population, and guarantees that selected policies will be implemented. The influence of the mayor and the governing coalition is substantial.

- The complexity of the issues involved also requires that citizens have substantial technical and analytical skills to weigh the relevancy of different arguments.

2.6   THE EXPERIENCE OF PARTICIPATORY BUDGETING IN SOUTH AFRICA

Setting priorities and allocating resources are critical links between governance and local development. An increasing number of local authorities throughout the world have enhanced the responsiveness, transparency and accountability of public investment and public service delivery by introducing participatory planning and budgeting. Public participation in municipal budgeting is new to South Africa. During apartheid, there was limited public participation in local government matters (even for the privileged white population). Participation on issues related to the municipal budget process was either non-existent or, in rare cases, extremely limited – the task of municipal budgeting was almost exclusively left to municipal officials.

In contrast, in the post-apartheid local government dispensation, municipalities are required to provide citizens with adequate opportunities to participate in the process of drawing up municipal budgets, as it is the citizens' service delivery and infrastructure development needs that are supposed to guide what the municipality spends its funds on. The need for public participation in budgetary processes is conveyed in the White Paper on Local Government (1998):

> Given that resources are scarce, public participation in the development of the integrated development plan and the municipal budgets is essential. Thus participation provides an opportunity for community groups to present their needs and concerns. It enables them to be involved in the process of prioritisation, and to understand and accept trade-offs, which need to be made between competing demands for resources.

Public participation in the IDP process in local government is obligated by legislation and has been promoted with varying levels of commitment and effectiveness by municipalities since 2000. Public participation in the budgetary process recently started to receive more attention in some municipalities in South Africa. There are connections between the IDPs and budgets, thus the addressing of the needs and priorities of the IDP are reliant on what is available in the budget. According to the White Paper on Local Government (1998), municipal budgets are

critical tools for re-focusing the resources and capacity of the municipality to be behind developmental goals. To this end, budgets must be developed in relation to the policies and programs put forward in the municipal IDP. The Municipal Financial Management Act, No. 56 of 2003 (MFMA) also requires that the two processes be closely aligned, so that priorities identified through the annual IDP review process feed directly into the formulation of municipalities' annual budgets.

There are existing opportunities for the public to critique the draft budget, but this is at a stage where it is too late for public input to have a significant influence on the budget. In South Africa, a real challenge for municipalities remains to find a ways to engage with the budget during the drafting stage. This will require that discussions about the budget be thoroughly integrated into annual IDP review processes involving public participation. According to the White Paper on Local Government (1998), another challenge for municipalities is to present budget information to the public in non-technical and accessible formats.

As a consequence, public participation in municipal affairs in South Africa has, on the whole, not been as extensive as policy-makers might have intended. Institutions of local government have been created with good intentions to positively affect democracy and bring about social and economic delivery at local government level. These institutions have not been able to live up to expectations. The reason for this shortfall is that the method of implementing them has not effectively catered for the dormant participatory culture held by citizens (Friedman, 2006:11).

There are obviously certain organisational cultures that are not supportive of democratic projects. The transformation of local government in post-apartheid South Africa, with the implementation of the new institutions of local government has been incomplete when it comes to incorporating the participatory (organisational) culture that was dominant among South Africans. The implementation of the new local government institutions has not been able to incorporate and appreciate this culture, arguably because of the belief that properly designed institutions will

function optimally irrespective of their relationship with communities who are supposedly served by them.

According to Buccus, Hemson, Hicks and Piper (2007: 301), regardless of existing frameworks and mechanisms to facilitate interaction, such as traditional imbizos and road shows, these created spaces have been largely ceremonial and have failed to consider developmental issues. In this regard, participatory governance has so far left much to be desired. Social movements' actors are increasingly challenging government's policy and legislative framework with respect to public participation as a key space in the local sphere of government.

2.7   IS PARTICIPATORY BUDGETING MEANINGFUL AND EFFECTIVE IN SOUTH AFRICA?

Participatory governance at municipal level entails the active and meaningful involvement of the public in the manner in which they are governed. This form of governance has been implemented in many democratic governments throughout the world in an effort to bring government closer to the people. The three spheres of government should involve the public in the day-to-day process of governing (Van der Waldt, 2007:190). This is not currently the case at municipal level in South Africa.

The recurring service delivery protests experienced in the six municipalities, especially from 2009 to 2012, exposed some uncomfortable truths about the government of South Africa. In particular, regarding the defining characteristics of developmental local government to 'democratise development' and 'to work together with the local communities to find ways to meet their needs and to improve the quality of their lives'. The key driver for the protest was the disillusionment of communities caused by their lack of meaningful involvement in local decision-making, a lack of accountability and responsibility, and weak leadership on the part of local leaders.

The recurring nature of these protests brings two interconnected and glaring facts to the fore, namely that, firstly, the ruling party and municipalities in South Africa, and the Western Cape in particular, have not only failed to respond to the needs of the poor and marginalised groups; they have also failed to communicate clearly why the needs and concerns of the people have not been adequately addressed. Secondly, the structures and processes to express dissent, set in place by local government legislation, are inadequate and have failed to provide space for the fair and inclusive expression of the poor and marginalised groups in South Africa. According to Bond (2000:60), a major challenge facing South Africa is the need to ensure that the formal processes of representative democracy become meaningful for ordinary citizens and particularly the poor.

Twenty-one years into South Africa's democracy, evidence from many different sources, including the media, academia and political leaders in government, indicates that, while progress has been made since the end of apartheid, a large proportion of the population remains marginalised and poor. These authors also substantively concur on the fact that these same people are unable to participate meaningfully in political and administrative processes that affect their welfare. Whilst this state of affairs is typical of a developing country in transition, the South African case is of interest because the failure to realise participatory democracy appears at face value, not to be a consequence of political neglect on the part of the ruling party or of the government itself. There is considerable evidence in legislation and government policy of a commitment to promoting popular participation and creating opportunities for the voices of the poor to be heard.

Some critics of government's achievements have rightly pointed to the failure of government departments, including local government, to effectively implement policies that have been formulated. It is also clear that the shortcomings of these institutions alone do not explain why, under a system of governance so seemingly supportive of public participation, there has been a mass protest reminiscent of popular action in the apartheid era (Thompson, 2005:82).

The findings of this research point to a variety of factors that impede meaningful and effective public participation in the formulation of local government budgeting. In the first instance, it is suggested that the ways in which citizenship is understood in by the local government do not lend themselves to effective public participation in the existing liberal democratic model of local government. Linked to this, the effects of racial, ethnic and class distinctions, combined with the lack of social capital, work against the development of common understanding of citizenship. In doing so, they also hamper the mobilisation of the marginalised and poor groups and instead create opportunities for the emergence of self-serving interest groups in both policy and administration.

The current structures of local government in South Africa impede the opportunities of the marginalised and poor to be heard and advanced with respect to the provision of water, electricity, sanitation and employment creation. The Municipal Systems Act (No. 32 of 2000) and the Municipal Structures Act (No. 117 of 1998) are key pieces of legislation in the local government realm that enshrine public participation. These legislations sought to ensure transparency, accountability and responsibility in the management of local government affairs.

The forms of participation created by the acts mentioned above do not amount to the actual public participation of civil society in decision-making (Buccus, *et al.*, 2007:10). Although these legislative guidelines sought to ensure transparency, responsibility and accountability at municipal level, they have proven inadequate in practise due to:

- Party politicisation of development and participatory structures;
- Lack of commitment by municipality to prioritise public participation;
- Lack of capacity amongst the stakeholders;
- The slow pace of basic service delivery and the lack of access to basic services that hampers public participation and prevents ordinary citizens from enjoying a decent standard of living; and
- Failure to recognise and work closely with community-based organisations.

According to Friedman (2006), the post-apartheid order has only liberated citizens from racial minority rule, and has not offered the public effective and efficient channels for public participation in decision-making. In other words, despite progressive legislation frameworks seeking to create a conducive atmosphere for meaningful public participation, in practise, this implementation has not yet yielded any major results in as far as accountability, responsibility, transparency and consultation in the management of local government affairs are concerned. What contributes to this is the lack of involvement of some government stakeholders who do not include and represent citizens in community structures as per the requirements of the Municipal Structures Act (1998). This lack of representation is exacerbated by the relationship of mistrust that continues to haunt local government stakeholders. The attitude of 'us' and 'them' is rife and severely deters public participation from flourishing.

In spite of the efforts by government to improve governance and service delivery at local government level, recent research demonstrates that, while there has been some improvement in civil society and public participation in decision-making processes at local level, significant challenges in terms of municipal responsiveness still remain. Statistics compiled by the Good Governance Learning Network (GGLN) have shown that more citizens than ever before have access to basic services. The GGLN (2008:8) attributes this to an enabling environment for service delivery and changes in local government (IDASA, 2008:11). In contrast a study by Heller (2007:20) concludes that officially endorsed forms of public participation have largely failed to enable meaningful popular participation in local government. The report cites cooptation and compliance requirements as some of the impediments to fostering effective public participation in the budget process. IDASA's State of Local Governance report also notes that consultation with communities was limited to compulsory moments defined in the legislation and not connected to decision-making (IDASA, 2008:18).

The budget process in the Western Cape municipalities is a top-down approach, whereby municipalities determine their budget allocations without consulting the public or local citizens. Therefore, the process leading to the adoption of municipal budgets in South Africa is driven by

municipal officials rather than by ordinary citizens. Both government and communities can become frustrated by the lack of opportunity to communicate with one another. This limitation may be partially the result of an absence of communication mechanisms within the government structure itself. Local governments are primarily concerned with their area and there are relatively few mechanisms by which information can be conveyed across departments. This problem of coordination can be frustrating to community organisations whose concerns span jurisdictions of more than one department.

Smith and De Visser (2009:73) argue that, for many actors within civil society, there is mounting pressure and impatience with municipalities ignoring the voices of their citizens, especially those who they should be listening to. As Smith (2003:20) explains:

> Although there are vehicles for potentially effective participation in decision-making, such as the IDP process and ward committees, the poor marginalised are still often unable to make full use of consultation and participation opportunities. Limited opportunities for citizens to influence decision-making; poor or inadequate service provisions; and the generally unresponsive nature of the government to the needs and priorities of the poor have led to the formation of increasing militant social movements in recent years.

> Thus how the determination of which competing needs receive priority in a particular budget, and how much say ordinary citizens ultimately have in that determination, are recognized as critical questions that cut the heart of public participation in developmental local government.

Public participation in the budget process is obligated by legislations and has been promoted with varying levels of commitment and effectiveness by municipalities since 2000. Public participation, especially in the budget process, has recently received more serious attention by some municipalities in South Africa. There is an alignment between the budget and the IDP, most obviously in addressing the needs prioritised in the IDP, as these are reliant on what is

available in the budget. Therefore, in so far as the public participates in the IDP formulation and review process, they will also be providing input to the budget.

However, beyond requiring municipalities to involve the public in the IDP process, there are few concrete references in legislation as to how the public should be involved in the budget process. Public participation in the budget process is mostly envisaged as consultation on the budget once the budget has already been drawn up. For example, the Municipal Finance Management Act of 2003 stipulates that, "Immediately after the annual budget is tabled in a municipal council, the accounting officer of the municipality must make the annual budget public and invite the local community to submit representation in connection with the budget". The municipal council is then required to consider any views on the budget submitted by the members of the local community, to respond and, if necessary, to revise the budget and table amendments for consideration by the council.

While opportunities for the public to make comments on the draft budgets are necessary, it is arguably too late for the public input to have a significant influence once the budget has reached this stage. A real challenge for the municipalities in the Western Cape Province is to find ways to engage the public during the drafting stages of the budget, this will require that discussion about the budget involving public participation be thoroughly integrated into the annual IDP review process (Smith, 2003:18). Another challenge for municipalities is to present budget information in a non-technical and accessible format to the public, as one of the barriers to the participatory budget process is the highly technical nature of much of the content of the budgets, which to the average member of the public can be totally inaccessible and alienating.

According to the White Paper on Local Government (1998):

> In respect of reporting to the community, there is a perceived lack of transparency as municipalities often do not understand the challenges and needs of the people. Thus it is unlikely that there will be significant demand for audited annual financial statements. Therefore municipalities need to consider preparing

mayoral budget addresses and annual reports as a way to present information, which is credible and understandable, and allows the public to assess municipal expenditure against the municipal integrated plan.

Oldfield (2002) argues that, besides these more practical problems with public participation in the budgetary processes, an even more fundamental problem is that of the narrow scope within which the budget can actually be influenced by public input. One of the most important features of participatory budgeting programs is that a portion of the whole municipal budget is allocated exclusively for them (public). This funding is allocated on a discretionary basis according to the input from the public during the participatory budget process. In this sense, there is a real motivation for the public to participate in the process. In South Africa, with the revenue constraints most municipalities are facing, there is little, if any, funding available for participatory programs after 'fixed' annual expenditures, such as salaries and interest in repayments, as typically a high proportion of the total budget available has been accounted for. A major impediment to public participation in the budget process in South Africa is the absence of budget for participatory programs.

Hicks (2005:17) reflect on this point in his paper entitled, 'Making Local Government Work for the People: South Africa far behind International Trendsetters'. He uses the 'toilets controversy' to illustrate that when municipal officers are removed from communities and can approve projects without an understanding of the community or the details of the project, this can lead to a, "situation where municipal governments are genuinely surprised to find out that the projects are completed 'to spec' and that the specification does not specify the building of walls around a toilet". Municipal officials do not seem to understand their role in ensuring participation and also lack understanding that the rights of communities are prescribed by pieces of legislation. Where municipal officials did understand this, they often lack the capacity or the will to put it into effect.

Hicks (2005:18) comments further on the toilet controversy and its results: "in all of this, we might ask, where are the communities, the people, the proverbial 'masses' in decision-making." This incident is perhaps the most telling on the real state of participatory budgeting in South Africa. There is also no clear understanding within civil society of the right they have to participate in the budgetary process. Those who know more remain powerless to engage effectively with the budget, as they do not know enough to participate meaningfully. Some municipalities, especially those in rural areas, do not have enough funds to promote participatory budgeting effectively. Wampler (2000:7) argues that discretionary funding is critical to implement a participatory program as it increases the likelihood that citizens can directly select outcomes. A major obstacle in public participation in the budget process in South Africa is the limited pool of funds that are available for negotiation (Oldfield, 2002).

In South Africa, communities, especially the poor and marginalised, are not involved in decision-making. A good example is the abovementioned toilet saga (unenclosed toilets) that involved the Democratic Alliance in the Western Cape and the African National Congress in one of its municipalities in the Free State. Some politician, who probably never visited the site, facilitated the decision-making process. They may have justified the decision to build open toilets by arguing that more toilets could be built within the budget.

The city of Porto Alegre in Brazil has provided inspiration for the current round of global attempts to deepen democracy. In Porto Alegre, participatory budgeting was introduced as a means to provide social control over decision-making. Their political project is expansive and redistributive. Today Porto Alegre is but one example of participatory budgeting with a range of experiments being conducted under the broader concept of participatory decision-making. This practice has since grown internationally, with experiments in Brazil still providing inspiration (Hicks, 2005:2). The current best practice of participatory budgeting is in the City of Recife in North Brazil. It uses a system of communities in deciding on project priorities and evaluating the implementation of projects. According to Hicks (2005:2), the city of Recife created a structure,

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which translates into English as the "municipal budget for the democratic management of the public budget".

This translation spells out that the council, consisting of elected councillors and community representatives, is responsible for the entire budget, not just a dedicated budget for participatory initiatives. Simply stated, it provides for the social control of public expenditure at the local government level. The Brazilian cases are well developed and, as a result, they get exposure. South Africa has failed to understand these cases' significance and is behind in implementing projects that deepen democracy. A good observation is, firstly, that there is an old tradition amongst the left, which places the future not in the hands of the vanguard, but rather in the hands of organised and autonomous community organisations. The left political party does not seek domination at the ballot box, rather 'hegemony' in the sense of shifting power towards local communities. Such an approach in South Africa is feasible provided that there is ideological lack of leadership. The political will to introduce participatory budgeting must be crafted, especially as it provides a means to hold councillors accountable and reduce wasteful and corrupt spending (Hicks, 2005:3).

Secondly, South Africa's local government planning regulations and systems seek to combine a robust technical evaluation system and procedures together with popular representation and public participation in the budget process. Thus, changing the legislation would make little change to the practice that currently occurs. Placing the emphasis on 'participation' above cumbersome reporting requirements is what is required. Thirdly, the politics of successfully running a process, such as participatory budgeting, are important to understand. In South Africa, this literally means councillors doing the spadework of getting protesting communities involved in a process. It also means adopting local strategies to raise revenue that allows for the redistribution of resources from rich to poor communities. Each of these is easier said than done in a society as unequal as South Africa, but not impossible to achieve, if one looks at the Brazilian success.

According to Hicks (2005:3), what the South African government elections and the manifestos, particularly of the ANC, represent is that the possibilities of a democratic local government have not yet been comprehended in South Africa, nor have alternative forms of democratic participation been experimented with. International experiments not only show that this delivery can happen, but also that the power relations in a city can be shifted to the poor. In such a system, open toilets would be inconceivable. The findings of the research conducted by the Department of Cooperative Governance and Traditional Affairs highlights the interference by political parties as a major cause of instable and dysfunctional local government. Invited spaces for public participation are too constrained to truly allow for robust and uninhibited discourse on development and governance at the local level. As a result, the promotion of social citizenship defined in terms of shared commitment to democracy and functional municipal governance is severely compromised (Hickey & Mohan, 2004:20).

The IDP processes of municipalities in the Western Cape are still far from achieving full community involvement in policy making, as stipulated in the legislation. They remain very much top-down and communities are merely allowed to comment on proposals developed by municipal officials rather than being invited to contribute to the content before drafting. Based on the literature on ward committees and on the IDP of municipalities, it is evident that there is limited public participation in local government structures that have been created for that purpose. The limitation of public participation in these structures is influenced by political and administrative challenges at municipal level.

Participatory budgeting has not yet found significant direct expression in South Africa, even though its benefits for deepening democracy have been widely observed in various international contexts. The existing spaces for engaging with policy processes and civil society need to be better informed, positioned and active to engage with these. According to Hicks (2005:10), only a few privileged individuals have access to these spaces, which are not sufficiently advertised or accessible, particularly to the marginalised and poor groups. She goes on to argue that "attempts

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to facilitate community input are largely superficial, and do not tap into the real power-base where decisions are made".

The tight time frames imposed on municipalities to adopt their budgets and accompanying service delivery and budget implementation plans (SDBIP) also make it extremely difficult to include substantive public participation in the process. The consequences are budgets that are not owned by the communities they are intended to serve. Matovu (2011:10) argues that participatory budgeting involves "a shift in the traditional thinking that budget preparation, execution and monitoring was a preserve of the municipal treasurer and heads of departments" to a participatory process characterised by dialogue, negotiation and persuasion. The shift also changes the roles of the municipal staff to that of facilitators of public consultative processes designed to increase public participation. Participatory budgeting allows for a back and forth deliberation process between the community level and municipal structures. It thus encourages decentralisation, such as demographic and thematic (sector) forums and neighbourhoods and wards, increasing and deepening public participation.

Participatory budgeting must not be a once-off event focusing solely on the goal of adopting budgets. It must be an on-going process that promotes the mobilisation of residents to monitor the expenditure and progress of implemented projects throughout the year. The decision-making process and the elections of representatives of the community in the budget process must be transparent. Tapscott (2006:6) focuses on the ways in which municipalities attempt to draw the public into processes and practices of local government. He points to the gap between the communities and municipalities regarding their understanding of the role of the public, as well as the instrumentalist approach of municipalities towards including the communities in public participation processes around the IDPs and budget processes. According to him, multiple layers of participation starting at community level are needed over a prolonged period to sustain more formal processes of public participation, especially in the IDPs and budgets of municipalities.

Public participation has not been approached as an activity; it is seen as an event, with little bearing on local priority setting and development. The legislation requires municipalities to consult with communities about matters that affect them, but they are not well equipped with the relevant information and insights to participate in a negotiated process of determining priorities. There is also a lack of feedback to communities once a consultative process has run its course and this result in community dissatisfaction when it appears their views have been ignored. Thus, public participation does not seem to yield substantive results. The quality of inputs made by citizens during the budget process is usually indicative of the flow of information between the government and the electorate.

There is a perception that municipalities do not take issues raised by the citizens during the public participation process into account when drafting the budget. This is perpetuated by the notion that municipalities do not provide adequate education about the budget processes to citizens. Consequent to this failure, the inputs and contributions of the citizens become insignificant to the budgeting process. Reasons advanced within some quarters are that the drafting of the budget remains a technical matter that requires special expertise. The government program in general has been attributed as one of the impediments to meaningful participation. Although, the public is provided with platforms for meaningful involvement, some sectors of society do not use them. As a result, this leads to poor or non-participation in government initiatives. As a way of ensuring meaningful participation and to avoid malicious compliance, concerted efforts by municipalities should be undertaken to invest more resources in public education. This is imperative of a constitutional and responsive government (Tapscott, 2006:7).

A holistic understanding of government operations' programs, and projects by individual citizens, community-based organisations and, more broadly, civil society will also go a long way to help overcome this problem. It is important to create platforms to facilitate meaningful citizen participation in the budgeting process at the beginning of the cycle and not at the end. Whilst public participation remains important, it is apparent that this constitutional imperative provides space for discourse between government and the citizenry. It is even so in the budgeting process.

Government's efforts to maximise public participation should be welcomed and enhanced. However, in order to derive value from this exercise, more needs to be done. Some of the protests by community members relating to service delivery issues point to the centrality of regular public engagement between government and the people (Tapscott, 2006:7).

Meaningful public participation in the budget process is sustained engagement through a transparent forum that builds relations between the citizens and the state, and helps build effective and responsible government bodies able to play their development role. If communities are actively engaged in participatory budgeting and governance processes, this gives meaning to social citizenship. If not taken seriously, the lack of public participation in the budgetary processes of South African municipalities could negate and compromise democracy. According to Kumar (2002), public participation will not happen by exhortation and noble talks. It will require struggle and it needs people who are very passionate.

2.8   SUMMARY AND DEDUCTIONS

Participatory budgeting will have a greater chance of success if there are organised citizen networks and associations to support it. During the initial phase, most of those taking part in participatory budgeting will come from political backgrounds. Therefore, participatory budgeting should quickly be placed on a broad popular basis, which can be facilitated by the existence of networks. This will give credibility and legitimacy to reforms implemented by the local government in participatory budget planning. Participatory budgeting is a long and complicated process, and a certain degree of political and administrative stability is required. On the other hand, political authorities must be flexible enough to accept the population into the decision-making process. They must have the resources and the capacity to reform bureaucracy so that the process of participatory budgeting can be guaranteed in accordance with established regulations. Changes in regulations may be necessary vis-à-vis procedures for formulating the budget by local authorities.

In South Africa, the participatory budgeting process has not yet found its direct expression, even though its benefits for deepening democracy have been widely observed in Porto Alegre. According to Kumar (2002), given the loss of public trust in authorities and politicians it has become even more important for South Africa to urgently consider innovative ways of improving governance. A range of progressive legislation compels the government to engage communities in matters of governance, and particularly in budgetary processes. Despite this requirement, municipal budget processes leave much to be desired.

There is not enough support for participatory budgeting in South Africa. A good example is that of Fairshare, whose program was probably curtailed by poor resourcing for participatory initiatives in South Africa. In South Africa, participatory budgeting is still a contested area. The technocratic approach to handling government business is not empowering to local communities, yet this is the favoured *modus operandi* of government officials. This is closely aligned with the 'tenderpreneurship' where service providers who do not prioritise community interests are often given the task of facilitating the development of municipal budgets and integrated development plans (IDP).

Effective public participation requires municipalities to be highly capacitated and to have the will to promote public participation. The ruling party should ensure that all conducive legislative frameworks are properly implemented in municipalities, and mechanisms should be established to monitor all participatory processes at local government level. For public participation to be sustainable at local government level, they require a partnership between government and civil society. The advantage of capacitating communities is that the quality of public participation, especially in the budgetary processes of municipalities, will improve. This is supported by the view that an educated citizen is enabled to exercise his or her judgment, contribute to the debate about planning, and is aware of social problem and the difficulties of finding solutions to them.

There is still a lot of work that needs to be done to ensure that the space provided by legislation in South Africa on participatory budgeting at local government level is fully utilised. The

apparent disregard of legislation in ensuring effective public participation in budgeting and in governance suggests that there are interventions that are required to support municipalities and communities in realising both the latter and the spirit of the legislation. For participatory budgeting to be effective, public officials need to provide citizens with detailed and accessible information, to help them better understand budgetary constraints and options. Experts should play an essential role as technical advisors, clarifying the range of possible and appropriate budget projects, and working with residents to design sound projects. They can also serve as facilitators, guiding people through balanced and inclusive discussions that aim to incorporate the views of all participants. This helps citizens develop projects that are better informed and more easily implemented.

Community members, on the other hand, assume the roles of deliberator, policy-maker, and decision-maker. Before making demands, they are first encouraged to evaluate and prioritise these through deliberation. Participants are then able to design their own policies and projects – not just choose between pre-packaged offerings. In the process they gain trust and mutual respect from professionals. This allows them to direct new expenditure, rather than simply being consulted. These new roles are an invigorating change and a powerful incentive to become engaged.

Based on what has been discussed in this chapter, it can therefore be said that public participation is an integral part of developmental local government. The mandate for local government to be developmental cannot be realised if effective public participation is not present. The community should be made part of the new initiatives, including their implementation, monitoring and evaluation. Furthermore, public participation is a constitutional requirement, this means that it is not optional, but must be provided for.

The community should not be merely consulted, but should undertake an active role in matters of governance. Although public participation is a legal requirement not only for local government, it should be seen as going beyond issues of legislative compliance. Issues of compliance tend to

concentrate on the framework of legislation, disregarding innovation and extra effort. It is therefore necessary for both councillors and officials to take it as a moral duty and responsibility to always involve local communities in decision-making. There has to be both political and administrative will to improve and extend public participation. It has also emerged that participatory budgeting is not a budgeting technique but an approach to the way in which budgets are formulated, approved and implemented.

Factors that inhibit and enhance citizens' participation in the budgeting process have been identified from studies undertaken by various scholars in different countries, both developed and developing. It has emerged that participatory budgeting as part of NPM reforms promoted by donor supranational agencies is forced on developing countries without taking the local environment into account. The reviewed literature also provides evidence that involving stakeholders in the allocation of resources using the PB concept brings benefits to all stakeholders. From the above, it is deduced that an effective public participation process would be characterised by:

- Representative attendance at workshops and public meetings;
- The filtering of information down to the general public;
- Few incidents of conflict during meetings and workshops;
- Continuous progress in the planning process;
- A large measure of consensus among stakeholders and role-players;
- Clear mandates for participants;
- Clear, accepted terms of reference for all participants; and
- Clear and agreed-to codes of conduct for all participative sessions.

It has emerged from this chapter that participatory budgeting is not a budgeting technique but an approach to the way in which budgets are formulated, approved and implemented. Factors that inhibit and enhance citizens' participation in the budgeting process have been identified from studies undertaken by various scholars in different countries, both developed and developing. It has emerged that participatory budgeting, as part of national public management reforms

promoted by donor supranational agencies, is forced on developing countries without taking the local environment into account.

The reviewed literature also provides evidence that involving stakeholders in the allocation of resources using the PB concept brings benefits to all stakeholders. However, its implementation involves a number of challenges that hinder the achievement of these benefits, and these need to be explored. Similarly, the key question of this research has not been fully answered: How in actual practice participatory budgeting is conducted in a decentralised local government system in a developing country and whether desired outcomes are achieved. The reviewed literature is also inconclusive on what needs to be done by South Africa to ensure that the desired objectives are achieved. In chapter three, the comparative study of Brazil and India is presented, and used to fill the identified gap in the literature reviewed and to conceptualise PB in a decentralised local government framework.

CHAPTER 3: COMPARATIVE PARTICIPATORY BUDGETING IN BRAZIL, INDIA AND SOUTH AFRICA

3.1   INTRODUCTION

Recent studies show that many people perceive large institutions, particularly those of government, to be distant, unaccountable and corrupt (Brynard, 2009:83). Pressure is growing for greater transparency, thus new forms of representation and types of public participation are emerging and traditional forms are being renewed. Well-informed citizens expect local government to consider their views when making decisions. It is clear that the public demands their voices to heard, as vocal and active citizenry are increasingly prepared to take to the streets in protest. Developing countries (e.g. South Africa, India and Brazil), many of them former colonies, have inherited a top-down system of government in which politicians see no need to be accountable and responsive to their constituencies. The result is often system-wide corruption and nepotism. All citizens suffer as a result, but none more so than the poor and vulnerable who have the greatest need for services like water, electricity, health and education.

Initiatives towards making local government more transparent, participative, efficient, accountable, as well as responsive and open to public participation and scrutiny have become imperative. Thus, efforts are being made to find ways for the public to be more involved, particularly the poor and vulnerable. Civic engagements are being initiated to demand more information on how pubic goods are managed and how tax money is spent. Similarly, initiatives to enhance public services and allow greater public participation in development processes and public policy making are being tested and disseminated.

In recent years there has been increasing recognition of the significance of local government as an arena for public participation in governance. Much of the focus has been on local government planning processes and developing methodologies and tools for opening up these processes to greater public participation and influence. Along with planning, more attention has also been

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given to enabling the public to participate in local government budgeting processes. Decision-making around government budgets is of significant public interest since these decisions determine how state resources are allocated and whether the needs and interests of the poorest and most marginalised members of society are prioritised and addressed. Government budgets, in this case local government budgets, are a focal point where the various competing demands on the state are contested and negotiated (Gaventa, 2004a).

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 the governments that represent them (at local, regional or national level). 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.

A large number of experiences with participatory budgeting have been conducted internationally. Many of these have been well documented and analysed as case studies. Cursory review of these case studies reveals that, while there have been a diversity of approaches to participatory budgeting in different countries, there are some features that appear to be common. This chapter reviews some of the common characteristics and lessons emerging from participatory budgeting internationally, with a view to making comparisons with South Africa and drawing conclusions about the potential for participatory budgeting in South African local government.

According to Gaventa (2004a:6), when considering international case studies and their replicability, a common caution is a necessity to be sensitive to the factors that make each context unique. Gaventa (2004b:6) argues that many of the experiences that are held up as recent

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success stories in participatory budgeting are limited to a few places in the world, which often reflects context and conditions which are not widely found.

This chapter presents participatory budgeting in Brazilian, Indian and South African contexts. It explores the practical understanding of participatory budgeting and examines the role of the public in local government decision-making. The chapter is divided into eleven main sections. Section 3.1 is the introductory section, which spells out the key purpose and organisation of the chapter. A brief history of participatory budgeting in Brazil (Porto Alegre) and India (Kerala) is provided in section 3.2. A review of participatory budgeting in Porto Alegre and Kerala is made in Section 3.3, while section 3.4 discusses the factors responsible for the success of participatory in Porto Alegre and Kerala. Section 3.5 goes on to discuss the framework for participatory budgeting in South Africa.

In section 3.6, the rationale for comparing Brazil and India with South Africa is outlined. This is followed by a discussion of key issues on which participatory budgeting in the three countries has been based. This section is important because Brazil and India are the leaders of participatory budgeting throughout the world. Section 3.7 critically discusses whether participatory budgeting in South Africa is meaningful or not, with section 3.8 reviewing the institutional mechanism for participatory budgeting in South Africa. The next section, 3.9, critically discusses whether the institutions that are provided are effective or not.

3.2   BRIEF HISTORY OF PARTICIPATORY BUDGETING IN PORTO ALEGRE

According to (Carvalho, 1997:10). the notion of 'citizenship' in Brazil has usually been associated with words such as 'conceded', 'regulated' or 'negative'. Historically, citizenship has been regarded as a 'favour' from government to society rather than a genuine 'right to all Brazilians. Brazil was the last American country to abolish slavery in 1988, yet did so without the establishing the minimum conditions for the social integration of freed slaves on an equal footing. Fausto (1981), argue that black people remained largely marginalised from the

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productive system, forming clusters of poverty in the urban peripheries or joining the landless peasant communities. Something similar occurred to indigenous peoples, who have traditionally been regarded as relatively incapable and submitted to a regime of government tutorship. Santos (1987:15), argues that the country has changed its political institution often. In less than 200 years of independence, Brazil has been a monarchy (1822-1889), an oligarchic republic (1889-1930), an authoritarian civil government (1930-1945), an autocratic democracy (1945-1962), a parliamentary democracy (1962-1964), an authoritarian military state (1964-1985) and a liberal democracy (fully established in 1988). Such institutional fluidity has marked the dynamic government-society relations across time and has certainly affected the full implementation of civil, political and social rights (Carvalho, 1997:10).

Even while the military regime was still in power, a small number of municipalities adopted participatory policies as a way of putting pressure on federal and state levels controlled by the military. The mayor's strategy of calling for the direct participation of the population in decision-making was a way to first demonstrate to the federal, and state, governments that the resources sent to the Piracicaba district and earmarked for specific use did not address the priorities of the people and, second, to put pressure on local councillors to approve controversial laws. Starting in 1977, the municipality created several community centre and local government offices in the city districts to discuss district priorities, which were then passed on to the mayor's office. Citizen participation in the budget process at the start of this experience was best characterised as consultation rather than opportunity to take an active role in decision-making (Pant, 2010). Wampler (2000:3) indicates that the first participatory budgeting phase, regarded as the experimental phase, took place in Porto Alegre between 1989 and 1990 and was marked by the invention of new systems of managing resources. During this formative period, the level of public participation in Porto Alegre was very low, with less than 1 000 citizens participating in the budget process.

The period between 1991 and 1992 was characterised by increased participation, which had grown from less than 1 000 to almost 8 000 inhabitants. In 1992, the Workers' Party was re-

elected because of its success in initiating and implementing participatory budgeting. The second phase, called the Brazilian spread, began from 1995 to 2000. The broadening of participatory budgeting to cities in other countries marked the beginning of the third phase. As a result, it is indicated that several cities around the globe are currently experimenting participatory budgeting of one form or another (Brautigam,2004, UN-HABITAT, 2008; Fung & Wright, 2003). This demonstrates that both government and grassroots in and outside of Brazil have realised the significance of participatory budgeting and have started to favour radical transformation.

The essence of the campaign of the Workers' Party was to restructure their local economy base and discontinue the legacy of dictatorship by creating democratic spaces where citizens could exercise their rights on resource allocation. The party's campaign was based on democratic participation, and the 'invasion of spending priorities', which implied a restructuring of prevalent tendencies in public finance and the participation of the majority of the people in public resource spending in middle and upper class neighbourhoods (Wampler, 2009:21). In Porto Alegre, participatory budgeting has helped to create confidence in more engagement in public life, and the confidence to challenge power imbalances

3.2.1 Framework for participatory budgeting in Porto Alegre

According to Brautigam (2004:654) and Gret and Sintomer (2005:26), the process of participation in the budget can occur either directly or indirectly. It is direct when it entails the inclusion of informed citizens, encouraging them to meet, identify and prioritise their needs and submit their decisions to government officials and decision makers. It is indirect when the public elects their representatives, who then meet to debate issues relating to the development of their areas and submit these needs to the decision makers. In 1988, the Workers' Party developed a constitution that placed more emphasis on the promotion of public participation in the budgeting process.

The new components of the participatory budgeting process, namely the institutional framework and participatory budget cycle, have been introduced in Porto Alegre (Avritzer, 2000:10).

3.2.2   The institutional framework for participatory budgeting in Porto Alegre

Souza (2001:159) argues that, in efforts to build new democratic institutions intended to improve civic access to government, strengthen accountability, as well as democratise and decentralise political and financial administration, the Workers' Party introduced participatory budgeting in Porto Alegre in 1990, as a strategy that would ensure the achievement of decentralisation and democratisation. Participatory budgeting in Porto Alegre involves an alliance of progressive political parties, civic organisations and a society aimed at promoting social and political inclusion in decision-making. Furthermore, participatory budgeting, as a negotiated process that focuses on the discussion and allocation of financial resources, is intended to increase the level of participation, mainly by including those social groups that have been previously been excluded from the local decision-making-processes.

The institutional framework for participatory budgeting introduced in Porto Alegre involves an integration of four groups: the executive, legislature, civil society (which includes social sectors, neighbourhood association members and the public), as well as other spheres of the participatory budgeting structure known as the participatory pyramid. Gret and Sintomer (2005:27) argue that the fourth sphere of participatory structure lies between the executive and civil society sphere. The executive is made up of the elected mayor and the deputy Mayor, city departments and supporting staff and directors of the city departments. According to Gret and Sintomer (2005:27), the role of the executive is to ensure that the budget is prepared in line with the city's long-term plan, tabled to council, and implemented according to the civic needs. Another role of the executive is to ensure that there is an interdisciplinary approach to city budgeting, hence the formation of a planning office known as GAPLAN, and the duty of the office is to ensure that there is integration between the city department and the public who participate in the budget.

Gret and Sintomer (2005:30) indicate that the second sphere is the legislature, which consists of members who are publicly elected through proportional representation. However, the participatory setting is restricted, thus members of the legislature are only allowed to have an indirect influence at budget meetings. The third sphere of participatory budgeting in Porto

Alegre, the civil society, may be represented as individuals or as neighbourhood associations. The fourth sphere of participatory budgeting structure lies between the executive and the civil society, although the distinction from the latter is very thin. Thus, the only difference is that in this form of structure participatory meetings are organised in line with, first, different levels found within the municipal participatory budgeting system. This means that at the micro-level the public is arranged in small groups to identify their needs. At the district level, those needs from the micro-local level are compiled and arranged according to public preferences, and priorities are made at this level.

3.2.3 Regional assemblies in the participatory budgeting process in Porto Alegre

Participatory budgeting in Porto Alegre involves two rounds of regional assemblies, one round of intermediary meetings, and the functioning during the whole year of a councillor's body called Participatory Budgeting in Council. The process begins every year in the month of April when the first round of assemblies takes place. In this first stage the population attends an assembly in each region. According to Avritzer (2000:11), the mayor attends every regional assembly in the first round and a short account settling process is triggered. A description is also given of the stage of the administrative implementation of the decisions taken in the previous year. The floor is open for about an hour during which citizens express themselves about what has been taking place, about disagreements with the administration and about different views on what should been done in their region in the following year. Participation in these meetings is crucial because they will constitute the basis for the participation in the remaining part of the process. Participation in these meetings is also individually, but individuals are required to indicate any membership they may have in voluntary associations throughout the registration process.

Delegates are elected at the end of the first round of regional assemblies based on two criteria. Firstly, the total number of people attending the assemblies. In Porto Alegre there is a criteria to determine the total number of delegates, which can be the following: for "up to 100 people attending – 1 delegate for every 10 people; from 101-250 – 1 for every 20; from 251-400 – 1 for 30. For instance, the first round of regional assemblies in the centre of Porto Alegre in 1999 was

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attended by 250 people". This means that the regional will have 26 delegates (10 for the first 100, 8 for another 150 people, 5 for the other 150 and 3 for the remaining 126 people attending the meeting). The election criterion takes into account the number of people registered by each of the regional groups (Avritzer, 2000:12). Between the first and second rounds, there are additional preparatory meetings held at district level, discussing the best needs prioritisation approaches. At these district level meetings the municipal change agents are not necessarily expected to be present (Souza, 2001:166).

In the second round of regional assemblies, the regions elect their delegates to the PB council. This process takes place in June and this is when each region elects its representatives to the participatory budgeting council (PBC). The council is composed of two councillors from each of the 16 regions making up 32 representatives in all, but there are also 2 substitutes elected from each region (Avritzer, 2000:4; Wampler, 2007c:8-11). From each of the five thematic meetings, two representatives are elected, thereby making up ten representatives from the thematic meetings. The Union of Porto Alegre Residents Associations (UAMPA) sends one representative. There is also one representative from the Civil Servants Union. In a nutshell, the PBC consists of 44 members who are inaugurated each year in July (Avritzer, 2000:13-14). The second round in the PB process is the so-called intermediary meetings. These are in charge of two things: the hierarchisation of thematic priorities and the deliberation of public works that can be claimed by the regional. Hierachisation is a process through which five priorities are chosen from twelve types of goods (pavement, sewerage, legalisation of urban property, organisation of the city, housing, education, health and social assistance, transportation and circulation, leisure, sports, economic development, and culture).

This is where the previous year's citizens' access to services is evaluated. Further, the discussions on civic work to be executed are also done during these intermediary meetings (Avritzer, 2000:13-14). In all participatory budgeting stages, municipal change agents take part by facilitating the process, providing technical information, presenting the municipal

administrative requirements and accounting on the previous years' expenditure to the public (Menegat, 2002:186-187).

3.2.4   The budget cycle in Porto Alegre

The budget cycle in Porto Alegre involves an alliance of the progressive political parties, civic organisations and society. According to Wampler (2000:6), the public directly participates in the legitimisation of government policies, control of municipal spending, as well as guides and manages the execution of scheduling of municipal government's projects and programs. Wampler (2000:6) argues that, although there is no lowest level of public participation set, generally, successful and sustainable developmental programs come from those municipalities that work in partnership with civic organisations and the public. Thus, in Porto Alegre communities are arranged in districts and the public participates in these assemblies as planned and sorted according to the district and departmental themes to decide on civic needs (Menegat, 2002:185; Wampler, 2000:6). In Porto Alegre, the budget consists of two regional rounds and the last round of tabling the budget in a PBC meeting. Each district is allocated a budget ceiling proportionate to the number of inhabitants in the area. According Avritzer (2000:23), in order to attain social justice, the municipality uses the quality of life index (QLI) and allocates resources according to the level of poverty, population and standard infrastructure in each locality.

The public indicates their thematic priorities, which are then discussed in the two civic assemblies. The first regional round begins in April of every year and meetings are held in each region from March to June. In these first regional assemblies, the municipal budget agents present the previous year's budget and expenditure to the public, review its implementation and discuss the way forward. The regional and thematic representatives meet monthly to provide support to the PBC and oversee general management. According to Wampler (2000:11), Fung and Wright (2003:12) and Menegat (2002:189), these representatives are responsible for developing and compiling civic needs and priorities and assist in preparing the final budget proposal to be presented to municipal councillors in September each year. The representatives

elected to the PBC are expected to report back after three months and table the coming year's regional budget proposal to the plenary meeting.

Wampler (2007b:11) argues that policies and plans of programs and projects for the following financial years are outlined during the second phase of the budget. It is anticipated that the public will have all the information required for effective public participation in decision-making at the regional budget meetings. The second round of regional assemblies takes place from June to September, and entails the drawing up of actual budget proposals. Menegat (2002:188-189) argues that this phase involves coordination of activities by the PBC. The responsibility of the mayor in the whole participatory budgeting process is to provide a final approval/ rejection of the budget and expenditure plan that indicates all infrastructure works to be carried out by the municipality. If rejected, the budget goes back to the PBC for revision. The council may amend the rejected budget or overrule the mayor's decision through a two-third majority.

3.2.5   Factors underlying the success of participatory budgeting in Porto Alegre

According to Avritzer (2000:21-30), there are five factors that have led to the success of participatory budgeting in Porto Alegre, namely change in leadership and reformed institutions, government focussing more on the preferences of citizens, societal changes, increase in neighbourhood associations, and the creation of a good environment for civic views.

3.2.5.1   Change in political leadership and institutional design

The change in political leadership and reformed institutions has led to the noticeable commitment of government in promoting democracy through participatory budgeting. In Porto Alegre, the Workers' Party was more responsive to the grassroots demand and encouraged the public to participate in local government decision-making process. The transformation in leadership resulted in increased levels of participation. The citywide systems that were established in Porto Alegre contributed to increased levels of participation in decision-making. According to Souza (2001:175), Porto Alegre managed to hand over control to the public and the citizens were more willing to participate in decision-making. Avritzer (2000:20) argues that

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neighbourhood assemblies in Porto Alegre used to gather 80 people, thus the transformation of leadership resulted in increase in the number of people gathering in these assemblies. The policies developed by the Workers' Party specifically targeted reversing political and economic inequalities that previously excluded the majority of people, allowing for equal rights amongst people and access to information regarding civic goods, which were previously considered private and confidential.

The public used to claim goods and services through political mediators, but things changed and there is now a practice of civic voice. When the Workers' Party came into power, it made efforts to transform government from clientelism to empower participatory governance using the participatory budgeting process. The establishment of the institutional framework and design helped in many ways, such as through addressing civic grievances and building strong civil society and network. According to Fung and Wright (2003:20), through the new institutional design the Workers' Party showed an appreciation of the significance of networking and formation of strong neighbourhood associations and NGOs to democracy. The institutional framework design in Porto Alegre resulted in legitimisation of the administrative systems.

3.2.5.2   Government focus on citizen's preferences and empowerment

Fung and Wright (2003:21) argue that, through the participatory budgeting process, the public and neighbourhood associations are invited into direct participation in the implementation and monitoring of their identified projects rather than allocating budget and personnel to execute work. Thus, this is one way of creating direct deliberation between the public and the micro-level local settings. Participatory budgeting at local government level has been an effective, equitable and fair process that has found the significance of including the disadvantaged people who were previously excluded in decision-making processes and now have a significant contribution in city development. The public is now allowed to voice their thoughts and this increases the level of participation. In Porto Alegre, there is a conventional way used to increase public participation, through voting and encouraging the formation of associations (Baiocchi, 2003:27).

In Porto Alegre, since the public is involved in the local government decision-making process, the citizens are able to engage in problem solving, implementation and monitoring. Baiocchi (2003:48) indicates that, micro-level units work holistically with government agencies NGOs, forming laissez faire relationships between the stakeholders, with administrative support from regional committees. In Porto Alegre, there is a combination of both direct and representative democracy. Thus, the PBC brings together representatives from regions that deliberate the rules of the participatory budgeting process and public priorities. The practise of PB in Porto Alegre moved the focus of decision-making in public budgeting from the office of public officials and managers to public fora.

Participatory budgeting structures created in Porto Alegre provide a platform for the public to gain access to information and to interact with officials and bureaucrats to resolve legal and technical problems in their society. Participatory budgeting in Porto Alegre provides a link between participatory budgeting and employee performance. Baiocchi (2003:4) found a link between the degree of participative congruence in the budget process and organisational performance. Participatory budgeting in Porto Alegre, which also led to higher employee performance, reflected this.

3.2.5.3   Societal change

Baiocchi (2003:48) indicates that societal change is a process of enabling participatory forms of democracy. In Porto Alegre, neighbourhood associations and the public mobilised government to transform to participatory democracy. Societal changes are other factors that succeeded in making changes, such as in gender roles, the creation of government that prioritises societal well-being, improvement in the standard of education and the integration of science and industry.

3.2.5.4   Increase in neighbourhood associations

In Porto Alegre, another noticeable change has been the increase in popular activism by way of increased numbers of civil society organisations. Participatory budgeting has scaled up activism from neighbourhood associations to municipal and regional levels. The increase in neighbourhood associations demonstrates organisation of the society, more activism and has therefore increased the levels of participation resulting in increased levels of good governance.

Table 3.1: The development of civil society in Porto Alegre

Year	Functioning of Neighbourhood Associations	Cooperatives	Regional Popular Councils
1986	240	-	-
1988	300	-	3
1990	380	-	5
1994	450	11	8
1996	500	32	11
1998	540	51	11

Source: Baiocchi (2003:58)

Table 3.1 above provides a snapshot of the development of civil society in Porto Alegre. According to Baiocchi (2003:63), the participatory budgeting process in Porto Alegre recruited activists to join associations of civil society as an incentive and provided political education for the new recruits. As another way of providing indirect incentives, PB provides regional assemblies in which activists meet with each other and share information and ideas.

3.2.5.5   Good environment for citizens' views

The existence of a strong political culture and a strong political will in government resulted in the success of participatory budgeting in Porto Alegre. The PB also offers an alternative to the problem of clientelism by offering incentives for association and disincentives for clientelism.

The PB, by playing the role of an institutional forum for the negotiation of material and thematic demands, acts on two fronts: it offers institutional and material incentives for those who belong to the clientelist tradition to substitute it for full deliberative equality.

The presence of the population in the regional assemblies creates an effective form to claim for goods in a tradition in which the same goods have been delivered by political mediators. At the same time, the PB acts on a second front by increasing the deliberative and participatory practices of those already convinced of their utility through their integration in institutions for public deliberation, such as the PB council or monitoring bodies. Thus, public deliberation becomes capable of giving a non-clientelist answer to the distribution of public goods within a predominantly clientelistic tradition.

3.3   A BRIEF HISTORY OF PARTICIPATORY BUDGETING IN KERALA

The democratic state that was formed after freedom from colonial rule was expected to remain independent and autonomous and was also expected to reform society, create opportunities for the poor and promote growth, but would remain above the diversity, complexities and divisiveness of Indian society. According to Carvalho (1997:10), the subsequent years revealed that the state could not remain an independent actor. The same forces against which it was planned subverted the socio-economic transformation agenda. The landed elite, the industrial class and higher castes, historically placed in a dominant position, applied pressure to the government to mould the democratic polity and appropriate developmental benefits, thereby undermining the purpose of democratic institutions and developmental agenda. However, there were no major stirrings in the social sphere for almost two decades after independence, due to what is elusively called the phase of nation building. Since the government assumed the role of provider, protector and regulator there was consensual expectation on government to deliver.

The general belief among the communities was that government was responsible for framing the best way to govern its citizens. But in the nineteen sixties (1960s) it became increasingly clear

that government had not been able to live up to its democratic promises. According Sinwell (2010:130), the nineteen seventies (1970s) marked the emergence of social movements in India. The Naxalite movement in Kerala mobilised poor peasantry to demand land reforms; the Chipkao movement in Uttanchal mobilised women to protect the forests against commercial encroachment, and Sampoor Kranti ('total revolution') mobilised students to critique the very foundation of governance, which had turned in favour of the ruling elites. Government responded to these movements by crushing them with brutal force and leaders of student movement were dealt with by putting them in jail. The 1970s are significant because they witnessed one of the periodic shifts in the nature of Indian government. In this case, the shift was one that led to the redefining of the relationship between civil society and the government in India.

The 1980s saw the growth of voluntary development organisations and mostly NGOs, which were formed to address issues of rural development, ecology, education and health. Thus, the organisations occupied space both at grassroots, provincial and national levels. In the late 1980s the policies of government, particularly at national level, began to treat the 'voluntary sector' as a source of policy engagement. This is when committees and consultations between NGOs and government began. The legacy of grassroots knowledge for informing policy began during this period (Pant, 2010:100).

The promulgation of a new democratic constitution in 1988 put important changes in place. Thus, general elections were re-established, amnesty granted to exile leaders, and political parties were liberalised in the early 1980s. The constitution was written and contributions from diverse sectors of civil society, including health movements, indigenous organisations and representatives of the black movement period (Pant, 2010:100). The 'citizen constitution', as it was called, was guided by the principles of institutional decentralisation and popular participation. Broad fiscal reforms were initiated, which determined that government and municipal governments would receive greater shares of tax revenues and would consequently acquire new responsibilities in areas such as health education and security.

In addition, due to decisive macroeconomic reforms that helped the country to regain stability and control super-inflation, the social policy sector was largely transformed after the inauguration and expansion of social policies for poverty eradication, initiatives for popular participation in decision-making and the emergence of affirmative action and recognition policies (Carvalho, 1997:100). In Kerala, a highly competitive arena has pushed parties of the left to work closely with civil society and social movements. Thus, both the Communist Party of India and Workers' Party in Brazil have favoured participatory reforms as part of an overall political strategy of strengthening the associational capacities of subordinate groups.

In India, much like Brazil, with a history of strong social movements and the role of NGOs in mediating the claims of the poor of being discriminated against, mobilisation takes place at many levels, spanning from grassroots and the national sphere. However, India still does not match the scale of Brazil's participatory spaces. In Kerala, participatory budgeting is the result of governmental initiatives. Under the Kerala People's Campaign for Decentralized Planning, launched in 1996, the national government transferred certain budget functions that had been controlled by state-level ministries to municipalities (in urban areas) and village councils (in rural areas). Every village council is required to organise an open village assembly twice a year to give citizens an opportunity to express their priorities and plan projects. The Kerala participatory process took shape in 1996. The idea came from younger party leaders of the Marxist CPI-M party. The launching of the process was a political decision, but it opened the door to a huge social movement that gave shape to the experiment (Pant, 2010:100).

3.4   FRAMEWORK FOR PARTICIPATORY BUDGETING IN KERALA

In contrast, in India the participatory institutions that have been created in Kerala are quite effective and have directly addressed many obstacles to participatory budgeting. Most notably, institutional reforms in Kerala had a direct impact on building civil society capacities and providing subordinate groups with meaningful and consequential opportunities for shaping local

government. According to Gret and Sintomer (2005:28), the institutional framework for participatory budgeting introduced in Kerala includes the following:

- Giving citizens a direct role in city governance by creating a range of public forums (micro-regional councils, district councils, sectoral committees, plenary meetings, and delegate councils) through which citizens/delegates can publicly articulate and debate their needs;

- Linking participatory inputs to the actual budgeting process through rule-bound procedures;

- Improving transparency in the budgeting process by increasing the range of actors involved and publicising the process and, by the same token, reducing the possibility of elite capture; and

- Incentivising agency by providing tangible returns to grassroots participation.

3.4.1   The budget cycle in Kerala

In Kerala, like in Porto Alegre, the public directly participate in the legitimisation of government policies, control of municipal spending, as well as guiding and managing the execution of scheduling of municipal government's projects and programs. The constitution of India directly states that departments and urban local bodies are to form ward committees, comprising of citizens and preparing ward-level budgets. Initiatives were introduced and implemented, with the results that there were many channels for the public to participate in the budget process. Ward committees are responsible for developing and compiling civic needs and priorities and assist in preparing the final budget proposal to be presented to municipal councillors in September each year. The representatives elected to the PBC are expected to report back after three months and table the coming year's regional budget proposal to the plenary meeting (Wampler, 2000:18).

Under participatory budgeting, each ward is allocated a budget to implement projects. In Kerala, Municipal Corporation's (KMC) annual budget is Rs 4,167.5 crore and the allocation towards participatory budgeting is 38 crores, a much higher proportion than in Porto Alegre (Wampler, 2000:18). Kerala's Municipal Corporation's budget showed a significant increase towards

participatory budget allocation, from 26.24 crores in 2012/13 to 36.9 crores in the 2013/14 financial year. This is an increase of 10.66 crores within a year. Ward committees have a decisional say in prioritising, implementing and monitoring the consensually elaborated demands to be inserted into local and supra-local development plans.

3.4.2   Factors underlying the success of participatory budgeting in Kerala

In Kerala, like Porto Alegre, the change in political leadership and reformed institutions has led to the noticeable commitment of government in promoting democracy through participatory budgeting. In Kerala, the Communist Party of India was also more responsive to the grassroots demand and encouraged the public to participate in local government decision-making processes. The transformation in leadership resulted in increased levels of participation. As eluded earlier in this research, both the Communist Party and the Workers' Party have favoured participatory reforms as part of an overall political strategy of strengthening the associational capacities of subordinate groups. When the coalition of left parties led by the Communist Party in India came into power in 1996, the government launched the People's Campaign for Decentralised Planning. Thus, all 1 214 local governments in Kerala and three rural tiers of district block and gram panchayats (rural local governments) were given new functions and powers of decision-making, and were granted discretionary budgeting authority over 35-40 per cent of the government's developmental expenditure (Van Donk, Swilling, Pieters & Parnell, 2008:15).

In addition to devolving resources, government officials sought to directly promote participatory democracy by mandating structures and processes designed to maximise the direct involvement of the public in planning and budgeting. The political circumstances under which participation was promoted in Kerala came against the backdrop of a crisis of political party systems and the left loss faith in the traditional top-down, command-and-control transformative government. In Kerala the challenge was less publicly supported, but the architects of the campaign and its civil society progenitor (the Kerali Sastra Parishad, a 50 000 member organisation with a long history of engagement in local government) were determined to challenge the power of patronage

politicians, and especially what is referred as the 'bureaucratic politician nexus of corruption' (Van Donk *et al.,* 2008:158). In Kerala, the campaign was designed to integrate locally elected panchayat officials, but to carefully contain their discretionary powers through participatory structures. In Kerala, moreover, the objectives were not only to clean up local government, but also to build local government by in effect devolving traditional line department functions to panchayats.

Making his case for democratic decentralisation, especially with respect to Kerala's economic challenges, the architect of the Campaign, Thomas Issac (Thomas & Franks, 2002:45), writes as follows:

> Defending the public infrastructure in education, health and other sectors is no longer possible without improving the quality of services. All these necessitate a reorientation of the focus of the mass movement towards direct intervention in the development process in order to improve productivity or improve the quality of services.

A permanent mobilised civil society thus emerges, as the primary goal of the campaign, and PB planning, in stark contrast to the technocratic view, becomes an instrument of social mobilisation and, more specifically, a means of re-engaging citizens in the process of public decision-making.

3.5   A BRIEF HISTORY OF PARTICIPATORY BUDGETING IN SOUTH AFRICA

For the purposes of comparison and discussion about the replicability of international experiences with participatory budgeting (PB) in the South African context, it is notable that South Africa shares a number of characteristics with countries in which examples of successful participatory budgeting programs have emerged. South Africa, like Brazil and India, has a relatively recent history of authoritarian government and democratisation, as well as similar social stratification partens and extremely high levels of inequality (there are significant similarities between South Africa, India and Brazil in this respect), historically active and well-developed civil societies, and left of centre ruling parties.

Smith (2004:60) also notes the similar characteristics between cities in South Africa, India and Latin American, which include "land invasions; accelerated informalisation; rapid urbanisation; political protest around service provision; a high proportion of residents residing in overcrowded; unsatisfactory housing conditions, declining state capacity; and the growing influence of markets." Looking at the historical trajectories of the three governments, the researcher found that, while India and Brazil have had strong mobilisation since their respective democratic governments were created, such mobilisation is weak in South Africa, where social organisation among the poor is often fragmented and episodic. Hence, unlike in India and Brazil, where both mobilisation and government have evolved through their interaction (though such interactions are not always successful) and currently one can even find alliances between the two in certain cases, this is not the case in South Africa, where the government appears to be closed (Mohanty, 2011 and Thompson, 2005). In Porto Alegre, social movement organisations have built up strong forms of networking and collective action, thus formal engagement through social movement organisations (SMOs) has become a dominant form of engagement.

3.5.1   Framework for participatory budgeting in South Africa

In order to regulate interactions between the state and civil society, the ANC-led government has created policies and legislations and put mechanisms in place to create an enabling environment for meaningful participation. The current developmental local government framework is based on the recognition of the significance of public participation in service delivery and developmental initiatives. The purpose of this section is to critically discuss the framework for participatory budgeting in South Africa, which is made up of the legal and institutional frameworks as well as the budgeting cycle. The legal and institutional frameworks are discussed because they are considered as the sources of participatory budgeting in South Africa.

3.5.2   Institutional framework for participatory budgeting

In order to implement decentralisation successfully, various challenges and constraints that influence governance must be overcome. In a number of African countries, including South Africa, the absence of effective transparency and accountability in local government has led to

corruption and outright abuse of public office. This phenomenon has proved to be a major constraint with regard to service delivery, implementing poverty-reduction programs and projects, and the promotion of local economic development. The introduction of participatory budgeting can be a sound vehicle for realising good governance and fighting poverty. This section will critically examine participatory budgeting in South Africa with a specific focus on the local government institutional framework in terms of public participation in the formulation of municipal budgeting.

The Constitution (1996), the Municipal Structures Act (No. 117 of 1998), and other acts of the RSA, emphasise the need for public participation and rights-based approaches to the municipal budgeting processes. The Constitution (1996) also establishes local government as an independent sphere of government that is made up of various municipalities, divided into category A, B or C, depending on the size and level of responsibility of each municipality (Van der Waldt, 2007:54). According to Van der Waldt (2007:54), category A municipalities are those that have exclusive executive and legislative powers over their own areas of jurisdiction. According to the Constitution (1996), there are six category A municipalities in South Africa.

Category B municipalities are those sharing executive and legislative powers with district, or category C, municipalities. Category B includes all local municipalities that fall under the district municipalities. There are two hundred and thirty-one category B municipalities in South Africa. Category A and B municipalities are divided into wards that are demarcated according to the number of registered voters in each area. Category C municipalities are district municipalities with executive and legislative powers that include more than one municipality. In South Africa, there are forty-six district municipalities (Van der Waldt, 2007:54).

In terms of section 2 of the Municipal Systems Act (No. 32 of 2000), each municipality comprises of an administration, citizens, and the political structure. Administration refers to all members serving as civil officials, and citizens, which includes every member of the community, either as individuals or as businesses and community-based organisations (CBOs). The political

structure of the council is made of the executive committee and the municipal council. In the case of a metropolitan municipality, there is a metropolitan sub-council and other committees, thus the entire structure is made of councillors elected by citizens to represent them in local government. Councillors are elected after every five years as set out in the Constitution (1996) Section 159.

According to Davids (2009:4), the South African Constitution (1996) (chapter 7), and the Municipal Systems Act 32 of 2000, there are two types of councillors, namely ward councillors representing municipal wards, and the proportional representation councillors of different political parties in council. Every municipal council consists of ward and proportional representative councillors elected from grassroots level. The Constitution (1996) requires the municipal council to have four sittings in a year, i.e. to meet once a quarter. In larger municipalities, the council normally meets on a monthly basis. The speaker of the council decides when and where the council meets and convenes a meeting when requested to do so by the majority of councillors.

According to Van der Waldt (2007:70) and Davids (2009:5), the main duties of the municipal council are to:

- Govern the affairs of the local community on its own initiative;
- Ensure that civic meetings are held in their localities for citizens to identify their needs thus ensuring participatory budgeting;
- Encourage the public to participate in decision-making processes, such as the municipal budget;
- The provision of service development; and
- The provision of democratic and accountable government.

Davids (2009:6) argues that there are two types of municipal councils that are commonly used, namely the executive committee system, and mayoral systems. The speaker of the council normally chairs these two systems. The executive mayoral system entails the appointment of the

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executive mayor who is assigned executive powers to ensure that the municipality is operating according to civic preferences. In cases where there are more than nine members of the council, the executive mayor has the right to appoint ten or more members of the council to form a mayoral committee (Mayco). These committee members are expected to assist the mayor in carrying out every day executive municipal duties.

According to Van der Waldt (2007:56), the executive committee system involves the formation of the municipal executive committee by appointing members from all parties represented in the council, regardless of the number of seats, and in the same proportion as they exist in the council. The executive committee (Exco) must consist of three to ten members. The duties of the Exco are to ensure the needs of the people are addressed and also to ensure that the needs of the people are incorporated in the IDP and budgets of municipalities.

The most important innovation of public participation at local government level lies in the ward committee system. The Municipal Systems Act (No. 32 of 2000) provides for ward committees to be established in each ward of a category A or category B municipality, if the municipality so chooses. Government has been suggesting that the ward committee system be made compulsory for all municipalities. Chaired by the ward councillor, ward committees are intended to consist of up to ten people representing, "a diversity of interests in the ward, with women equitably represented" (Van de Waldt, 2007:57). Ward committees may make recommendations on any matter affecting their wards. Notably, their primary function is to "create formal, unbiased communication channels between the community and the council" (Friedman, 2006: 36). They are also required to mobilise the community to participate in service payment campaigns, development planning and budgetary processes, and decisions about service provision, by-laws, and the like.

Additionally, participatory governance requires the involvement of the public in core municipal processes, such as development planning, performance management, the budget and strategic decisions relating to services. In short, public participation is statutorily injected into the most

important municipal processes. Government policy on how to engage with the public on these issues is quite limited, and usually manifests in the insistence of using ward committees. In practice, it seems this happens through the use of public meetings called by the mayor, also known as a mayoral imbizos (public meetings).

3.5.3 The participatory budgeting cycle and its phases

The participatory budgeting cycle is built around the normal budgetary cycle of a local municipality with the normal cycle being extended to cater for wider input by the public or citizens. The process has more activities added to it with specific timelines and outputs. It should be noted that the process is still confined to meeting the key legal budget deadline. The characteristics of the participatory budgeting cycle often differ from one country to another, thus the initial sequence might be different, such as some terminology may be omitted in some countries or may differ. A participatory budgeting process needs to be well planned in advance, with a clear time table of all events as well as the resources needed. At this stage, a review of the key participatory budgeting stakeholders and their interrelationships is necessary (UN-HABITAT, 2008:32).

In this section, the research will provide an overview of the local government participatory budgeting cycle in South Africa, highlighting the major activities to be undertaken and the responsibilities of various stakeholders at each stage. At this early stage, each participatory budgeting process will vary from one local authority to another, and within the same local authority from one year to another.

The Municipal Finance Management Act (MFMA) (No, 56 of 2003) states that the council of a municipality must approve the annual budget for the municipality each financial year, before the start of that financial year. The start of the financial year for South African municipalities is 1 July of every year and it ends on 30 June of the following year. According to sub-section 2 of the Act, in order for municipalities to comply with sub-section 1, the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year

(Van der Waldt, 2007:188). Municipalities are required to implement their budgets in line with that of the IDP, and the budget must incorporate both the capital and operating expenditures.

In South Africa, the participatory budgeting cycle reflects four distinct phases, namely:

- The preparation stage;
- The budget formulation and approval stage;
- The budget implementation stage; and
- The reporting on actual budget transactions phase.

The preparation stage is the design stage of the budget. It begins with the budget and treasury office issuing instructions to departments within the municipality. Departments then prepare their request for funds and return them to the budget unit. During this stage, the mayor of the municipality must, in terms of section 53(1) of the MFMA, provide guidance over the budget process and the priorities that must guide the preparation of the budget. The mayor is also expected to co-ordinate the annual revision of the IDP and preparation of the annual budget and determines how the IDP is to be taken into account for the purposes required of the budget (Van der Waldt, 2007:189). In terms of section 81(1) of the MFMA, the chief financial officer (CFO) of a municipality must assist the municipal manager in the preparation and implementation of an approved budget.

The process followed in this stage 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, the municipal manager, and the CFO undertake a financial evaluation and assess whether it would be necessary to draw up a proposal that would equalise income with budgeted expenditure and submit this proposal to council. In contrast, in category B municipalities, the CFO collects departmental requests, reworks them to match municipal income approximations and then submits a compiled request to council for review and approval (Van der Waldt, 2007:190).

The approval stage is mainly concerned with setting priorities and allows citizens, directly or through representatives, to set priorities and decide on investment in projects. According to section 24(1) of the MFMA, the council of a municipality must consider approval of the annual budget at least 30 days before the start of the budget year. An approval of the budget by council may include certain changes, such as imposing any municipal tax or setting any municipal tariffs for the budget year, approving any changes to the municipality's budget and related policies, and approving any changes to the IDP.

Once the council of a municipality approves the budget, the municipal manager must submit it to the national treasury and other provincial treasuries for the release of funds. In cases where the council fails to approve the budget, it must state its reasons to the CFO within seven days. If the budget is not approved after the second consideration, the mayor of the municipality must immediately report this to the provincial member of the executive council for provincial intervention (Van der Waldt, 2007:189). The provincial executive council may decide to dissolve such a municipal council and appoint a temporary administrator until the next municipal elections.

The participatory budget implementation stage is the actual problem stage, during which all that was planned and agreed upon in participatory planning meetings is worked on. This stage usually continues throughout the fiscal year. For effective budget implementation, all municipalities in South Africa are required to use a service delivery and budget implementation plan (SDBIP). A SDBIP is a management tool that is used by municipalities to ensure that municipal objectives are implemented as set. The mayor of the municipality must approve this, along with the annual performance agreements of senior managers, after the council has approved the budget. The performance targets in the SDBIP and annual performance agreements must be aligned with the measurable performance objectives, which were approved by the council in the budget (Van der Waldt, 2007:190).

The last stage of the participatory budgeting cycle is the reporting on the actual budget transactions phase. This phase is the summary reporting on actual budget transactions, and takes place at the end of each financial year. In this stage the CFO compiles a financial report that balances the departmental budget with actual spending and the report is sent 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 a negative certification, depending on the accuracy of the report (Van der Waldt, 2007:190).

According to Van der Waldt (2007:190-191), there are nine steps that are followed in the budget cycle in South Africa. In the first step the municipal manager and the CFO send budget instruction to various heads of departments, normally in October of each year. The second step normally occurs in November. During this step, the heads of different departments prepare a detailed estimation of the capital and the operating budgets for the CFO. In this step communities are consulted through their ward and developmental forums.

The third step occurs in December, wherein the CFO combines various departmental budgets and submissions from committees and councillors and calculates the total expenditure for the municipality. In the fourth step, the municipal manager and the CFO meet with the heads of departments to approve the various departmental budgets and make amendments where necessary. The fifth step in the budget cycle involves the submission of the budget to the council for approval. In this step, before the budget is approved, consultation takes place with the public. This normally takes place in January and February through civic meetings in various localities.

In the sixth step, details of the budgets are advertised on the council's noticeboard and the public is welcome to critique it. In the seventh step, the budget is amended if necessary based on the comments received from the public. The eighth step of the budget cycle normally occurs in May; the council makes final approval followed by submission to the national treasury. The last step of the budget cycle occurs in June. In this step, the content of the budget is advertised through

newspapers and the media, and this includes details of income, total expenditure, rates and tariffs.

The budget cycle in South Africa is intended to promote participatory budgeting at local government level. The question still remains: who participates in local decision-making? When are they supposed to participate? What are the impediments to participatory budgeting? This research suggests that a main issue is that, without empowered and self-confident citizenry, beneficiaries or the public will have no impact on the local government decision-making process. In order to allow for a meaningful participatory budgeting process and feedback for the public in the decision-making process, various strategies and approaches, such as empowering and engaging the public, need to be adopted.

3.5.4   The legal framework

In South Africa, participatory budgeting is provided for in the following pieces of legislation: the Constitution of The Republic of South Africa (1996); the White Paper on Local Government (1998); the Local Government Municipal Structures Act (No. 117 of 1998); the Local Government Municipal Systems Act (No. 32 of 2000); the Local Government Municipal Finance Management Act (No. 56 of 2003); and the Municipal Property Rates Act (No. 6 of 2004). These pieces of legislation promote good governance and specify the required relationships between local government, the public, and the rights of the public to participate in the budgetary process. These pieces of legislation are meant to ensure that the budgetary process is efficiently and effectively administered and is legitimate.

3.5.4.1   Constitution of the Republic of South Africa (1996)

The notion of public participation in all spheres of government is embedded in the South African Constitution. The Constitution (1996) is the principal Act that shapes participatory democracy in the operation of local government in South Africa. Chapter 2 of the Constitution (1996) includes the Bill of Rights, which lists the rights to equality, human dignity, freedoms, environment, as well as to housing, health care, food, water, social security, education and access to information.

In terms of the roles of national, provincial and local spheres of government, the Constitution states:

Section 151(1) (e) obliges municipalities to encourage the involvement of communities and community organisations in local government.

Section 152 explains an objective of local government as to encourage the involvement of communities and community organisations in matters of local government.

Section 195(e) states that, in terms of the basic values and principles governing public administration, people's needs must be responded to, and the public must be encouraged to participate in policy-making.

The Constitution (1996) provides that local government is responsible for creating a conducive environment for cooperation with the public in order to establish democratic socially, environmentally and economically developed communities (RSA, 1996). In terms of the Constitution (1996), municipalities have the mandate to ensure that all citizens receive the required service delivery to satisfy their basic needs. Municipalities are encouraged to involve the public and community organisations in the affairs of local government (Van der Waldt, 2007:40).

According to Reddy and Sabela (1996:12), in order to ensure sustainable service provision, accountability to taxpayers, promotion of social and economic development, as well as public participation, the Constitution expects municipalities to arrange and manage their budget planning and processes sensibly and openly. The Constitution (1996) also stipulates that the objectives of local government are to encourage the participation of communities and community-based organisations in matters of local governance. In terms of section 139 of the Constitution (1996), municipalities must ensure that citizens are informed within 14 days of the revenue and expenditure projections for each month, as well as of the service delivery targets and performance indicators that have been set for each quarter in the budget.

3.5.4.2 *The White Paper on Local Government (1998)*

Sinwell (2009:41) argues that a significant step was taken when the White Paper on Local Government (1998) was published. The White Paper provided a new vision of a developmental local government system. This vision centres on the working relationship of local government with local communities in order to find sustainable ways to meet their needs and improve their quality of life. In the White Paper on Local Government (1998), the objectives of public participation are embedded in the following four principles:

- To ensure political leaders remain accountable and work within their mandate.

- To allow citizens (as individuals or interest groups) to have continuous input into local politics.

- To allow service consumers to have an input on the way services are delivered.

- To afford organised civil society the opportunity to enter into partnerships and contracts with local government in order to mobilise additional resources.

The White Paper (1998) also suggests that, "municipalities should develop mechanisms to ensure citizen participation in policy initiation and formulation, and the monitoring and evaluation (M&E) of decision- making and implementation". The following approaches can assist with this:

- Forums to allow organised formations to initiate policies and/or influence policy formulation, as well as participate in M&E.

- Structured stakeholder involvement in certain council committees, in particular if these are issue-oriented committees with a limited lifespan rather than permanent structures.

- Participatory budgeting initiatives aimed at linking community priorities to capital investment programs.

- Focus group participatory action research conducted in partnership with NGOs.

- CBOs can generate detailed information about a wide range of specific needs and values.

3.5.4.3 *Local Government: Municipal Systems Act (No. 32 of 2000)*

The Municipal Systems Act (No. 32 of 2000), a key piece of legislation responsible for the transformation of local government and for giving substance to the notion of developmental local government, has a chapter dedicated to the topic of public participation. The chapter opens by

setting out a framework for participatory governance, stating that a municipality must develop a culture of municipal governance with a system of participatory governance that complements formal representative government. To this end, municipalities are required to encourage and create conditions for public participation in the affairs of the municipality, including in the preparation, implementation and review of its integrated development plan and the preparation of its budget. The Act further requires municipalities to contribute towar*ds* capacity-building of the local community and enabling it to participate in the affairs of the municipality, councillors, and staff to foster public participation.

The Municipal Systems Act (No. 32 of 2000), defines the legal nature of a municipality as the political structures, the administration, and the community of the municipality. Chapter four of this Act is dedicated to community participation, stating that the municipality must foster participation in the IDP process; the evaluation of its performance through performance management; the budget process; and strategic decisions around service delivery. Section 5(1) of the Act provides the following rights for members of a local community:

- To submit written or oral recommendations to the municipal council, a political office bearer or to the administration of the municipality.
- The right to be informed of the decision of the municipal councils or another political structure or any political office bearer of the municipality, on matters affecting their rights, property and reasonable expectations.
- To have access to information on the state of affairs of a municipality including its finances.
- To access the municipal council and committees except when it is not reasonable to do so.

The Municipal Systems Act (No. 32 of 2000) provides principal regulations and processes for municipal operation and administration. Thus the key objective of this Act is to ensure participatory and collaborative decision-making and implementation, which is spelt out in sections 4(c) and (e), 5(a), (b), (c) and (d), 16 and 42. The Act maintains the need for regular public participation in all municipal processes.

The Municipal Systems Act (No. 32 of 2000) also stipulates a range of mechanisms, processes and procedures through which public participation in the affairs of the municipality must take place, including political structures (such as councillors and ward committees), provision for "the receipt, processing and consideration of petitions and complaints lodged by members of the local community", notification and public comment procedures, public meetings and hearings, "consultative sessions with locally recognised community organisations and, where appropriate, traditional authorities", and report-backs to the local community. The Act further requires municipalities to pay particular attention to facilitating the participation of marginalised groups such as women or people with 'special needs', including illiterate people and people with disabilities.

Formally, the most important provision for citizen representation in local government is that of elected councillors. Provision has also been made for ward committees, which consist of the ward councillor and a maximum of ten elected members from the community. Ward committees are meant to act as an additional layer of representation of citizens in local government, their primary role being to make recommendations to the ward councillor or other elected structures within the municipality on matters affecting their wards. Many municipalities have yet to establish ward committees, or fully utilise these.

The Municipal Systems Act, No. 32 of 2000 calls for citizen participation to promote development and the implementation of the integrated development plans (IDPs). There is emphasis on holistic, multi-disciplinary approaches to planning and decision-making. The Municipal Systems Act, 2000, outlines the importance of participation through various methods, so as to disseminate information and communication through local newspapers, radios, municipal notice boards, imbizos and websites. The following section will discuss the various applications of PB in South Africa.

3.5.4.4 *Local Government: Municipal Structures Act (No. 117 of 1998)*

This Act provides for the establishment, operation and management of local authorities. Guidelines for municipal operations, such as the division of powers and the relationship between community councils and municipalities, are spelt out in the Act. This Act provides for the setting up of ward committees. The function of ward committees is to consult with various sectors from the community and to provide input to municipalities. Ward committees must be elected with equal representation of women and other interest groups in the community.

The Act (1998) reinforces the need for public participation in local government budgeting processes, as indicated in the Constitution (1996). In section 44(3) and 74, the Act indicates that the executive committee members must be elected from their localities to represent their wards in council. In this Act, municipal executive committees are further expected to ensure that public participation occurs through the formation and operation of ward committees and to serve as a link between communities and council. Executive committees are expected to consult with the public and inform parliament of the outcomes of budget decisions made by councils. In terms of this Act, the municipal council must develop a mechanism for public participation. The Act also encourages the municipality's executive to give an annual report on the extent to which the public has participated in the municipal affairs.

3.5.4.5 *Municipal Finance Management Act (No. 56 of 2003) (MFMA)*

The Municipal Finance Management Act, No. 56 of 2003 (MFMA) is intended to assist in the provision of municipal fiscal and financial matters. This Act encourages the involvement of communities in the finances of municipalities including development budgets. The MFMA regulates and provides efficient and effective municipal expenditure programs. In this Act, the role of the politicians and municipal officials with regard to transparency and accountability is also spelt out.

The MFMA supports public participation in the municipal budget process. The budget officer is expected to publicise the annual budget and invite the public to comment on it. The mayor of the

municipality is also expected to look at the budget, along with the comments from the communities and to respond to these comments. According to this Act, the Service Delivery and Budget Implementation Plan (SDBIP), which consists of performance targets and measurable objectives, must be approved within 28 days of the approval of the budget. A council meeting is held annually to give a report to the council, which measures the actual implementation against specified objectives. The Act also stipulates that the public must participate in decisions relating to municipal property rates.

The Municipal Finance Management Act (No. 56 of 2003) (MFMA) requires that, immediately after the annual budget is tabled in a municipal council, the accounting officer of the municipality makes the budget and all supporting documentation public, and must invite the local community to submit comments on the contents.

3.5.4.6 The Municipal Property Rates Act (No. 6 of 2004)

The Municipal Property Rates Act of 2004 regulates municipalities on tariff setting. The Act allows for civic comments on draft rates policy and final implementation of rates on property as part of the budgeting process.

In South Africa, the legislative framework for public participation in budgetary processes exists in all spheres of government, although it would seem that no single legislation specifically requires municipal authorities to undertake participatory budgeting, making the legal framework more flexible to allow for the participatory budgeting process. The question is therefore why public participation in the budgetary process is low despite the legislation that exists in South Africa. The impediments to effective public participation in the formulation of local government budgets need to be identified, along with their solutions.

Although legislative guidelines sought to ensure transparency and accountability in the management of local government affairs, they have been proven inadequate in practice due to:
• Party politicisation of development and participatory structures.

- Lack of commitment by municipalities to prioritise public consultation.

- The slow pace of basic service delivery. The lack of access to basic social services does not only hamper participation but also prevents ordinary South Africans from enjoying a decent standard of living.

- General lack of capacity amongst stakeholders.

- Lack of access to information.

- Failure to recognise and work closely with community-based organisations.

Despite the progressive legislative framework's attempt to create a conducive atmosphere for meaningful community consultation, in practice there has not been any major progress – the legislations have not yet yielded any major results in as far as transparency, consultation, or accountability in the management of local government affairs. What accounts for this is that not all local government stakeholders are involved or represented in community structures as per the requirements of the Municipal Structures Act (1998). This lack of representation is exacerbated by the relationship of mistrust that continues to haunt local government stakeholders. The attitude of 'us' and 'them' is very rife and severely deters public participation from flourishing.

3.6   LEGISLATIVE LIMITATIONS TO PUBLIC PARTICIPATION IN THE BUDGET PROCESS

While public participation in the budgetary processes of municipalities is legislated, it is not without limitation. Participatory governance should not permit interference with the municipal council's right to govern and exercise the executive and legislative authority of a municipality. Thus, the municipal council, which is the product of representative democracy, has the sole legal mandate to govern. More importantly, it has the political legitimacy to do so as it is brought about through the will of the people. However, this people's will is not a blank cheque to write on as the council pleases. Participatory democracy is there to complement politically legitimate and responsible structures, such as ward committees. A community structure, such as the ward

committee, may add to the formal structures of government, but may not replace or substitute them (IDASA, 2008).

3.7   INTERPRETATIONS AND DEDUCTIONS FROM THE COMPARATIVE STUDY

There are obvious difficulties when comparing three states with differing historical and political trajectories of democratic and participation. India's democratisation process began in 1950, while Brazil had a democratic window between 1946 and 1964, and then again from 1984. In contrast, South Africa's democratisation is but 21 years old, beginning officially in 1994 with the first non-racial democratic elections. The three countries are different in terms of their 'age' of democracy, with South Africa being the newest or the youngest of the three, and therefore the respective societies and politics have gone through different stages of state formation and democracy, with Brazil even experiencing an intervening period of military rule. The nature of ruling coalitions is also different in each case, reflecting the specific historical trajectories of these states (Mohanty, 2011:12).

The international or global context in which democracy was established in each country is also different. India became a democratic state long before globalisation, in the Cold War era, when the nation state was still sovereign authority in deciding the issues pertaining to development and economic growth. Brazil's second phase of democracy coincided with what is called 'the triumph of democracy', with the fall of the Berlin Wall, the collapse of communism, and the beginning of the free market. South Africa's democracy is as much part of the post-cold war, 'there is no alternative' phase of global history? Democracy is established as the desirable political system, and globalisation and the free market influence the economic settings and international governance of the country. The world can see signs of India transforming into a neoliberal state, and the corresponding changes in mobilisation as Indians grapple with new issues.

The Brazilian democracy was born at the start of neoliberalism and struggles to balance the liberalisation of the economy with the maintenance of welfare policies; and South African democracy was born squarely in the neoliberal period. The three countries have broadly similar contexts, as the state in each case must manage the socio-economic development and interests of the poor and at the same time respond to the global context of economic growth (Mohanty, 2011:12). The Brazilian democracy was born at the start of neoliberalism and struggles to balance the liberalisation of the economy with the maintenance of welfare policies; and South African democracy was born squarely in the neoliberal period.

The three countries have broadly similar contexts, in which government in each case must manage the socio-economic development and interests of the poor and at the same time respond to the global contexts of economic growth. Brazil, India and South Africa have shown strong political mobilisation, which led to the end of colonisation (and in the case of South Africa, the end of apartheid) and the formation of democratic governments. But their trajectories have had differed outcomes. What follows is a description of aspects of the modes of interaction that are important in this research. For a larger part of the 20th century, political regimes in South Africa, India and Brazil have not only caused the production of human settlements, but have also exacerbated rather than alleviated informal settlement conditions. This practice of socio-political exclusion, which is directly tied to the exclusive maintenance of privilege for a portion of society, has taken a different form in South Africa than in Brazil and India.

In South Africa the exclusion has been distinguished by its racial nature, the rigorous means by which it was legislated, and by control by government (Huchzermeyer, 2004:85). In Brazil, exclusion was primarily a matter of class, similar to the ruling white South African minority of the mid-20th century – the Brazilian elite of the late 19th century, having experienced slave uprising, was fearful of a unified black consciousness. In contrast, in South Africa racial exclusion was regulated through the legal framework. This encompassed restriction on political activity, on employment, commercial and investment opportunities, social relations, and spatially in access to accommodation in the city (Huchzermeyer, 2004:85). In current socio-economics,

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exclusion remains evident in South Africa, India and Brazil through the high degree of inequality, although these countries have undergone democratisation and abandoned legislated exclusion. Among the middle-income countries, South Africa and Brazil display the highest levels of inequality, according to the Gini coefficient. In both countries, ten per cent of the population controls approximately half of the country's wealth (Huchzermeyer, 2004:85).

During the post-apartheid era, the African National Congress-led government has continued with an essentially neoliberal policy of orderly urban development albeit in a de-radicalised context. In contrast, the Workers' Party in Brazil opted for a complete break with the policies of the past in favour of progressive governance that enfranchised the grassroots level. As indicated above, in South Africa the exclusion was based on race and was abolished in 1994, but the ANC-led government has continued with the neoliberal policies such as Growth, Employment and Redistribution (GEAR), and the Accelerated and Shared Growth initiative of South Africa (ASGISA). In contrast, in Brazil and India the exclusion was on the basis of socio-economic class.

Brazil, like South Africa, is one of the countries with the greatest income gap and, in its 'delegative democracy', the constitutional guaranteed democratic institutions do not operate as intended, because politics and the administration are characterised by corruption and clientilism (Oldfield, 2002). At local government level in Brazil it is common that leading politicians are dependent on the economy and purchase votes with money and hollow promises. There are significant similarities between South Africa, India and Brazil in this respect. The notion of public participation in all spheres of government is embedded in the Constitution (1996) as well as other legislation. The policies that the ruling party has pursued have provided limited space for allowing the public to participate in decision-making. In contrast, the Brazilian PT has promoted pro-poor legislation and ensured that, in practice, the space for participation of the grassroots is created.

According to Van Donk *et al.* (2008:155), South Africa, India and Brazil are committed and determined to promote good governance and citizens have shown a capacity to be actively involved in decision-making at local government level. South Africa, India and Brazil are trying hard to overcome the challenges of inequality in the distribution of resources and social exclusion in decision-making, especially at local government level. Furthermore, for each of the three countries the promotion of good governance has emerged from local political processes and in all cases legislation is there to ensure that participatory budgeting takes place. At the same time, however, there are significant differences between Brazil, India and South Africa in terms of their experiences with participatory budgeting at local level.

Brazil, India and South Africa are robust and consolidated democracies. In all three cases, strong and well-organised civil society has played a critical role at local government level. The challenges of surmounting accumulated inequalities and entrenched forms of social exclusion are also enormous (Van Donk *et al.,* 2008:155). In all three cases parties from the left have played a significant role in terms of eradicating the injustices of the past and also created significant opportunities for promoting more democratic reforms, especially at local government level. The significant difference between South Africa, and India and Brazil, is its dominant party systems. According to Van Donk *et al.* (2008:155), in Brazil and Kerala in India a highly competitive electoral arena has pushed the parties of the left to work closely with civil society and social movements. The Workers' Party in Brazil and the Communist Party of India have favoured participatory reforms as part of an overall political strategy of strengthening the associational capacities of subordinate groups (Van Donk *et al.,* 2008:155).

The Workers' Party in Brazil and the Communist Party in India favoured participatory reforms as part of the political strategy of strengthening subordinate groups. In contrast, South Africa's ruling party did not work with civil society organisations and instead emphasised the political objectives of consolidating its control over public institutions. In terms of building developmental government, South Africa has a clear advantage when compared to its counterparts. In South Africa, local government has been involved in planning and allocating

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resources in large part in response to the highly engineered forms of social and spatial control that the apartheid regime has necessitated. The capacity of local government in South Africa, compared to Brazil and Kerala in India, is very sophisticated, especially in the former white areas.

Van Donk *et al*. (2008:156) argues that the higher degree of government penetration and capacity of South African local government is manifested in institutional, infrastructural and material terms. In institutional terms, the South African local government is highly professional (Weberian stateness) and state managers operate within a robust institutional environment of rule-bound behaviour and accountability. In contrast, the Brazilian and Indian states are notorious for their degree of political interest and their oligarchical interests, and the transformation of budgeting and planning into little more than an exercise in organised rent seeking has long ruled municipalities South African local government is much better arranged in material terms than its counterparts and is able to collect revenue while having the power and capacity to carry out this work. It is, however, important to note that there are strong political and constitutional directives that come from both national and provincial government on how this collected revenue should be redistributed.

Local government in South Africa, when compared to its counterparts, is much better positioned. Not only it can collect property taxes and service fees, but also it is a powerful political and constitutional mandate for redistribution. In Kerala (India), a redistributive developmental mandate has long dominated politics, but its sub-national status, coupled with the liberalisation of the economy in 1991 and the ensuing severe fiscal crises, have left governments with only painful options. In Porto Alegre (Brazil), the endemic fiscal crises of the state and the political clout of elites have severely constrained the resource base of local government. The capacity of local government in South Africa, including the use of technology, is far more advanced than that of its counterparts.

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While in comparative terms, the efficiency side of the equation is highly developed in South Africa; the participatory side of the equation is poorly developed and has suffered from many of the conventional zero-sum assumptions that pervade the literature on decentralisation. In contrast, the efficiency side of local development government remains highly problematic in both Brazil and Kerala, thus the participatory institutions that have been built are very effective and have been able to address the challenges and impediments to participation that are singled out in South Africa as intractable. According to Van Donk *et al.* (2008:156), the institutional reforms in Brazil and Kerala had a direct impact on building civil society capacities and providing subordinate groups with meaningful and consequential opportunities for shaping local development.

The Workers' Party and the Communist Party of India played a significant role in terms of mobilising civil society organisations. The level of participation has increased and the participatory budget process ensures that participatory contributions are translated into real budget inputs. In contrast, the ruling party in South Africa saw public participation and contribution in policy making only as a way of complementing its goals. Thus, certain structures and processes that were initially presented as giving autonomy to the public in the development processes such as the IDPs were rapidly put under the control of the ruling party's structures or replaced with more technocratic systems in decision-making processes.

The ruling party's emphasis was more on fostering new ways of state public engagement in changing apartheid practices in development and service delivery, and less on the actual promotion of development and service delivery. In contrast, the Communist Party of India and the Workers' Party of Brazil's aims were to promote active public participation as a way of enhancing democracy. These have been achieved through the formation and strengthening of civil society organisations and from these organisations delegates are elected to the cities' participatory budgeting councils (Van Donk *et al.,* 2008:161). In Porto Alegre and Kerala, thematic assemblies have been formed to allow the public to express their preferences according to specific themes, and these are conducted in an informal manner to allow the public to take

part. In contrast, in South Africa the participatory system is more formally institutionalised and has been given more formal legislative support (Van Donk *et al.,* 2008:162).

In Brazil and India, all stakeholders rule municipalities and the interest of every member of the community is incorporated into the decision-making process. In contrast, in South Africa local government officials can frequently be powermongers who enjoy control over planning, utilisation of resources and policy making. For the past few years, through the new system of local government, the ANC has concentrated more on post-apartheid reorganisation and the transformation of political and administrative organisations by adopting new forms of planning and resource allocation. In South Africa, much time has been spent on deracialising the apartheid tradition and little on decentralisation and the transfer of resources to the public, as has been the case in Brazil and India. The three case studies can therefore be compared on three grounds: institutional, infrastructural, and material arrangements.

3.7.1   The rationale behind comparing Brazil, India and South Africa

The comparison of South Africa with Brazil and India in terms of participatory budgeting is based on three principal issues. Firstly, the ruling party's policies; second, the institutional framework; and third, the civil society mobilisation. In contrast, the Brazilian participatory budgeting approach has stemmed from a technocratic and outwardly and downwardly characterised paradigm towards recognising civic contributions to decision-making as a necessary step towards democratic participatory development. The success of participatory budgeting in Brazil is mainly attached to struggles by the organised neighbourhood associations, which have formed the participatory budgeting mandate of the Workers' Party.

According to Mohanty (2011:24), an agreement to decentralise and devolve administrative and decision-making powers and resources to citizens in Brazil, with the establishment of the 1988 Constitution, has allowed for transformation and institutional reorganisation for better implementation of participatory budgeting. In contrast, South Africa concentrated more on deracialising the apartheid country, rather than devolving power to grassroots level (Van Donk *et*

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al., 2008:156). With respect to promoting public participation and good governance, participatory budgeting in South Africa is far from successfully implemented. Brazil and India are the leaders in participatory budgeting throughout the world, and a comparison between these two countries and South Africa was found especially necessary due to Brazil's known status as a benchmark for implementing participatory budgeting.

In Porto Alegre, public participation in the budget process has proven to be capable of engaging the citizens in the city's annual budgets. Participatory budgeting in Porto Alegre occurs annually, starting with a series of neighbourhood, regional and citywide assemblies, where residents and elected budget delegates identify spending priorities and vote on which priorities to implement. The bridge between the citizens and government has been built and promotes development and democracy. Through the mobilisation of civil society groups, doors have been opened for all stakeholders, especially those who were previously disadvantaged because of gender and colour. This has created space for deliberation, collaboration and decision-making. This integrated government-citizen decision-making process results in a simple and transparent budgeting process.

Participatory budgeting has led to the reversal of priorities, namely health care facilities have been set up in the living areas of poor, the number of schools and nursery schools has been extended, streets asphalted, and most households granted access to a water supply and waste-water systems. Certain conditions brought about this development, and rendered participatory budgeting possible, as well as a more efficient government, a reallocation of resources in favour of the most disadvantaged people and democratisation of politics. Abers (2001), one of the first observers of participatory budgeting in Porto Alegre, explains that it emerged due to a 'window of opportunity', which opened in the aftermath of the electoral victory of the Labour Party (Partido dos Trabalhadores (PT)) in 1988. At that time, PT was at the beginning of its rise and had to prove that its style of government stood out from that of other parties. It was looking for a translating grassroots self-conception of the party into municipal politics. However, it was not

only the new government that pushed the participatory budget. Civil society, in particular district initiatives, also demanded greater co-decision-making capacity.

In Kerala and Porto Alegre, participatory budgeting processes created innovative and now common solutions to complex social problems. It was easy for communities to work closely with local government and be jointly invested in achieving common goals. Local government in Kerala and Porto Alegre is an area where alliances can develop across the government-society boundary and synergistic outcomes be produced. The invention of this new devise was, therefore, the result of a conjunction of both top-down and bottom-up processes. The system that exists in Brazil and India proved to be helpful in the creation of this new space for public participation. When PT lost the office of the mayor in 2004, participatory budgeting had been integrated to such an extent that the new government did not abolish the procedure, although it did reduce its scope.

International scholars (Abers, 2001, Herzberg, 2001; Avritzer, 2000, Allegretti, 2003; Baiocchi, 2005; and Gret & Sintomer, 2005) have shown that three basic principles are particularly important in the setting up and functioning of this procedure.

- The first principle is grassroots democracy, carried out into effect via citizen assemblies in the 16 districts of the city. The aim of these assemblies is to determine priorities and to elect delegates and representatives who follow up on the development of suggestions put forward. In addition to investment, political guidelines for the design of municipal policies on issues such as education, health and culture are discussed. Priorities are selected on the basis of the principle of 'one man one vote', so that every citizen has the same number of votes at his or her disposal (Sintomer, Herzberg & Röcke, 2005:167).

- Social justice, the second principle, is realised via an allocation formula. The funds, which are at the disposal of each district area, are distributed among the districts, taking into consideration the number of residents and the quality of the infrastructure available, as well as the local list priorities. These three criteria ensure that districts with a deficient

infrastructure receive more funds than areas offering a better quality of life (Sintomer *et al.,2005:167).*

- • Citizen control, the third principle, is realised by means of boards, such as the council of participatory budgets, which convenes once a week for two hours. Its members are elected during the basic assemblies of the districts. It is the council's duty to ensure that the priorities of the districts are taken up in the budget to the largest extent possible. Independent NGOs train the representative of the council on participatory budgeting in order to enable them to co-plan with the administration (Sintomer *et al.,* 2005:167).

After more than two decades, the number of participants suggests that participatory budgeting encourages increasing citizen involvement. In addition, Porto Alegre's health and education budget increased from 13 per cent (1989) to almost 40 per cent (1996), and the share of the participatory budget in the total budget increased from 17 per cent in 1992 to 21 per cent in 1999. Participatory budgeting in Brazil has led to improved conditions for the poor. Although it did not overcome wider problems such as unemployment, it led to a noticeable improvement in accessibility and quality of various welfare amenities.

The comparison of South Africa, India, and Brazil demonstrates the importance and significance of a political will to include public participation in the budget process at local level. The comparison of the three case studies is necessary because Brazil and India's success in the implementation of participatory budgeting is widely known. Both the Communist Party in India and the Workers' Party in Brazil have favoured participatory reforms as part of the overall political strategy of strengthening the associational capacities of subordinate groups. In Kerala and Porto Alegre, a highly competitive electoral area has pushed the parties of the left to work closely with civil society organisations. All three cases have had to re-orientate their societies away from the extreme conditions of social exclusion of the majority of citizens.

The quality of life, and also that of women, improved in Porto Alegre and Kerala as a result of participatory budgeting. 95 per cent of the territory now has access to electricity, sanitation and

water, all of which were the demands of women. In Brazil and India, maternal and infant mortality rates are at zero per cent unlike in South Africa where these are increasing. Bhatnagar and Jones, in 'Empowerment Case Studies: participatory budgeting in Brazil' indicate that the provision of budget information to local citizenry promotes a learning process that empowers and promotes active citizenship. They argue that access to information has helped citizens challenge the domination of authorities over the allocation of public resources. They also argue that the inclusion of low-income groups in decision-making is a gain. Bhatnagar and Jones (1993:54) point out that, when participatory budgeting was introduced, less than 1 000 people participated. In 2002, 40 000 people were participating.

3.8   PARTICIPATORY BUDGETING IN SOUTH AFRICA

Participatory budgeting processes have not yet found significant direct expression in South Africa, even though its benefits for deepening democracy have been widely observed in various international contexts. According to Makwela (2012:5), it has become even more important for South Africa to urgently consider innovative ways of improving governance, given the widespread of loss of public trust in authorities and politicians with respect to financial maladministration and mismanagement at local government level, service delivery challenges, and ineffective public participation practices. Taking into account the local government legislative framework that supports public participation and engagement, as well as the existing range of potentially supportive organisations and the level of interest in civil society, it is clear that South Africa has the potential to successfully implement participatory budgeting.

According to Makwela (2012:5), for participatory budgeting to work in South Africa, a number of aspects need to be considered to ensure that the process employed suits specific contexts. Ideally, participatory budgeting should be built on systems, structures and processes that work well or have the potential to support it effectively. Aspects to consider include the size of the municipality, institutional capacity, the municipal revenue base, demographics, spatial and socio-

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economic conditions, existing institutions of public participation (such as ward committees), and the active engagement of civil society.

One of the challenges that faced the ANC-led government was the need to reprioritise existing budget resources and service delivery from tertiary services for middle-class white people in urban areas, towards primary services for low–income black people in informal areas. In order to succeed in this challenge, the entire budgetary system had to be reformed. This entailed the design and implementation of a new public financial management system, collation and publication of substantially improved budgetary information, enhanced accountability of civil servants, and the provision for participation of civil society in budgetary processes (Makwela, 2012:20).

3.8.1   Review of participatory budgeting in South Africa

Participatory budgeting has emerged as a key innovative model for improving governance practices within municipalities, particularly in terms of strengthening the voice of local citizens in local government planning, resource allocation and monitoring. In the context of growing concerns regarding governance in South Africa, especially at local government level, participatory budgeting is a means to improve governance, deepen the participation of citizens and create a sense of ownership in local communities in respect of local government affairs.

The issue of public participation in South Africa is receiving increasing attention from both government and civil society. Despite the fact that relevant legislations were passed some years ago, there are still complaints from a wide range of government institutions that insufficient consideration has been paid to public participation and that the existing policy frameworks, institutional mechanisms and program interventions are failing to comply with government's constitutional and statutory obligations. Participatory budgeting at local government level is new in South Africa. Even during the apartheid era, public participation in the budgetary process was non-existent or, in rare cases, extremely limited.

The task of participatory budgeting at local government level was exclusively left to municipal officials. In contrast, in the post-apartheid era the opposite is true, as municipalities are required to provide citizens with adequate opportunities to participate in the formulation of municipal budgets since it is their service delivery and infrastructure development needs which are supposed to guide what the municipality spends its budget on. The need for public participation is also spelt out in the White Paper on Local Government (1998) as follows:

> Given that resources are scarce, public participation in the development of both integrated development plans and municipal budgets is essential. Public participation provides opportunities for community groups to present their needs and concerns. It enables them to be involved in the process of prioritisation, and to understand and accept the trade-offs which need to be made between competing demands for resources.

In the post-apartheid era, participatory mechanisms have been designed and legislated to enable citizens and communities to engage with the state in order to substantiate democracy (Van Donk *et al.,* 2008:487). The first reference to participatory mechanisms in the post-apartheid South Africa can be found in the South African Constitution of 1996. Section 152 places an obligation on municipalities to encourage the involvement of the community/public and community organisations in the matters of local government. The White Paper on Local Government of 1998 also suggests that municipalities should develop mechanisms to ensure public participation in policy initiation and formulation, and the monitoring and evaluation of decision-making and implementation.

In the Local Government Municipal Systems Act of 2000, participatory local governance was given institutional life. The Local Government Municipal Structures Act (No. 117 of 1998) sets out the various structures of local government to be used, while section 16 obliges municipalities to develop a culture of municipal governance that complements formal representative government with a system of participatory governance. The Local Government Municipal Systems Act (No. 32 of 2000), a key piece of legislation responsible for the transformation of

local government and for giving substance to the notion of developmental government has a chapter dedicated to public participation. The chapter opens by setting out a framework for participatory local governance. Through the Municipal Systems Act of 2000, municipalities are required to encourage and create conditions for the public to participate in their affairs, including the preparation of the budget and the implementation and review of the integrated development plans. Furthermore, the Act states that municipalities must contribute to the development and capacity-building of the community to enable them to participate in the municipality's affairs, including the decision-making process, and to enable councillors and staff to foster public participation. The Municipal Systems Act (No. 32 of 2000) stipulates a range of processes and procedures through which public participation must take place in the affairs of the municipality, including political structures, such as ward committees and councillors.

The Local Government Municipal Structures Act (No. 117 of 1998) and the Local Government Municipal Systems Act (No. 32 of 2000) provide for ward committees to be established in each ward of the category A or B municipality, if the municipality so chooses, though of late the ruling party has been suggesting that a ward committee system be made compulsory for all municipalities. The ward councillor chairs ward committees that consist of up to ten people representing a diversity of interests in the ward, with men and women equitably represented. The aim of the ward committee is to establish a forum that will allow communities to have a voice and participate in the functioning of the municipality, as well as to provide a forum for the council to disseminate information to the community. It may make recommendations on any matter affecting its ward to the councillor, or through the ward councillor, to the metro or local council, the executive committee, or the executive mayor. Ward committees are also required to mobilise the community to participate in service payment campaigns, the development planning and budgetary processes, decisions about service provisions, and by-laws.

The second mechanism that is available for public participation is the open council meetings and councillors. Section 19 of the Local Government Municipal Systems Act (No. 32 of 2000) stipulates that council meetings and those of its committees should be open to the public and the

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media. In terms of the Local Government Systems Act of 2000, the municipal manager of a municipality must give notice to the public of the time, date and venue of every ordinary and special or urgent meeting of the council. Opportunities must also be created for stakeholders and role players to participate in the council's budgeting and planning process and it should be made known how they can contribute (Van der Waldt, 2007:38).

The third mechanism that is available for public participation is the sub-council participatory system. This is set up by passing by-laws and is a mechanism through which the council may consult the public on their needs and inform them on developments. The aim of the sub council participatory system is to decentralise decision-making so that communities in a large metropolitan area can participate in it. The sub council consists of councillors representing each ward in the area as well as other councillors appointed to ensure that each political party is represented according to the proportion of votes the party received on the proportional representation lists in the sub council area.

Other participatory mechanisms that are available to foster public participation in planning and budgeting include public meetings called by the mayoral imbizo, public hearings, consultative sessions, report-back meetings, advisory committees, focus interest groups, formal advertising in the press, market research and opinion polls, community radio, and community press. Members of the community may also raise issues with the council or municipality through petitions and questions to council.

3.8.2   Review of institutional mechanisms for budgeting in South Africa

The issue of public participation in the budgetary process of municipalities in South Africa is receiving attention from both civil society and government. A wide range of public institutions acknowledge that insufficient consideration has been paid to public participation, especially in the budgetary processes of municipalities. The existing institutional mechanisms, policy frameworks and program interventions are failing to comply with government's constitutional and statutory obligations in this regard. The question is whether there are substantial

opportunities for public engagement. This is particularly important for municipalities, as the formal requirements to consult the public, according to Cornwall's (2002) 'invited spaces', are more developed at municipal level than in national and provincial spheres. Despite the legacy of a struggle for public participation reflected in mass resistance to apartheid, public servants are often unenthusiastic about its formalities, and communities unsure about the its value (Buccuss, 2011:1).

There are three levels of participation in South African local government. Firstly, voting at the national and municipal elections; secondly, via official structures or invited spaces (imbizos, ward committees and participation IDPs). The third type of participation is more of a formal type, characterised by marches, memoranda and the setting of alternative structures. According to Cornwall (2002:23), any of these modalities for participation offer an opportunity to exercise citizen's rights by being part of governance. She goes on to argue that "participation extends beyond making active use of invitation to participate, to autonomous forms of action through which citizens create their own opportunities and terms of action". Cornwall (2002:8) adds that there are two kinds of spaces, namely 'invited' versus 'claimed'. She posits that spaces in which citizens are invited to participate, as well as those that they create for themselves, be neutral. To make sense of participation in a given space, sense needs to be made of power relations that permeate and produce these spaces.

3.8.3   The effectiveness of institutional mechanisms in South Africa

South Africa has attempted to redress historical exclusions by 'putting people first' (to use Chambers' words). Some important steps have even been made in terms of legislation and policy formulation. However, as recalled in this chapter, there is clear evidence that formal participatory channels in local governance are not working. As done in the previous chapter, in this chapter the possible causes of this phenomenon are explored. It is argued that contradictions in the legal and institutional framework, as well as the operationalisation of policies and the 'implementation gap', raise questions regarding real possibilities for people to be placed at the centre of, and take part in, development initiatives.

The participatory structures instilled in South Africa have been criticised from a number of perspectives. The participatory structures instilled by the legal framework are ineffective, and they serve more as consultative forums rather than providing real opportunities for communities to express themselves, particularly the vulnerable and marginalised. Buccus (2011: 10) (argue that the forms of participation created by the legal framework are overwhelmingly forms of public consultation rather than actual participation by the public in decision-making. The formal participatory mechanism created within the institution of state does not engender participatory governance, partly because the participatory processes do not allow for policy to be influenced in a qualitative manner, and partly because the voices of the marginalised and vulnerable, which would benefit from participating in government decision-making, are not heard.

Friedman (2006:11) argues that the most significant indictment against the structured participatory governance mechanism is that it has not enabled the authorities to understand the needs of the poor. The impediment to qualitative public participation by the marginalised and vulnerable communities is the technocratic nature of the key participatory instruments that municipalities use. A good example is the budgeting and IDP processes that are often technical in nature and are driven by tight time constraints. This leads marginalised and vulnerable communities to be excluded from participating from the onset. Ward committees and mayoral imbizos are poor attempts at the empowered and participatory institutions of this sort. They also lack any decision-making powers and power over resources. Therefore, these powers are legally restricted to politicians and may not be delegated to ward committees. The deliberate role of both ward committees and imbizos are practically circumscribed.

Although ward committees are meant to identify key issues affecting their wards and deliberate upon them, the failure to integrate them into decision-making or the delivery processes of municipalities' means that they have little impact on deliberation. Currently ward committees have no role in the development planning and the budget at local government level. They have no direct say on how municipal officials deliver on these commitments. There is a problem with the way ward committees have been installed, thus they are often perceived as an extension of

political parties, which is an impediment to public participation in these structures. As Greenberg and Mathoho (2010:14) argue, public participation may be affected by the perceived manifestation of party politics in ward committees. A lack of clarity on the roles of ward committees as well as a lack of training and limitations in skills and expertise of ward committee members is some of the obstacles to an effective system of participation in this context.

By design, ward committees must transfer their deliberations through the ward councillor to the council and, should the councillor be incompetent, disinterested or marginalised, the ward committee's deliberations will count for nothing. The spaces that have been provided by government for participatory governance have not worked as effectively as envisaged, leading the public in these areas to be deprived of opportunities to influence decisions pertaining to the development of their own areas and to participate meaningfully in the formulation of local government budgets. The legislated spaces in particular budget forums, IDP forums and ward committees are fairly new to the public and require a substantial amount of co-ordination, support and resourcing from the municipalities to make them functional. If the support is not available, it becomes difficult for the public to manoeuver their way into and through the local government system on their own.

Municipalities in the Western Cape are not hearing the voices of the communities, especially the marginalised and poor. The existing systems of participatory budgeting are not working. Chipkin and Mafumadi (2005:8) suggest that there is concern within and outside government about corruption, clientelism and nepotism as it affects municipalities. Despite intervention by legislators and policy makers, it is evident that the majority of municipalities in the Western Cape have thus far failed to give effect to the Batho Pele principles and participatory democracy. Participatory budgeting remains largely at the level of electing political office leaders, thus progress has not been made to ensure public participation in decision-making. This lack of public participation, especially in the IDP and budget processes, is not taken seriously by national, provincial and local government, which negates and compromises South Africa's democracy.

Effective public participation in the budget process requires municipalities to be highly capacitated and have the will to promote public participation.

3.8.4 Challenges in implementing participatory budgeting in South African municipalities

Municipalities have a limited autonomy and financial base, particularly in rural communities, where there is no revenue collected to administer municipal affairs and there are also donors interested in developing the town or village. The PB process is located at the mayor's office and this mayoral support could manipulate the process through political interference. Shar (2007a:2) contends that participatory budgeting comes with risk. Thus, the participatory process could be abused to facilitate the illegitimate and unjust exercise of power by depriving marginalised and excluded groups of people in the society of the opportunity to engage in it. Another strategy for excluding the public is to apply 'the rules of the game' and in a language that is not understood by the majority of the people present in the public forum to discuss the prioritisation of public needs (Matsiliza, 2012:450).

Community attempts to engage with the institutional structures installed by government reveal that there are impediments to effective public participation in the formulation of local government budgets. Provision has been made for the creation of ward committees, though the reality is that there are already existing structures in the form of development committees or forums, established for a particular purpose or geographic area, that are being used to this end. This results in tension between the proposed and existing scope of committees, as well as around issues of adequate representation and accountability. In addition, municipalities in the Western Cape have not formalised these structures to avoid having to make budgetary provision for their operation and they are, as a result, under-resourced. Lack of capacity could also stifle the process. Thus, the mayor's office could provide institutional support for local councillors, whereas the ordinary people might be empowered with the relevant information on public budgeting. Not all community representatives are educated enough to analyse budget portfolios; they lack capacity and, as a result, some lack the interest. Matsiliza (2012:450) contends that the

current ward system relies as much on political appointees as ward councillors. South Africa has not yet reached the level where most of the ward councillors are educated enough to be able to understand and read the budget language. Most experts from the donor communities and the private sector are capacitated by their institutions as how spending works.

The slow pace of developing technical skills for emerging contractors could amount to discrepancies and unethical tendencies. When some companies are subcontracted, they do not meet the targets in implementing the public projects that resulted from PB decisions; they are sometimes challenged to reach their performance targets in terms of time, cost and production. It is understood that PB principles might not work the same way in all communities; each municipality has its own unique priorities to address. It is also vital to achieve effectiveness whereby party politics and other narrow interests are put aside, especially on issues that affect broader society. A lack of responsibility and accountability on the part of the councillors is another problem. Some politicians and councillors are not as committed as expected. They do not devote their time fully to the oversight role by visiting the sites while projects are being implemented; that is why projects are only evaluated at the end, when the community has also identified the problem.

IDP forums established to drive IDP formulation and review processes are only opened to recognised structures, and not to other community groups or individuals. In the main, these are drawn from ward committee structures, with their inherent problems of legitimacy, accountability and representation. Likewise, IDP steering committees comprise only of officials and councillors, not representatives of community structures. Consultants develop many municipal IDPs without adequately engaging affected communities, and this does not comply with the White Paper on Local Government's (1998) requirement that the process be community driven and capacitate communities. Council legislative processes pose similar challenges to those of provincial and national government, in that they are not easily accessible to marginalised groups, not well publicised, the language used is intimidating, and time frames for input are tight.

The accessibility and accountability of councillors in the identified municipalities continues to be an issue even with ward councillors, with many communities claiming not to know who their councillors are. This indicates a lack of consultation and feedback. The code of conduct for councillors applies to action to be taken by communities in relation to councillor's performance in council, rather than resources available to aggrieved communities. The capacity of both councillors and officials is a further impediment to participatory budgeting. Many are dedicated community development activists facing complex and intimidating processes. The role often played by skilled and experienced officials in manipulating processes often comes into question, compounded by the issue of racism. The tension between elected and traditional local government role players and the inadequate use of traditional structures and mechanisms to disseminate information and involve communities in decision-making processes serves to weaken public participation in the budget process. Similarly, Greenberg and Mathoho (2010:14) point out that public participation in the budget process may be affected by the perceived manifestations of party politics in ward committees.

The restriction of the powers of these committees; a lack of training, especially on the budget process, and resources; and limitations in skills and expertise of ward committee members, as well as a lack of clarity of their roles, are some of the obstacles to an effective system of public participation in the formulation of local government budgets in the Western Cape. In practical terms, ward committees are flawed in their functioning in terms of sustaining ward committee members' interest and participation, high turnover of members and poor working relationships with the councillors of the municipality. Furthermore, Friedman (2006) argues that formal participation mechanisms created within the institution of the state do not engender participatory governance, partly because the participation processes do not allow for policy to be influenced in a qualitative manner, and partly because the voices of the poor, who would benefit most significantly from participation in the budget process and decision-making, are not heard. He goes on to note that perhaps the most significant indictment of structured participatory mechanisms is that they have not enabled the authorities to understand the needs of the poor (Friedman, 2011:11).

This line of argument should, however, take cognisance of factors that can impede the participation of the marginalised groups in the process of public participation. A good example is the involvement of women in formal invited spaces. Sithole, Todes and Williamson (2007) argue that, while the voices of women need to be heard and represented in all types of development initiatives, such as the budget and IDP processes, and local economic development (LED) projects, consideration must be made of what influences their participation. According to Stoker *et al.* (2004), high social inequalities cause non-participation in the budget processes of municipalities among the marginalised communities because they have a feeling of powerlessness and do not believe that their input can have any impact on final plans. This feeling of powerlessness increases non-participation of the public in development planning and it is crucial that these groups are empowered for meaningful inputs. This view supports the Freirian paradigm that maintains that, for the people to participate in their own development, they should be empowered to change from being passive objects to active subjects.

According to Hughes (2005:20) the public should be educated to think in a creative way to change their situations and this includes educating them, because effective public participation is reflected when the public is involved in decision making about their own development. In under-resourced municipalities, the struggle for bread-and-butter issues can often take precedence over the need to have equitable representation in the relevant structures. Water, fuel and food shortages are sometimes a more immediate concern for the poor, after which participation and equal representation can follow at a distance in terms of priorities, which is an impediment to equitable representation and responsive government. In rural municipalities, communities often consist of the politically, economically, socially and linguistically marginalised, and they lack access to education facilities, information, networks, alliances, and capacity-building opportunities. It is known that communities in rural municipalities cannot access information and lack knowledge about government policies partly due to illiteracy, language problems, and because they cannot access facilities like the media and internet due to poverty and unemployment (Hughes 2005:20) support the above argument and argue further that

marginalised communities also cannot participate effectively in local government affairs because they do not understand the professional jargon and find it difficult to conceptualise.

The saying 'knowledge is power' applies to this situation as, without knowledge, public participation is limited, uninformed and therefore not meaningful and effective to final policy decisions. It is common knowledge that generally the educated and wealthy communities have more meaningful participation than illiterate communities, because the former has a broader knowledge and skills to participate in municipal affairs, along with greater access to information than the latter. All of the abovementioned factors compromise the rights of rural communities to participate during the design, implementation and review of policies. Hughes (2005) and Bekker (1996:71-73) has identified the following limitations to public participation:

- Government normally involves the public in areas in which they know they will get positive feedback;

- There is a problem with apathy at local government level with the result that only a handful of the citizens participate;

- Inflexible institutional arrangements and work procedures designed for efficiency, rather than responsive to public participation, usually hamper public participation;

- The perception of the communities that it is not worthwhile to participate, since their views will not be taken seriously, leads to apathy and minimal participation;

- There is a general lack of feedback and response on issues raised by the community, which renders them despondent and demotivates them to further participation in local government; and

- Citizens are not always provided with sufficient information to enable them to participate.

Regardless of limitations to public participation, current participation channels and approaches at local government level in South Africa reflect a shift from participation by elite groups towards a community bottom-up approach. For many years the marginalised people in South Africa have had no say in shaping their destiny. Although progress has been made, a lot of challenges are still being encountered with regard to public participation in local government budgets. According to

Bekker (1996:46), with time and community empowerment, the ideals for public participation will be realised, especially at local government level.

3.8.5   Implication for service delivery

PB could be recognised as a heuristic for improving service delivery, and for sustaining developmental local government. The public, through PB processes, have the opportunity to make inputs and decide on budget plans that could be matched with the availability of actual resources. PB allows for municipalities to identify service delivery gaps on a wide range of programs to be implemented by local authorities. It is likely that PB needs a proper empowerment mandate for citizens and other parties to participate effectively. Representatives and other stakeholders need to assemble monthly in order to constantly communicate with the PB office, and allow the feedback process to unveil updates on progress made in as far as societal problems are concerned (Matsiliza, 2012:450). The PB process allows local officials to address existing financial exclusions (socio-political conditions) by earmarking service delivery gaps with regard to infrastructure, such as schools, hospitals, roads and clinics. Not all community needs and demands are priorities matching government commitment towards the development of the cities and towns. There is also the issue of a jurisdiction mandate, because not all priorities have an immediate solution from the PB process in a specific jurisdiction.

Meanwhile, donors and the private sector nurture different interests and priorities. Collaborative decision-making and deliberate democracy should be encouraged to promote opportunity spaces that are created in the process of budgeting prioritisation. It is imperative to note that the intensity levels of participation will differ from one local area to another, such as at the service level. The proposed effective and efficient PB model should enhance a more responsible and accountable governance that could deliver quality services (Matsiliza, 2012:450).

3.9   SUMMARY AND DEDUCTIONS

This chapter aimed to accomplish two key purposes, which were, firstly, to examine participatory budgeting and its framework in Porto Alegre, Brazil, and, secondly, to examine participatory budgeting in South Africa. The comparison between Brazil, India and South Africa was found to be necessary as Brazil and India are both recognised as a benchmark in the implementation of participatory budgeting. The chapter explored and advanced the practical understanding of participatory budgeting and analysed the role of local residents in the local government budgeting process. In the main this chapter has demonstrated that participatory budgeting is widely recognised as significant and fairly successful for promoting decentralised participatory development. The first salient issue that can be pointed out is the significance of institutional design that allows for more meaningful public participation and increased state-citizen relations.

In both Porto Alegre and Kerala, participatory budgeting has proven to be capable of engaging citizens in the city's annual budget. This integration of citizens in the decision-making process has resulted in a simple and transparent budgeting process. Thematic meetings at local level supplement neighbourhood assemblies. This has created networking between local residents as individuals, and as a group. In Brazil doors have been opened for all stakeholders through the mobilising of civil society groups. The rationale for comparing India, South Africa and Brazil is a demonstration of the importance and significance of political will for public participation in the budget process at local level. Lessons from Brazil, India and South Africa suggest that meaningful participation is both good for democracy and for building effective and responsive public sector organisations.

In a country with the perception that the majority of local government officials are corrupt, there is a strong need for participatory budgeting to ensure increased transparency, trust of members of the public, and credible access to budgetary information. If communities can be exposed to municipal budgets the way legislation dictates, one can expect fewer or no service delivery protests. The accommodation of public participation in the budget process at all levels of

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governance ensures that the public is informed and meaningfully consulted about the budget process. It also ensures that governments are more accountable to the voting public and, in addition, this nurtures a sense of ownership of the budgeted process and the resulting budget. South Africa has the unenviable position of being the world's most unequal society. Brazil, which previously competed with South Africa for this position, has since improved due to the adoption of a participatory budgeting process. The comparison of these countries demonstrates the significance of a political will for this participatory budgeting, which was discussed in chapter one.

Although both the African National Congress (ANC) and Partido dos Trabalhadores (PT) had to re-orient their societies from the extreme condition of social exclusion of the majority of their citizens, the ANC pursued policies that only aimed at removing the racial make-up of exclusion, while leaving the underlying socio-economic conditions of exclusion largely unchanged. In contrast, PT directed its transformation agenda at the core problem of social exclusion – the marginalisation of the working class. In order to achieve this, PT will have to develop structures that are truly democratic and ensure that structures perform as expected. Brazil has demonstrated greater commitment to participatory budgeting than the ANC. Supporters of participatory budgeting, such as Van Donk, *et al.* (2008) highlight Brazil as the success story from which South Africa can draw lessons.

There is a range of existing progressive legislation, such as the Constitution of the Republic of South Africa (1996), the Local Government Municipal Systems Act (2000) and the Local Government Municipal Finance Management Act (2003). This legislation compels the government to engage communities in matters of governance and particularly in budgetary processes. Despite this, the link between the integrated development planning (IDP) processes and local budgets seems weak, and communities have often expressed a concern that they have little influence in the prioritising of needs and related budget allocations (Guwa, 2008). South Africa has a vibrant civil society that is willing to engage and could easily support participatory budgeting processes, but it will require a concerted effort from government and civil society to

meaningfully and systematically go beyond rhetoric and work toward implementing more effective budgeting practices (Makwela, 2012).

Conceptually, the legislation governing local government in South Africa provides the basis for experiments in deepening democracy, as well as a means to shift power to poor communities. Yet there are no such experiments in South Africa in the sense of being exemplars of participatory democracy. South Africa is in fact out of tune with important experiments in local democracy that are taking place across the globe. There are a number of aspects that need to be considered for participatory budgeting to work in South Africa. Thus, participatory budgeting should build on systems, processes and structures that work well or have the potential to support participatory budgeting effectively. Aspects to consider include the fol

- The size of the municipality;
- Institutional capacity;
- The municipal revenue base;
- Spatial and socio-economic conditions;
- Existing institutions of public participation such as ward committees; and
- The active involvement of civil society.

In addition to the budget cycle, at all levels the budget and IDP processes, and the development of a medium-term expenditure framework need to be taken into account as a priority, to ensure that participatory budgeting strengthens and builds the existing planning processes. Despite the constitutional and legislative imperatives demanding open and accessible processes of public participation, insufficient and favourable conditions for public participation defeat this noble requirement. Thus, public participation requires the creation of a conducive climate and provision to maximise its impact.

To assess whether participatory approaches are being implemented in local governance and to understand why there seems to be a growing gap between the promises of participatory development as stated in the discourse, policy and legal framework and the every day local

political reality, how participation is being understood, as well as introduced and sustained in municipal policies and local development strategies has been discussed and examined in operational terms. The demand side of the equation (effective citizen voice) needs to be met by supply side state responsiveness, which in turn will reinforce and foster more citizen engagement in a virtuous cycle. Promoting participation is not sufficient; it needs to be met by reciprocal initiatives on the part of the government for its effectiveness and sustainability.

CHAPTER 4: FIELD RESEARCH DESIGN AND METHODOLOGY

4.1   INTRODUCTION

The main objective of this chapter is to discuss and justify the research method used in this study to answer the research questions addressed in chapter one. It will also explain the rationale for utilising the selected methodology, tools and designs and clarify the epistemological view. This section of the study starts by clarifying the meaning and differences between quantitative and qualitative research methodology.

The research design presents the design choices made and the strategies applied in answering the research question. The meaning of the research design for this study is discussed in detail, and the concepts, construct validity and reliability made clear. The questionnaire development, research process, sample selection, research areas, administration of the questionnaire, data presentation, ethical issues, limitations of the research and data analysis are explored. The fundamental objective of this chapter is to establish a foundation for chapter five, which will deal with the research findings and analysis.

4.2   RESEARCH SITE

The research was conducted in six municipalities in the Western Cape (Breede Valley, Overstrand, George, Langeberg, Stellenbosch and Theewaterskloof). The municipalities were selected because the researcher is familiar with them as he is working for the provincial treasury of the Western Cape and one of his duties and responsibilities is to analyse and review the budgets and IDPs of the municipalities to determine if they are responsive to the needs of the people. This enabled the researcher to participate in the implementation of the IDPs and budgets of the municipalities.

4.3   RESEARCH PHILOSOPHY

The application of a particular research philosophy depends on the way the researcher thinks about the development of knowledge (Saunders, Lewis & Thornhill, 2009:10). The researcher has adopted an interpretist philosophy for this piece of research. According to Saunders, *et al.* (2009), applying this philosophy to the research allows the researcher to consider and understand the topic. Interpretism advocates the researcher's role as a social actor. For this research philosophy the researcher has to take an empathetic stance to the study. The application of questionnaires and interviews allows the researcher to play the role of actor with an empathetic viewpoint. Saunders, Lewis and Thornhill (2009:40) argues that the interpretist approach is highly appropriate for business research as these types of studies are not complex, but unique.

Berg (1998: 2) identifies the interpretive research method as an attempt to explore and describe human activities rather than explain and derive universal laws. The use of small interview samples within this study lends itself to the intepretist approach. Researchers who adopt an interpretist philosophy have to take an empathetic approach and enter into the world in which their subjects operate. According to Saunders *et al.* (2009), it is critical for researchers to be aware of the value judgements made when drawing conclusions from the data and the credibility of those conclusions. The researcher's own values and experience were taken into consideration in respect of the subjectivity of the study. Consideration was given to the reliability of the research findings and the understanding of the individual's circumstances at the time of the research. Due to the embryonic nature of the subject matter, the interpretist approach enables the researcher to gather data and relate this to the current environment within which the individuals operate.

4.4   RESEARCH STRATEGY

According to Saunders *et al. (2*009), there are two main research approaches:

1. **Deductive approach:** A research approach involving the testing of a theoretical proposition by the employment of a research strategy specifically designed for the purpose of its testing.

2. **Inductive approach:** A research approach involving the development of a theory as a result of observation and empirical data.

For this study the inductive approach has been adopted. The exploratory research develops the theory identified in the literature review, which attempts to aid local government in involving the local residents in budget decisions. Yin (2003) argues that qualitative methods assist researchers who desire to understand complex social phenomena. According to Burger (2005), there are three types of data gathering employed in qualitative studies: experiencing, enquiring, and examining. Vernooy, Sun and Jiancu, (2003:63) argue that these three techniques are used in qualitative approaches, such as case studies, non-participant observed studies, interviews, participant observation, phenomenology, ethnomethodology, enography and ethnology. Vernooy *et al.* (2003:63) identify that most qualitative research is based on a case study that uses one or several of these qualitative techniques.

In this study, it was considered that the qualitative methodology was the most appropriate as it allows more open data and detailed data collection. It was assumed that this methodology would best capture the larger picture of the interactions and understanding of senior municipal officials and communities within the process. Qualitative methodology allows for more detailed input from the municipal officials and the freedom to explore issues that the researcher was not aware of in the conception of the research. Denzin and Lincoln (2000:91) argue that the qualitative research approach allows the researcher to test existing theoretical frameworks and undertake an in-depth study of the topic in question.

Qualitative research considerably enhances the scope of public participation research by making it possible to study and analyse the problems that impede meaningful and effective public participation in the formulation of local government budgets. Because qualitative researchers study the local government context in depth and use a set of interpretive, material practices to make the real world visible, qualitative research has transformative power. Qualitative research begins with assumptions and the use of interpretive/theoretical frameworks that inform the study of the research problems, addressing the meaning individuals ascribe to a social or human problem. To study this problem, qualitative researchers use the collection of data in a natural setting remaining sensitive to the people and places under study, and data analysis that is both inductive and deductive to establish patterns or themes (Creswell, 2013:44).

The research questions in chapter one of the study are intertwined with the contextual issues of the participant's experiences in the local government setting and, as such, a detailed, first account of the experience from the point-of-view of those experiencing the issue becomes a necessary. Three competing paradigms guide qualitative inquiry, namely post positivism, critical theory, and constructivism. Denzin and Lincoln (2000:91) define research paradigms as a set of beliefs that guide actions. Paradigms deal with first principles or ultimates. Therefore, a research paradigm directs the investigator's approach to identifying the problems that impede meaningful and effective public participation in the formulation of local government budgeting in the Western Cape. Specific methods of research arise from the researcher's paradigm. According to Guba and Lincoln (1994:128), qualitative paradigms consist of three questions:

- The ontological question that deals with the form and nature of reality. It also deals with what the researcher can study and make knowledge claims about;

- The methodological question is answered in terms of the researcher's procedure for finding out whatever the researcher believes can be known; and

- The epistemological question encompasses the relationship between the researcher and what can be known.

A qualitative research approach was applied in this study. This allowed for an in-depth exploration of the research topic and testing of the existing theoretical framework.

4.4.1 Research method and design

Myers (1997) identifies three distinct stages of a research method, namely defining underlying philosophical assumptions; determining a research design; and collection of data. According to Creswell (2007), there are four qualitative research methods: (1) action; (2) case study; (3) ethnography; and (4) grounded theory research (Denzin & Lincoln, 2000; Creswell, 2007). The purpose of a research design is to design a strategy and justify why and how certain data will be collected, the type and sources of data that will be collected, who will collect it, and finally how the data collected will be analysed to achieve the research objectives (Creswell, 2007). As stated by Zikmund (1991:42), "a research design is a master plan specifying the methods and procedures". Hussey and Hussey (1997:114) refer to a research design as a "detailed plan which you will use to guide and focus your research".

A case study design approach was adopted in this study. A case study is "an empirical inquiry that investigates a contemporary phenomenon within its context using multiple sources of evidence" (Cooper: 2004). The aim of a case study approach is to develop an in-depth rather than a broad generalisable understanding (Ellis & Levy, 2009). Consequently, from the interpretive perspective, sufficient data for analysing the research problem from the selected cases can be obtained through a case study design.

4.4.2 Justification

Cooper (2004) in his article on case study research in accounting, state that: "the case study research approach is useful where the researcher is investigating:

- Complex and dynamic phenomena where many variables including variables that are not quantifiable are involved.
- Actual practices, including the details of significant activities that may be ordinary, unusual or infrequent (e.g. changes in accounting regulation)."

Further arguments in favour of case study design are: it will allow the researcher to purposively select participants and sites that will best help in understanding the research problem and question (Creswell, 2009:12); the researcher is able to explore, describe and explain the PB phenomenon within its natural setting (Yin, 2003:10); participants are free to exercise their rights without being manipulated (Yin, 2003:10); able to reflect best practice and effective organisations (Cooper, 2004:164 & Morgan, 2008:45); and "Case research focuses on context specific, in-depth knowledge, and this emphasis makes it particularly useful in examining the application of values and power in complex and messy situations (Cooper, 2004:164).

The literature indicates that case studies have been used to make valuable contributions in management accounting that have led to examined organisations to revisit the way their accounting and management practices are conducted (Berry, 1990:10). A case study method was selected because the focus of this study is on contemporary phenomena that require exploration within a real-life context (Yin, 2003:12).

4.5   METHODS FOR THE CASE STUDY

A case study tries to illuminate a decision or set of decisions: why they were taken, how they are implemented, or with what result (Yin, 2003:13). In other words, the case study is not solely either a data-collection tactic or a design feature, but a comprehensive research strategy. Case studies are also not limited to qualitative and quantitative evidence. According to (Yin, 2003), the research design generally aims to encompass all areas of the study and to highlight the subject within the research concept. It acts as a basis for devising an analytical framework and as a way of presenting data and the information collected. The most important element of research design in this study is the flow and process of finding an appropriate interpretation of the relationship between the main areas of the study that support the process of the research development, and of the theoretical concept to conclusion.

The data generated from the case study is specific and local, supporting the examination of the relationship between components of the research topic, and lessons learnt from the Brazilian and Indian experience. The data covers several subjects through a variety of methods of data collection. There is more than one case study in the research, and the main concern is to cover all aspects from general to very detailed issues. Yin (2003) argues that, if multiple case studies are conducted, it will enrich the results of the research. In this study, the process of data collection is based on the research concept; with the two main methods of data collection are interviews and questionnaires.

4.6   RESEARCH DESIGN

A research design is a plan or a strategy for how the researcher will carry out the research project. This research was conducted though case study analysis and a semi-structured interviews. The choice of research design is based on the researcher's assumptions, skills, and research practices, which influence the way he or she collects data. In other words, a research design is a structure and strategy of investigation conceived so as to obtain answers to research questions, in this instance, about identifying the problems that impede meaningful and effective public participation in the formulation of local government budgeting in the Western Cape. Perhaps one of the most important questions one needs to ask is:

What theoretical traditions characterise the research problem (e.g. interpretation, critical theory or positivism).

A research design may be qualitative, quantitative or both. One of the basic questions that researchers have to ask themselves is what kind of research design is appropriate to their research problem. The formulation of a research question underpins the design of research as a whole and implies in what form the research project will take place. According to Gilbert (2008:58), in a research design every element of the research process is considered and planned, including the background to the problem and the review of previous research, right through to the methodological approach, and the methods of data collection and analysis. It affects how

population groups are sampled, what method will be used to access those groups, through what means data will be obtained and how the data will be treated once collected. As Creswell, (2007:60) comments:

> It is important to remember that particular research strategies are good or bad to the exact degree they fit with the research at hand. The perspectives you will adopt and the methods you will use need to be as fluid, flexible, and as eclectic as necessary to answer the research question posed.

This implies that the strategies adopted throughout the design and execution of the research project is all informed by the underlying question. It is therefore wise to reflect on one's questions, and allow the research design and questions to interrogate each other. Questions to be asked are:

- Are the strategies and approaches commensurate with the question being asked?
- Is the proposed sample consistent with the groups, organisations, relationships, or processes specified in the question?
- What methodological strategies are implied by the purpose and objectives of the research question?
- What methods of data collection are most consistent with the objectives of the research, as they are embedded in the question?
- Does the question need adjusting in light of the proposed research design, or could the research design be reworked on the basis of your considered question?

This section of the study presents the research design that was followed by the researcher. The research design describes the nature of this study including the unit of analysis. A multiple research approach has been taken for the collection of qualitative research.

4.7   INTERVIEWS

Interviews can be classified as structured, semi-structured, or in-depth. Structured interview questions are scripted or closed and require limited pre-determined answers. Semi-structured interviews have open-ended questions with a choice of answers from which respondents are expected to select the most appropriate (Creswell, 2007). Interviews that are classified as in-depth have questions that are open ended and give respondents the ability to freely express views and opinion without any limitation.

The researcher administered an interview guide to purposively selected municipal officials who were key players in the local government budgeting process. The interview guides covered the study objectives, namely how participatory budgeting works in actual practice, factors that enhance or inhibit participation by the public, whether the desired objectives of public participation were achieved and policy recommendations required to improve the PB process for the benefit of the poor.

A semi-structured interview technique was selected for use in this study. According to Babbie (2010:146), the semi-structured interview is a qualitative technique that is useful for the exploratory process. This makes it a suitable research technique for a relatively unexplored subject. Creswell (2013) also identifies the interviewer as an integral part of the investigation. The semi-structured interviews consist of a list of questions that have emerged from the literature review and the case study analysis. The category of semi-structured interview has been chosen for this study because it gives scope to omit some questions if these are not considered relevant in relation to the research topic. The format also allows the researcher opportunities to respond to unexpected outcomes. By selecting five municipal officials per municipality with varied backgrounds and experience it is reasonable to expect that some senior officials of the municipalities will have more experience and knowledge of some aspects of the research, for example municipal managers of the municipalities will have more experience and knowledge of the effects of engagement within certain wards in their municipalities.

For this study, the interview was constructed around five themes, with the same questions were asked to all interviewees. Pre-testing of the interview questions was undertaken prior to utilising them in each of the municipalities. The testing was undertaken on a previous manager of finance who still worked for the municipality but was not part of this research. This enabled the researcher to re-phrase the questions and take remove some when they were found to be repetitive or did not add value to the study. During each interview, in addition to recording, notes were taken and, immediately following the interview, the recordings were transcribed and notes typed. The in-person interviews were followed with additional telephone interviews where deemed necessary.

4.7.1 Focus groups

Krueger and Casey (2000) defines the focus group method as a data and information collection method used by researchers for collecting data and information from more than one person at time. Kitzinger (1994) defines a focus group as comprising seven to twelve people who may have similar or different interests, assembled together to respond to pre-designed questions that are designed to generate designed data to meet the set objectives of a researcher. The following benefits are associated with the focus group method: (a) it is economical, as participants are interviewed in a group setting, making it faster and cheaper for the researcher; (b) it increases the number of participants in the study; (c) it facilitates collecting social data in a social environment, thus making it relevant for qualitative research; (d) participants and their interaction during the process can be identified (Morgan, 1998); (e) it has high face validity, creating a conducive environment for a free flow of ideas; (f) it is interactive and the open sharing of ideas, views, experiences and procedures can be recorded, analysed and, where applicable, generalised (Morgan, 1998); and (g) it provides a forum within which conflicts among participants can be resolved.

As recommended by Morgan (1998) and Krueger and Casey (2000) in this study one focus group discussion was conducted for one to two hours in order to capture the views and experiences of the budgeting process and outcome. The size of the groups was five people per municipality. As

recommended by various scholars, the groups did not have more than six members from different backgrounds. This ensured diversity and gave confidence to all to talk and share their thoughts (Morgan, 1998). The researcher moderated the discussions, assisted by an assistant moderator as a note taker. A voice recorder was used to record the group discussions. The recordings were later transcribed into a written record of responses. Municipal officials were excluded from the focus groups, since the purpose was to extract the views of councillors. The most common arguments were written down, and the views of the councillors were analysed separately, but not quantified.

4.7.2   Observations

The unstructured non-participant direct observation data collection technique was also used, whereby the researcher will be a complete observer. The researcher attended and documented budget meetings to study the natural setting of the budgeting process (Morgan, 1998; Mays & Pope, 2000). Observing the budgeting process in its natural setting enabled the researcher to gain a greater depth of understanding of the PB process in its real context so as to supplement data collected in other ways. Data collected through observation was analysed to explore and describe the PB phenomenon (Morgan, 1998). Direct observation of council meetings enabled the researcher to experience real evidence of power relations and lack of knowledge, skills and competence in financial management matters of political leaders and ordinary citizens, and how information asymmetry inhibits participation.

4.7.3   Document analysis

The above techniques used to collect data were supplemented with data collected from public documents, such as budget manuals, annual reports, and private documents (e.g. minutes of meetings and internal communications). A field notebook was used to chronicle the investigator's own thinking, experiences and perceptions throughout the research process.

4.7.4   Sources of information

The research used data from various and integrated methods for the overall research design, which will increase the strength, validity and reliability of the argument that was constructed (Mays & Pope,2000).

4.8   VALIDITY STRATEGIES

The interpretive research paradigm adopted in this study comes with subjectivity challenges. This challenge was mitigated using the internal and external techniques outlined below to ensure validity and reliability.

4.8.1   Internal validity

As Mays and Pope (2000), point out, a research study should ensure internal validity. In this study internal validity was ensured by interviewing identified key senior municipal officials using interview guides prepared well in advance to focus on research objectives and questions (Miles & Huberman, 1994). Secondly, data and information from various sources was examined, triangulated and used to build a coherent justification for themes. Thirdly, follow-up interviews were undertaken to crosscheck sources of information and confirm agreement. Fourthly, the researcher clarified the bias they brought to the study. Finally, peer review was undertaken to serve as an external auditing process. In summary, internal validity was addressed through the use of multiple sources of evidence, which enabled the triangulation of various findings and the resulting convincing evidence for analysis (Yin, 2003).

4.8.2   External validity

This was achieved through careful attention to the research question and criteria for selecting subunits within the case, as well as the undertaking of cross case analysis were undertaken. Furthermore, as recommended by Mays and Pope (2000), evidence was analysed using replication logic across the case, and case sub-units, to further ensure external validity.

4.8.3   Reliability

The researcher has provided a detailed methodology and methods applied in this study. A combination of methods was used to collect data and information as a means of ensuring both internal validity and reliability of the study findings that formed the basis of our recommendations (Merriam, 1988; Creswell, 2009:200). The questionnaire and interview guides were pre-tested. This enabled the researcher to adjust and improve on the research instruments so as to obtain reliable information.

4.9   RESEARCH METHODOLOGY

The researcher conducted the research surveys independently between November 2012 and March 2013 in order to gather baseline information on the problems that impede effective public participation in local government budgeting in the Western Cape. In view of the nature of the data that was collected, the study followed a descriptive survey method. According to Babbie (2010:40), survey research provides a qualitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population. From sample results, the researcher generalises or makes claims about the population. Survey research includes cross-sectional and longitudinal studies using questionnaires and structural interviews for data collection. Through this research technique, data is gathered by asking questions to a group of people/individuals called respondents. Data in this method can also be gathered through observations.

4.9.1   Questionnaire development

Social scientists regard a survey as an invaluable source of data about attitudes, values, personal experiences, and behaviour. Surveys allow the researcher to gather information from a specified target population by means of face-to-face meetings, telephone interviews, postal questionnaires and, increasingly, online surveys. One of the most important parts of any research survey is the development of the questions, as the success of a survey will depend on the questions that are asked, the way in which they are phrased, and the order in which they are placed. According to

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Gilbert (2008:184), the challenge for a researcher is how to formulate the questions that will obtain the most valuable and relevant information.

The survey is an extremely important part of the research process since this is where data is generated. Different types of surveys require different types of questionnaires (Maree, 2010:159). When the questionnaire is designed, the researcher has to keep in mind what types of data will be generated by the questions and the statistical techniques that will be used to analyse it. Babbie (2010:158) argues that the designing of a questionnaire requires the researcher to give attention to the following:

- Appearance of the questionnaire;

- Question sequence;

- Wording of questions; and

- Response categories.

In order to achieve the results needed to solve assumptions highlighted in chapter one of this study, a self-administered questionnaire was developed to supplement the interviews. This questionnaire comprised of all the relevant indicators identified through the literature, official documents and acts. Questionnaires are a major vehicle in data collection; therefore important consideration has to be given to their structure and design. This ensures that accurate data is obtained. The questions in a questionnaire need to be assembled in the proper order, and should follow a standardised format in which most questions are pre-coded to provide a list of responses for selection by the respondent. They need to be phrased in such a way that a wide range of respondents can understand them, and so that it is easy for these people to know how to record their responses. Biased question framing should be avoided because this will influence the responses of the respondents (Maree, 2010:159).

Babbie (2010:158) argues that personal beliefs and conditions should not be used to favour certain desired outcomes in scientific research, as this constitutes bias. Personal perceptions should never influence research outcomes. Questions should therefore be constructed in such a

manner that they do not intentionally or unintentionally lead to bias and respondents should be given enough room to exercise their own judgment. Failure to acknowledge this may lead to distorted data and results. According to Roodt (2001:100) the following are some of the requirements that need to be taken into account when compiling a questionnaire:

- Confidentiality should be assured;

- Wherever possible, a choice of answer should be given;

- The questionnaire should be well laid out, with adequate space for answers, where necessary;

- Questions should not be offensive;

- Questions should not give cause for emotive language;

- Questions should not require any calculations; and

- Questions should be short, simple and to the point.

It is essential to assess whether respondents will have the adequate knowledge to answer the questions, whether the questions are relevant to them, and whether they wish to reveal the information. It is also fundamental to ensure that questions are clearly understood and not subject to ambiguity to Roodt (2001:100).. Roodt (2001:100) state that a questionnaire should also comply with the following objectives:

- It should be executed within the ambit of available time and resources;

- It should reflect accurate information regarding the research study; and

- It should meet the aims of the study.

For the purpose of this study the questionnaire was designed to supplement the interviews using fully structured questions, with no use being made of open-ended ones. Confidentiality was assured in the covering letter and the questionnaire was not biased to influence a particular response. All of the above-mentioned requirements were therefore taken into account. English is used as an internal medium of communication in the seven identified municipalities in the Western Cape, and all circulars are written in English. Because of this, the covering letter and the questionnaire were also written in English.

Data for this study was collected through a survey questionnaire, as indicated in chapter one of the research. Sample letters were submitted to the senior management of the seven municipalities identified in chapter one. A survey questionnaire was used in this research study for data collection, this was sent to the officials of the seven identified municipalities to gather information from them. The survey questionnaire began with a covering letter informing the participants about the identity of the researcher, the aim of the study in order to encourage them to answer the questions and, finally, assuring confidentiality of the answers and the respondents. The seven identified municipalities therefore provide the empirical base for the extraction of data integrity, which would be acceptable to draw conclusion from for the purpose of the study.

4.9.2   Research process

This part of the research focuses on how the research proceeds from the point when the survey questionnaire was prepared to the point where it was received from the respondents. This section also deals with the selection, research areas, pretesting of the questionnaire, administration of the questionnaires, data presentation, and problems encountered in this survey.

4.9.3   Pretesting/piloting the questionnaire

Once the questionnaire has been constructed, it must be piloted. This means that it must be tested to see if it is obtains the required result. It is important to ask people who have not been involved in its construction to read through it and see if there are any ambiguities that have not yet been noticed**.** No matter how carefully designed a data collection instrument is, such as the questionnaire, there is always the possibility of error. There can often be some mistake, for example an ambiguous question, one that people cannot answer, or some violation of the rules previously discussed. The surest protection against such errors is to pre-test the questionnaire in full (Babbie, 2010:267).

Merriam, 1988; Creswell, 2009:200) describe several different pretesting strategies and report on the effecti veness of each. They also provide data on the cost of the various methods. Babbie (2010:267) offer a useful review of 'cognitive interviewing'. In this technique, the pre-test

includes gathering respondents' comments about the questionnaire itself, so that the researcher can see which questions are communicating effectively and collecting the information sought. For this research it was decided by the researcher to have a preliminary field of testing the questionnaire in order to ensure that would be a valid and reliable tool. Babbie (2010:267) indicates that the main objectives of using a pilot study are:

> The pilot study can be used to indicate questions that need revision because they
>
> are difficult to understand it can also indicate questions that may be eliminated.

Oppenheim (1992:60) expressed similar sentiments as follows:

"Questionnaires have to be composed and tried out, improved and then tried out again, often several times over, until the researcher is certain that he/she can do the job for which she/he is needed". These views are echoed by Creswell (2009:200), "data-gathering instruments should be piloted to test how long it takes the recipient to complete them, to check that all questions and instruments are clear and to enable you to remove any items that do not produce usable data". A pilot study refers to a small replica of the main study. In other words, it is a rehearsal of the main study. The pilot study covers the entire process of research, and is thus the preparation of a broad study plan, construction of tools, collection of data, processing, analysis of data and report writing. Therefore, the pilot study provides a better knowledge of the problem under study and its dimensions.

It can be argued that, however well designed a questionnaire may seem to be, it is very important that it be piloted to ensure relevance, objectivity and effectiveness. In November 2012, during a field trip to George municipality, the questionnaire was tested with a random sample of five respondents. A total of five interviews were completed successfully. Analysis of these pre-tests resulted in the elimination of certain questions and the refinement of others. After this the questionnaire was sent to a promoter for critique. The promoter recommended some refinement to the questionnaire and it was remodelled into its final state. Items that were not relevant to the study were eliminated and other questions were added. In November 2012, the revised questionnaire was ready for administration.

The questionnaire was sent to the 30 senior officials of the municipalities before the interviews so that they could familiarise themselves with the questions. If the municipal officials are unfamiliar with the questionnaire, the study suffers and the respondent faces an unfamiliar burden. The interview is also likely to take more time than necessary and can be unpleasant. The main fieldwork started on the 9th December 2012 until March 2013. An interview was conducted with the senior officials of the selected municipalities. The researcher did not want to impose pre-determined views on the participatory budgeting process and its outcomes; therefore, the interviews were semi-structured, and were initially composed of rather broad questions. Gradually, a saturation of data appeared, usually after asking the same questions about three times. New issues that arose were included in the questionnaire, sharpening its focus. Before the interviews were conducted, the researcher designed interview questions to guide the discussion. The interviewees were assured of confidentiality and encouraged to speak freely.

4.9.4   Administration of the questionnaire

A number of different methods can be used to collect data from the sample of respondents. Each method has advantages and disadvantages, and some are better in some circumstances than others.

There are three main methods of administering a survey questionnaire to a sample of respondents, namely self-administered questionnaires, in which respondents are asked to complete a questionnaire themselves; surveys administered by interviewers through face-to-face encounters; and surveys conducted by telephone. In this study, the researcher decided to use face-to face interviews to administer the questionnaires with the group of senior officials of the selected municipality. Face-to-face interviews enabled the researcher to probe, explain, or ask follow-up questions on important issues. This type of interview enabled the researcher to obtain detailed and critical information from the senior officials of the selected municipalities in the study.

According to Maree (2010:158), the advantages of this method of interviewing are as follows:

- This method has the highest response rate;

- Long questionnaires can be used;

- The interviewer can assist with issues that are not clear to the respondents; and

- The respondents need not be literate.

There were other reasons for the researcher to use this method of interview as, through the use of face-to-face interviews, the researcher ensured a high rate of responses to the questionnaire and a high rate of returning ones. Using this method of interviewing ensured a clear understanding of the questionnaires. Each interview took between 30 and 60 minutes.

All the interviewees were first contacted by telephone. Once the person agreed to a suitable interview time, the researcher sent a background letter. The purpose of the background letter was to confirm the time and place of the interview, and to provide the participants with the researcher's contact details. The background letter aimed to reassure the participants of the credibility of the research and that any information given would be handled in a professional manner. It also stated that the participant could contact the researcher at any time with questions. The body of the background letter was a brief introduction to the research topic and gave the participants some indication of what to expect from the interview. The researcher began each interview with a brief introduction so as to make the participants feel free to discuss issues that they felt were necessary. Each of the research participants was allocated a pseudonym to protect their identity. During the course of the interview the researcher was concerned not only with what was said, but also how, and where it was said. Therefore, the context of the interviews was considered essential.

4.9.5   Variable

A variable refers to a characteristic or attitude of an individual or an organisation that can be measured or observed and that varies among the people or organisations being studied (Creswell, 2007a:50). A variable will typically vary in two or more categories or on a continuum of scores and it can be measured or assessed on a scale. Creswell (2007a:50) argues that a variable is an empirical property that is capable of taking two or more values, for example age, gender, socio-economic status, and attitudes or behaviours, such as racism, social control, political power or leadership.

In a qualitative study, variables are related to answer a research question or to make predictions about what the researcher expects the results to show. Independent and dependent variables are the two most important types of variables. The empirical surveys of senior municipal officials of selected municipalities in the study are critically analysed and portray the problems that impede meaningful and effective public participation in the formulation of local government budgeting in the Western Cape.

4.9.6   Independent and dependent variables

According to Creswell (2007:51), independent variables are those that (probably) cause, influence, or affect outcomes. They are also called treatment, manipulated, antecedent or predictor variables. Dependent variables depend on the independent variables, and are also called criterion, outcome, and effect variables. Essentially, an experiment examines the effect of an independent variable on a dependent variable. Typically the independent variable takes the form of an experimental stimulus, which is either present or absent. That is, the stimulus is a dichotomous variable, having two attributes, present or not present. In this typical model, the experimenter compares what happens when the stimulus is present to what does not.

In an example concerning prejudice against African Americans, prejudice is the dependent variable and exposure to African-American history is the independent variable. In this survey dependent variables include current problems that effectively impede meaningful and effective

public participation in the budget process. The questionnaire that was used in this study is divided into two main sections:

Section A (Dependent variables): These relate to the attitude of the communities to participatory budgeting. In the municipalities surveyed, state-provided spaces for public participation have not worked as effectively as envisaged. As a result, citizens in these areas have been deprived of opportunities to influence decisions pertaining to the development of their own area and to participate meaningfully in local governance. These have resulted in communities developing negative attitudes towards participatory budgeting.

Section B: If communities don't participate meaningfully, effectively and efficiently in the budget processes of municipalities, this will result in widespread loss of public trust in authorities and politicians and, later, service delivery protests. These will have an impact on the credibility of municipal budgets.

The target population of thirty senior municipal officials (five from each municipality) was determined. This group was selected because it is strategically situated at the centre of municipal government and makes decisions both administratively and politically. A response rate of 100 per cent was achieved. The research findings are therefore based on thirty completed supplementary questionnaires of the target research population of thirty.

4.9.7   Ethical issues in this research

Research should be based on mutual trust, acceptance, cooperation, promises and well-accepted conventions and expectations between all parties involved in a research project. According to Creswell, (2011:45) the fact that human beings are objects of the study in the social sciences brings unique ethical problems to the fore, which would not be relevant in the pure, clinical laboratory setting of the natural sciences. For researchers in the social sciences, the ethical issues are pervasive and complex, since data should never be obtained at the expense of human beings. However, other sciences struggle with another set of ethical dilemmas that they are obliged to address.

Ethical considerations were considered throughout the research process. Some key ethical considerations for a research project, according to Saunders, *et al.* (2009), are:

- Confidentiality is maintained of participants;
- Objectivity is maintained from the researcher; and
- The rights of participants in terms of being able to withdraw and remain anonymous.

Following Saunders *et al.*'s (2009) ethical considerations, the research was undertaken in an ethical manner. This provided confidence of participants that their views would remain anonymous. Participants were advised that they were able to withdraw at any time**.**

Pseudonyms were used when reporting research to protect the anonymity of the participants. Saunders *et al*. (2009) identify participant's rights to include the right:

- Not to be subject to stressful or awkward questions;
- To expect anonymity and confidentiality of the information gained; and
- Not to be pressurised into giving information.

According to Fisher (2009: 30), it is important that any information collected and used is not harmful to participants. Participants were firstly informed of the purpose of the research prior to agreeing to be involved. The participants' consent model was applied as set out in Saunders *et al.* (2009:40), adopting informed consent where consent is given freely and based on full information of participants' rights and use of that data. The researcher's role was clearly explained. Researchers have two basic categories of ethical responsibility: responsibility to those, both human and non-human, who participate in a project; and responsibility to the discipline of science to be accurate and honest in the reporting of the research.

Anyone involved in the research needs to be aware of the general agreement about what is proper and improper in scientific research (Babbie, 2010: 470). Too often ethical lapses take place in research studies, such as the faking of interview data, or inaccurate reporting of results or bias in favour of the researcher's hypothesis**.** The fundamental ethical rule of social research is that it must cause no harm to the participants, who can be harmed in a physical and or emotional

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manner (Babbie, 2010:27). One may accept that harm to respondents in the social sciences will be mainly of an emotional nature, although physical injury cannot be ruled out completely. Researchers should weigh the risks against the importance and possibly benefits of the specific project (Babbie, 2010: 27). The researcher has an ethical obligation to protect participants within all possible reasonable limits from any form of physical discomfort that may emerge from the research project (Creswell, 2011: 64).

Ethics is a matter of principled sensitivity to the rights of others. Being ethical limits the choices someone makes in the pursuit of truth. Ethics support that, while truth is good, respect of human dignity is better even if, in the extreme case, the respect of human dignity leaves one ignorant of human nature (Gilbert, 2008:146). Researchers always have to consider the effects of their actions upon those subjects and act in such a way as to preserve their rights and integrity as human beings. Such behaviour is ethical behaviour. When designing a research project, the researcher needs to consider ethical principles, such as informed consent, respect for privacy, safeguarding the confidentiality of the data, harm to subjects and researchers, and deceit and lying.

Many principles have been used to justify taking an ethical view of the activity of social research. One general principle that runs through much of the discussion is the need to strike a balance between society's desire to expose the hidden processes at work in modern society, on the one hand, and to protect the privacy of individuals and groups and recognise that there are private spheres into which social scientist may penetrate, on the other (Gilbert, 2008:90). A second, very important principle, which is a linchpin of ethical behaviour in research, is the doctrine of informed consent. This provides that people who are invited to participate in social research activities should be free to choose to take part or refuse, having been given the fullest information concerning the nature and purpose of the research, including any risks to which they may personally be exposed, and the arrangements maintaining the confidentiality of the data.

The two principal ethical issues in this study were the issues of confidentiality and anonymity. Precaution was taken to maintain confidentiality of the information given and to respect the privacy of participants. All participants in this research were informed in advance of what was expected of them during the interview. The respondents participated on a voluntary basis and this was evident by the enthusiasm displayed during the interview. The findings of the research were also recorded in such a way that the respondents could not be identified and appropriate codes and pseudonyms were used when individual statements were quoted.

The methodology adopted in this study was reflective of an ethical stance, which allowed open-ended dialogue between the participants and the researcher. Furthermore, the respondents made a large commitment to the researcher by donating their time and energy. Following each interview, participants were sent letters of thanks to recognise and appreciate their contribution.

4.10   LIMITATIONS OF THE STUDY

This section of the study discusses the limitations of the study. In terms of validity, the researcher attempted to validate the reliability through triangulation with senior managers of municipalities. This research was an explanatory study, and it was not possible to predict the problems that were likely to be encountered during the data-collection period. Every survey is subject to some field problems, which cannot be totally anticipated. The first major problem encountered by the researcher related to the formalities that had to be followed before the researcher could formally be granted permission to carry out the interview within the selected municipalities. Besides financial constraints for the fieldwork, the general problems encountered during the collection of data stemmed from some of the senior officials in one of the municipalities refusing to complete the questionnaire.

Apart from the limitations associated with the qualitative research, this study experienced specific situational problems. The researcher had to travel extensively to collect data from the municipalities, in some instances about 900 kilometres. Some municipal personnel were difficult

to contact because they were unavailable when needed and this affected the gathering of important and critical data. Since this research project did not have a financial sponsor, the researcher had to rely on his own resources, so strenuous efforts and patience was required in order to complete the research survey. Most officials, however, were willing to informally discuss the problems that impede meaningful and effective public participation in local government budgets.

After collecting the data, the researcher found that the analysis of the data was much more complicated than initially anticipated. Creswell (201l: 66) suggest that a month of collecting the data should be matched by two months of analysing the data. The challenges encountered during the survey research broadened the knowledge of the researcher.

4.11   DATA ANALYSIS

For qualitative data analysis, researchers go through a process of preparing, exploring, and analysing data; representing and interpreting the analysis; and validating the data and interpretation. For qualitative data analysis, preparing the data means organising the documents for review. Analysing the data consists of examining the database to address the research question. During quantitative analysis, the researcher analyses the data based on the type of questions or hypothesis and uses the appropriate statistical test to address the question. Qualitative data analysis involves coding the data, dividing the text into small units, assigning a label to each unit, and grouping them into codes.

The first step in the analysis of data is a critical examination of the assembled data. The researcher must ask many questions to evoke his thinking process and induce novel ways of looking at the research problem. The analysis is made with a view to find some significance for a systematic theory and some basis for a broader generalisation. According to Fisher (2009: 30), many studies using qualitative methods are not reflexive about the interpretive process; common platitude proclaims that data speaks for itself, that the researcher is neutral, unbiased and

invisible. In this study the researcher used a multi-method approach where data was gathered and observations, interviews and literature analysis supplement each other as part of data analysis. The interviews were used in order to obtain an in-depth understanding of the problems that impede effective and meaningful public participation in the formulation of local government budgets in the Western Cape municipalities.

4.12   SUMMARY AND DEDUCTIONS

In this chapter the researcher outlined the research philosophy, strategy design, and methodology used to complete the research. The research methodology has been detailed and deemed appropriate for this research. The rejected research methods were also identified. The chapter provided a detailed explanation of qualitative research on public participation. Qualitative paradigms were discussed based on three questions, namely the ontological, the methodological, and the epistemological question. This chapter of the research also concentrated on the research design. Lastly, the chapter was devoted to the research methodology.

The research survey was conducted independently by the author between December 2012 and March 2013 so as to collect baseline information on problems that impede meaningful and effective public participation in the formulation of local government budgeting in the Western Cape municipalities. This chapter focused on the questionnaire development detailing how the survey questionnaire started with a covering letter informing the participants about the identity of the researcher and the objectives of the study.

The underlying philosophical assumptions that led to the selected methodology have been outlined in this chapter, and the case study research design adopted has been justified as a valuable appropriate tool for understanding complex phenomena of PB (Yin, 2003). Methods of data collection and analysis have also been described, explained and justification given for the selection.

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CHAPTER 5: RESEARCH CONDUCTED THROUGH SIX MUNICIPAL CASE STUDIES

5.1 INTRODUCTION

This chapter examines public participatory mechanisms that Breede Valley, Overstrand, George, Langeberg, Stellenbosch and Theewaterskloof put in place to ensure active public participation in the formulation of local government budgets. The issue of public participation in municipal structures, often referred to as participatory governance, is receiving increasing attention in South Africa, with a wide range of institutions actively advocating democracy in action. However, municipalities often implement programs without following a proper consultation process. In spite of the legislations that were passed some years ago, people are still witnessing acknowledgement from a wide range of government institutions that insufficient consideration has been paid to public participation in the budget process and that the existing policy frameworks, institutional mechanisms, and program interventions are failing to comply with government's constitutional and statutory obligations.

Participatory budgeting at local government level is new in South Africa. Even during the apartheid era, public participation in the budgetary process was non-existent or, in rare cases, extremely limited. While opportunities for the public to make comments on the draft budgets are necessary, it is arguably too late once the budget has reached this stage for public input to have a significant influence. A real challenge is for the municipalities in the Western Cape Province to find ways to engage the public during the drafting stages of the budget; this will require that discussions about the budget be thoroughly integrated into the annual IDP review process to involve public participation. Municipalities are also struggling to present budget information in a non-technical and accessible format to the public, thus this one of the barriers to the participatory budget process.

According to the White Paper on Local Government (1998):

> In respect of reporting to the community, there is perceived lack of transparency as municipalities often do not understand the challenges and needs of the people. Thus it is unlikely that there will be significant demand for audited annual financial statements. Therefore municipalities need to consider preparing mayoral budget addresses and annual reports as a way to present information which is credible and understandable, and allows the public to assess municipal expenditure against the municipal integrated plan.

Jones (2009:50) argues that, besides these more practical problems with public participation in the budgetary processes, an even more fundamental problem is that the narrow scope within the budget can actually influence the public input. One of the most important features of participatory budgeting programs is that a portion of the whole municipal budget is allocated exclusively for it. This funding is then allocated on a discretionary basis according to the input from the public during the participatory budget process. In this sense there is a real motivation for the public to participate in the process. In South Africa, with the revenue constraints most municipality are facing, there is very little, if any, funding that is available for participatory programs after 'fixed' annual expenditures, such as salaries and interest in repayments, thus typically a high proportion of the total budget available has been accounted for. A very major impediment to public participation in the budget process in South Africa is the absence of budget for participatory programs.

5.2 PUBLIC PARTICIPATION IN THE MUNICIPAL BUDGET PROCESS: SIX SOUTH AFRICAN CASE STUDIES

All of the municipalities share the same experiences regarding local government finances, the budgeting process and community participation. These are detailed below and followed by the municipal-specific case study descriptions.

5.2.1   Local government finance

Fiscal decentralisation in South Africa allows revenue sharing among the three spheres of government. Section 214 of the Constitution (1996), provides for revenue sharing amongst national, provincial and local spheres of government.

Each year, when the annual budget is presented, the Minister of Finance must introduce, at the National Assembly, a Division of Revenue Bill for the financial year, to which that budget relates. The Division of Revenue Act (2003) further provides for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the financial year, and the responsibilities of all three spheres, pursuant to such division, and to provide for matters connected therewith.

The notion of decentralisation facilitates cooperation between the official leadership at different spheres of governance, through the mechanism of cooperative governance. This allows revenue sharing while implementing capital municipal projects, such as infrastructure and road construction. The Budget Council and Local Government Forum act as advisory bodies on matters of national finance to ministerial committee members, and are established as per the Intergovernmental Fiscal Relations Act of 1997. However, the Intergovernmental Network sets the scene for the capability of local government to facilitate and organise its budgeting processes. The intergovernmental system, as set by the Constitution (see schedules 4 and 5), relates to how public money for social and basic services expenditure is to be allocated by the budgets of provinces and municipalities. In the process of handling public monies, the Municipal Financial Management Act (2003) regulates municipal financial management by setting requirements for the efficient and effective management of municipal finance

The statutory instruments, regulations or orders drawn up by central government to detail the precise intention of the law severely limit the autonomy of local government and restrict independence in the implementation of capital projects. A municipal budget is required to allocate resources to public service projects and balance the resources drawn from the

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community against demands for services and projects, while having a volatile financial base (Van der Waldt, 2007:187). Not all municipalities are financially sound; in some parts rural municipalities have no revenue base collected from residents. This also limits the municipalities in broadening their budgets.

South Africa's intergovernmental fiscal system is characterized by centralised taxation and relatively decentralised service delivery and, thus, by dependence of sub-national governments on transfers, which produces vertical fiscal imbalances between revenue sources and expenditure responsibilities. Horizontal imbalances also occur due to the uneven allocation of revenue raising capacities among the sub-national governments themselves, requiring compensation between levels of government funding (Ebdon & Franklin, 2006:35).

The Municipal Finance Management Act (No. 56 of 2003) establishes the financial sources for municipal governments to be administered and ruled by. In general terms, these can be grouped as taxes (especially property tax and, until 2006, the Regional Service Council (RSC) levies on payroll and turnover), service charges (tariffs), and fines, fees and penalties for illegalities occurring in their areas. These are the main sources (coming from municipalities' 'own' resources) of operational income. Property tax is used by the municipality to pay for public or semi-public goods in the form of a 'service charge' for roads, pavements, parks, streetlights, and storm water management, amongst others. It is an important source of income for many municipalities.

Service charges are levied on specific services that can be directly charged to the household or business. In this case the principle of 'user pays' is adopted. User charges are regressive if there is not a redistributive pricing mechanism in place. Because of this, and as part of its overall strategy to alleviate poverty in the country, the national government has put in place a policy for the provision of a free basic level of municipal services to poor households. For the funding of such services municipalities receive their part of the equitable share. They can apply for infrastructure grants. Also, they raise their own revenue through these service charges. Finally,

municipalities apply fines such as traffic fines and penalties for overdue payment of service charges.

With respect to transfers, there are three broad streams: equitable share, infrastructure and current transfers. The equitable share is an unconditional transfer that a municipality gets from national government each year. The capacity-building and restructuring grants are the two main sources of current transfers. In terms of conditional transfers, these are financial contributions to implement nationally or provincially defined capital or operating programs and projects. In particular, municipalities may apply for government grants for infrastructure development, such as the municipal infrastructure grant (MIG). External loans, own revenue and grants are the funding sources available for municipalities to fund their capital expenditure. Grants and subsidies are the preferred source of finance. Finally, municipalities also fund their infrastructure needs with own revenue from surpluses generated from their trading activities or from rates. However, this 'own source of funding' for capital expenditure is not enough. On average, about 85 per cent of total municipal expenditures were operational expenditures, while the remaining 15 per cent was for capital expenditures.

5.2.2   The budgeting process and public participation

The financial year for South African municipalities runs from 1 July to 30 June of the following year. According to Municipal Finance Management Act (No. 56 of 2003) the mayor of a municipality is responsible for coordinating the processes for preparing the budget and for reviewing the municipality's integrated development plan and budget-related policies. Immediately after the mayor has tabled the annual budget, the accounting officer (municipal manager) of the municipality must make the annual budget public, together with any supporting documentation, and invite representatives in connection with the budget from the local community to review this. The municipal council must then consider any views put forward by the local community and any other organs of state that may have made requests on the budget. The mayor is given an opportunity to respond to the requests and, if necessary, revise the budget

and table amendments, which council then considers. Council must then approve the annual budget for the municipality before the start of the financial year (Van der Waldt, 2007:187).

5.3 BREEDE VALLEY MUNICIPALITY

Overview of Breede Valley municipality

Classification status

Breede Valley Municipality is a category B municipality within the Cape Winelands District Municipality. It is considered a high-capacity municipality in terms of MFMA implementation. The Breede Valley Municipality stretches over an area of 3 833 km² and comprises the towns of Rawsonville, Worcester, De Doorns and Touws River.

The local municipality is approximately 100 kilometres east of Cape Town, forming part of the Cape Winelands District municipality, with its head office located in Worcester, which serves as the major services node in the Breede Valley municipality. The municipality is divided into 21 wards. The key economic sectors for the municipality are agriculture, tourism and manufacturing. The town of Worcester lies on the N1 national road and has a major railway link, which presents the town with a locational advantage providing access to inland markets.

5.3.1 Demographic, geographic and socio-economic characteristics

Both the 2001 and 2011 census highlights Breede Valley as the second-most populous municipality within the Cape Winelands region. The population of Breede Valley municipality is 166 825 people, which is made up of approximately 42 527 household of which per cent (7 095) are classified as indigent.

5.3.2   Socio-economic context of municipality

Current projections of global and national growth for 2015 suggest that slow economic growth is expected to persist[1]. The Western Cape economy is forecast to grow at 2.1 per cent in 2015, and on average 2.7 per cent over the 2014-2019 period. Key recent economic developments at a macro level include the decline in oil prices, depreciation in the exchange rate and the recent moderation of the inflation rate, which will impact on national and regional growth prospects.

Key risks include energy supply constraints, and the resultant impact of lower investor confidence. The implication of the weak economic environment is a more constrained fiscal outlook, which has translated into expenditure reductions and tax proposals as highlighted in the National budget, which requires a strong emphasis on balancing public finances while also targeting initiatives to support inclusive economic growth and job creation.

5.3.3   Current economic reality

Breede Valley's economic growth rate of 2.3 per cent is higher than its population growth rate, indicating an increase in per capita income over time (4.3%) and less strain on the municipality. It is, however, the twelfth ranking non-metro municipality according to growth and size in the province.

The percentage contribution to real GDPR growth and size is 3.3 per cent. Breede Valley's largest contributing sectors during 2011 were manufacturing (19.6%); wholesale, retail trade, catering and accommodation (15.9%); finance, insurance, real estate and business services (14.5%); and agriculture, forestry and fishing (14.5%).

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[1] Western Cape Government Budget Overview of the Provincial Revenue and Expenditure 2015

The manufacturing and services sector expanded by 2.6 per cent and 1.8 per cent per annum during the economic recovery period (2010-2013). This is commendable considering that most municipal economies experienced contractions in at least one of these sectors.

5.3.4   The IDP/budget process plan of Breede Valley Municipality 2014/15

The Local Government Municipal System Act (No. 32 of 2000), chapter 5, section 28(1) indicates that a municipal council must:

1) Adopt a process, which is set out in writing for the planning, formulation, adoption and revision of the Integrated Development Plan (IDP);

2) The process plan must:

- Include a program setting out the time frames for the various planning phases;

- Determine and prescribe sufficient mechanisms, processes and procedures for the consultation of, and participation by, local communities, government bodies and other role-players in the formulation of the IDP;

- Identify planning and planning requirements, which in terms of national and provincial legislation, are binding on the municipality concerned.

The review of the IDP is done based on the past financial and budgetary performance, but also taking into account future implications. The link between the annual budget and the IDP is established through section 21 of the Municipal Financial Management Act (No. 56 of 2003) that stipulates that:

"The Mayor of a municipality must:

- At least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget;

- The annual review of

    i.   The IDP in terms of section 34 of the Municipal Systems Act 32 of 2000 and

    ii.   The budget related policies.

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The tabling and adoption of any amendment to the IDP and budget related policies; and

iii.   The consultative process forming part of the processes referred to subparagraph (i), (ii) and (iii)''.

iv.   The IDP process plan of Breede Valley municipality (BVM) was approved by council on the 25 August 2014.

v.   The council approves the 2014/15 IDP Budget Process Plan inclusive of intended BVM stakeholder engagements as scheduled."

5.3.5   Framework for participatory budgeting in BVM

The MFMA requires the local government budget process to follow the six basic steps set out as indicated in Table 5.1.

Table 5.1: Steps in the municipal budget process

Step	Process
1. Planning	❖ Schedule key dates; ❖ Establish consultation forums; and ❖ Review previous processes.
2. Strategising	❖ Review IDP; ❖ Set service delivery and objectives for next three years; ❖ Consult on tariffs, indigent policy, credit control, free basic services; and ❖ Consider local, provincial and national issues, previous year's performance, current economic and demographic trends.
3. Projects	❖ Identification of projects for the possible inclusion in the IDP ❖ Representation of stakeholders
4. Tabling	❖ Table draft budget, IDP and budget-related policies before council; ❖ Consult; and ❖ Consider formal local, provincial and national inputs or responses. Suggested time frame for tabling process: ❖ March: Table municipal and entity budgets, resolutions, service delivery and budget implementation plan (SDBIP), IDP revisions and budget-related policies. ❖ April: Call for public submissions; council to have meetings with

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	key stakeholders. ❖ April/May: Council hearings and council meeting to consider submissions. ❖ May: Mayor to submit amended budget to council meeting.
5. Approving	❖ Council approves budget and related policies.
6. Finalising	❖ Publish and approve SDBIP and annual performance agreements and indicators.

Source: National Treasury, 2004. Budget Process 2005/06. MFMA Circular No. 10

5.3.6 Breede Valley municipal revenue sources and budget components

The BVM revenue mainly comes from property rates, electricity tariffs, water, sanitation, refuse removal, interest on municipal investments, rentals, and interest earned on outstanding debts, fines and grants, such as the Financial Municipal Grant and the Equitable Share. These two grants come from the National Treasury (NT) and are intended to assist those citizens that need subsidies and for the general maintenance and improvement of infrastructure.

Table 5.2: 2015/16 Revenue Collection

Types of Revenue	Amounts ®	Percentage
Property Rates	99 345	12.5%
Electricity tariffs	360 890	45.5%
Water	51 093	6.4%
Sanitation	55 093	6.9%
Refuse removal	31 911	4.0%
Total rates and service charges	574 059	
Total Revenue	**793 737**	

Source: BVM: 2015/16 Revenue Collection

In terms of table 5.2 above, the largest proportion of municipal revenue comes from electricity, property rates and sanitation. It is clear that the municipality is dependent on funding from its own revenue.

Table 5.3 summarises the municipal budget for the 2015/16 financial year. Table 5.3 below, it is clear that the operating budget dominates the 2015/16 annual budget of BVM.

Table 5.3: Contribution of the citizens in the municipal budget

Budget	Amount	Percentage
Capital budget	151 930	15.5%
Operating budget	826 769	
Total	**978 699**	**84.5%**

Source: BVM: 2015/16 Budget

The capital budget of the municipality is only 15.5 per cent of the total budget of BVM. The rest of the 84.5 per cent is allocated to operating revenue, which is decided upon by municipal officers. The chief financial officer of the municipality indicated that the public is only allowed to participate in decisions on the capital budget.

5.3.7   Participatory mechanisms at Breede Valley Municipality

The IDP and the municipal budget are linked to ensure that the implementation of projects and hence development is directed by the IDP. This makes it imperative for the public and community organisations to participate in the IDP process as well as the municipal budget process.

The process of participatory budgeting in BVM involves consultative meetings that are legislated by law, which also spells out the way the process is carried out. It involves ward committees, IDP steering committees, budget steering committees, communities, and other stakeholders. As eluded earlier, the Municipal Finance Management Act of 2003 requires municipalities to incorporate the needs and priorities of the poorest of the poor in their IDPs. The public is expected to participate during the preparation, implementation and monitoring of the IDP and

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municipalities are obliged by the legislation to provide reports and progress to the public. The implementation of the IDP is reviewed annually during the IDP and budget processes.

The participatory budgeting process consists of IDP steering committees, ward/PR councillors and ward committees, budget steering committees, inter-governmental relations, and IDP representatives. The process commences annually in July. During the first quarter of the municipality (July to September) in each ward, the ward councillors invite all the stakeholders to identify and prioritise their needs for the next financial year. Participation in these meetings is critical as it determines what services should be included in the IDP. During the third quarter (January to March), a draft budget is formulated by municipal officers and tabled in council by the mayor before 31 March of each year. When the annual budget has been tabled, the municipal council must consider any views of local community, the National Treasury and the relevant provincial treasuries. The municipal council must, at least 30 days before the start of the budget year, consider the approval of the final budget and this normally takes place in May of each year. In June of each year, the final budget is published and made available to the public.

5.4 GEORGE MUNICIPALITY CASE STUDY

Overview of George municipality

Classification status

George Local Municipality forms part of the Eden District Municipality and is situated in the middle of Knysna, Oudtshoorn, Mossel Bay and Hessequa local municipalities. The municipality is classified as a category B municipality, and is inter alia responsible for basic service delivery. George is located along the N2. Its strategic location along the N2 highway to Cape Town and the Eastern Cape Province facilitates mobility of people, goods and services. George functions as the services centre of the Southern Cape. George's proximity in the Garden Route enhances its tourism potential. Major towns in the municipality include Wilderness, Herold's Bay and a number of small coastal resorts, such as Victoria Bay, Kleinkrantz, and Garden Route National Park.

5.4.1 Demography, geographic and socio-economic characteristics

In 2013, George had the largest population size in the Eden District, consisting of 199 064 people. George's population also grew at a fast annual average rate of 3.3 per cent between 2001 and 2013, well above the district's 2.2 per cent.

5.4.2 Socio-economic reality

- George Municipality made the largest contribution (3.8%) to the total regional GDP from a total value added perceptive. Mossel Bay came in second.

- The George Municipality economy reported a year-on-year growth rate of 4.0 per cent for the period 2000-2013. This is lower than the growth rates for Mossel Bay and Bitou Municipalities who maintained growth of 7.5 and 7.7 respectively during the period under review.

- The top three economic sectors contributing to George's GDP in 2013 were finance, insurance, real estate and business services (22.2%); wholesale and retail trade, catering and accommodation (19.6%); and general government (15.5%).

- In contrast, the smallest contributing sectors to municipal GDP were mining and quarrying (0.4%); electricity, gas and water (2.5%); and agriculture, forestry and fisheries (3.0%).

- The transport, storage and communication sector (11.8%) made a relatively small contribution, taking into consideration that George is strategically located on the major transport route between Cape Town and Port Elizabeth.

5.4.3 George municipal revenue sources and budget component

The George municipality revenue mainly comes from property rates, electricity tariffs, water, sanitation, refuse removal, interest on municipal investments, rentals, and interest earned on outstanding debts, fines and grants, such as the Financial Municipal Grant and the Equitable Share. These two grants come from the national Treasury (NT) and are intended to assist those citizens that need subsidies and for the general maintenance and improvement of infrastructure.

Table 5.4: Revenue Collection 2015/16

Types of Revenue	Amounts ®	Percentage
Property rates	188 903	14.3%
Electricity tariffs	526 838	39.9%
Water	99 543	7.5%
Sanitation	63 597	4.8%
Refuse removal	46 548	3.5%
Total rates and Service charges	925 848	
Total	**1 320 261**	

Source: George Municipality: 2015/16 Budget

In terms of table 5.4 above, the largest proportion of municipal revenue comes from electricity, property rates, and water. The municipality is clearly dependent on funding from its own revenue.

Table 5.5 summarises the municipal budget for the 2015/16 financial year. Table 5.5 below, it is clear that the operating budget dominates the 2015/16 annual budget of George municipality.

Table 5.5: Contribution of the citizens in the municipal budget

Budget	Amount	Percentage
Capital budget	244 338	14.5%
Operating budget	1 436 481	85.5%
Total	**1 680 081**	

Source: George: 2015/16 Budget

The capital budget of the municipality is 15.5 per cent of the total budget of George municipality. The rest of the 85.5 per cent is allocated to operating revenue, which is decided upon by municipal officers. The chief financial officer of the municipality indicated that the public is only allowed to participate in decisions on the capital budget.

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5.4.4 Contribution of the local residents to the budget

Table 5.5 above demonstrates the budget, which is open for local resident's contribution and participation. Local residents are able to participate in the capital budget only, which is 14.5 per cent of the total budget. The municipal offers decide upon the rest (85.5%) of the budget. Authentic public participation in the budget process of the municipality is yet to be achieved.

5.4.5 Participatory mechanisms at George Municipality

The time schedule for the review of the IDP and the budget (below) outlines the activities that were followed in drafting the budget for 2015/16 to 2017/18 and amending the IDP. The aim of reviewing the IDP is to ensure that municipal planning considers the assessment of its performance measurements and to adapt to changing circumstances.

The process of participatory budgeting in George municipality involves consultative meetings, which are legislated by law, and which also spell out the way the process is carried out. The first round of public participation in the budget process in George municipality commences annually in October. It involves all twenty-five ward committees, IDP steering committees, budget steering committees, communities, and other stakeholders. The objectives of the engagements are to provide feedback on progress made on existing projects, to share information on future projects, and to afford the communities an opportunity to engage with the municipality on matters pertaining to service delivery. However, the municipality did not indicate the number of people who attended the engagements. This makes it difficult to determine whether the engagements were a success or not.

The second round of public participation commences annually in April/May. The objective of this round is to invite public comments on the draft IDP and budget and includes road shows in all 25 wards. This is to provide feedback on current and future IDP projects as proposed by the communities and to create an opportunity for inputs on key highlights and proposals from the draft budget.

5.5   LANGEBERG MUNICIPALITY CASE STUDY

Overview of Langeberg Municipality

Classification status

The Langeberg municipal area consists of 333 452 km^2 which includes the towns of Ashton, Bonnievale, McGregor, Montagu, Robertson and the surrounding rural areas. The municipality is classified as a category B municipality and is, inter alia, responsible for basic service delivery.

5.5.1   Demography, geographic and socio-economic characteristics

In 2013, Langeberg had the smallest population size in the Cape Winelands District consisting of 99 609 persons. The total population is estimated to have grown at an average annual rate of 1.7 per cent from 81 274 to 99 609 people between 2001 and 2013.

5.5.2   Socio-economic reality

The CWD regional economy generated 11.6 per cent of the Western Cape GDPR during 2013, i.e. R50 billion of the total R431 billion. The district economy grew by 3.9 per cent per annum from 2000 to 2011, whilst Langeberg's economy grew at a faster rate of 5.1 per cent over the same period.

Langeberg is the second fastest growing municipality in the Cape Winelands District and is ranked 7th in the province. The ranking is determined by considering both the size and growth of the municipal economies. The largest contributing sectors to GDPR within Langeberg Municipality is manufacturing (34.2%); agriculture, forestry and fishing (17.8%); wholesale and retail trade, catering and accommodation (12.3%); and finance, insurance, real estate and business services (11.6%). As expected, the smallest contributing sector is mining and quarrying (0.3%).

5.5.3   Langeberg municipal revenue sources and budget component

The Langeberg municipality revenue mainly comes from property rates, electricity tariffs, water, sanitation, refuse removal, interest on municipal investments, rentals, and interest earned on

outstanding debts, fines and grants, such as the Financial Municipal Grant and the Equitable Share. These two grants come from the national treasury (NT) and are intended to assist those citizens that need subsidies, and for the general maintenance and improvement of infrastructure.

Table 5.6: Revenue collection 2015/16

Types of Revenue	Amounts ®	Percentage
Property rates	41 054	7.8%
Electricity tariffs	303 898	57.5%
Water	39 308	7.4%
Sanitation	13 504	2.6%
Refuse removal	11 805	2.2%
Total rates and service charges	409 569	
Total	**528 429**	

Source: Langeberg Municipality: 2015/16 Budget

In terms of Table 5.6 above, the largest proportion of municipal revenue comes from electricity, property rates, and water. The municipality is dependent on funding from its own revenue.

Table 5.7 summarises the municipal budget for the 2015/16 financial year. Table 5.7 below, it is clear that the operating budget dominates the 2015/16 annual budget of Langeberg municipality.

Table 5.7: Contribution of the citizens in the municipal budget

Budget	Amount	Percentage
Capital budget	51 624	8.5%
Operating budget	554 278	91.5&
Total	**605 902**	

Source: Langeberg: 2015/16 Budget

The capital budget of the municipality is 8.5 per cent of the total budget of Langeberg municipality. The rest of the 91.5 per cent is allocated to operating revenue, which is decided

upon by municipal officers. According to the CFO and the IDP manager of the municipality, the public is only allowed to participate in decisions on the capital budget.

5.5.4   Contribution of the local residents to the budget

Table 5.7 above demonstrates the budget, which is open for local resident's contribution and participation. Local residents are able to participate in the capital budget only, which is 8.5 per cent of the total budget. The municipal officials decide upon the rest (85.5%) of the budget. Authentic public participation in the budget process of the municipality is yet to be achieved.

5.5.5   Participatory mechanisms in Langeberg Municipality

The process of participatory budgeting in Langeberg municipality involves consultative meetings that are established by law, which also spells out the process to be carried out. It involves municipal officers, civic associations, ward committees, and budget and IDP steering committees.

In Langeberg municipality, the process commences annually during the first quarter (July-September) where ward councillors invite all stakeholders and roleplayers to identify and prioritise their needs for the next financial year. During the third quarter of the year (January-March) a draft budget is formulated by the budget office and tabled by the mayor of the municipality before the 31st March annually. The public is invited to table their comments regarding the draft budget within 21 days from the tabling of the budget. The council then adopts the final budget before the 31st May and submits it to the budget office.

5.6   OVERSTRAND MUNICIPALITY CASE STUDY

Overview of Overstrand municipality

Classification status

Overstrand Municipality is located along the southwestern coastline of the Overberg District Municipal area bordering the City of Cape Town in the west and Cape Agulhas Municipality in

the east. Its northern neighbour is Theewaterskloof Municipality. The municipality covers a land area of approximately 2 125 km^2, with a population density of 41 people per square kilometre and covers the areas of Hangklip/Kleinmond, greater Hermanus, Stanford and greater Gansbaai. The municipal area has a coastline of approximately 200 km, stretching from Rooi Els in the west to Quinn Point in the east.

In addition to the endless, pristine beaches dotting the coastline, the Overstrand boasts three Blue Flag beaches. Tourism is a major economic driver in the area and its popularity as a holiday destination results in a fourfold increase of its population over the holiday seasons.

5.6.1   Demography, geographic and socio-economic characteristics

The municipality's estimated population for 2013/14 is 87 000 (based on the researcher's own calculations calculated by the average annual growth rate from the 2001 to 2011 census figures). The total number of households within the municipal area increased from 31 739 in the 2012/13 financial year to a total of 31 829 the 2013/14 financial year. This indicates an increase of 0.28 per cent in the total number of households within the municipal area over the two financial years (2012/13-2013/14).

5.6.2   Socio-economic reality

The Overstrand Municipality maintained an impressive average year-on-year growth rate of 6.3 per cent for the period 2000-2013, which is a whole percentage point higher than the Overberg district rate of 5.2 per cent. From a total value added perceptive, the Overstrand municipality, with 34.6 per cent, contributed the second highest percentage to the total 2013 Overberg GDP. Theewaterskloof Municipality made a slightly higher contribution of 35.0 per cent.

The largest sector contributions to the Overstrand GDP in 2013 were finance, insurance, real estate and business services (28.6%); wholesale and retail trade, catering and accommodation (20.8%); and manufacturing (12.8%). The municipal area is an attractive tourist destination and a wide array of offerings; such as wine routes and pristine beaches annually attract local and

foreign visitors, which stimulates the retail and accommodation industries. Its close proximity to Cape Town makes it an ideal weekend breakaway destination, boosting local property developments.

5.6.3   Overstrand municipal revenue sources and budget component

The Overstrand municipality revenue mainly comes from property rates, electricity tariffs, water, sanitation, refuse removal, interest on municipal investments, rentals, interest earned on outstanding debts, and fines and grants, such as the Financial Municipal Grant and the Equitable Share.

Table 5.8: Revenue collection 2015/16

Types of Revenue	Amounts ®	Percentage
Property rates	163 621	18.0%
Electricity tariffs	338 877	37.3%
Water	102 045	11.2%
Sanitation	66 375	7.3%
Refuse removal	59 488	6.6%
Total rates and service charges	730 406	
Revenue	**908 211**	

Source: Overstrand Municipality: 2015/16 Budget

In terms of table 5.8 above, the largest proportion of municipal revenue comes from electricity, property rates, and water. The municipality is reliant on funding from its own revenue.

Table 5.9 summarises the municipal budget for the 2015/16 financial year. Table 5.9 below, it is clear that the operating budget dominates the 2015/16 annual budget of Overstrand Municipality.

Table 5.9: Contribution of the citizens in the municipal budget

Budget	Amount	Percentage
Capital budget	103 914	9.7%
Operating budget	964 529	90.3%
Total	**1 068 443**	

Source: Overstrand: 2015/16 Budget

The capital budget of the municipality is 9.7 per cent of the total budget of Overstrand municipality. The rest of the 90.3 per cent is allocated to operating revenue, decided upon by municipal officers. The public is only allowed to participate in decisions on the capital budget.

5.6.4   Contribution of the local residents to the budget

Table 5.9 above demonstrates the budget, which is open for local resident's contribution and participation. Local residents are able to participate in the capital budget only, which is 9.7 per cent of the total budget. The rest (90.3%) of the budget is decided upon by the municipal officials. Authentic public participation in the budget process of the municipality is yet to be achieved.

5.6.5   Participatory mechanisms in Overstrand Municipality

The process of participatory budgeting in Overstrand involves consultative meetings, which are established by law and detail process to be carried out. It involves municipal officers, civic associations, ward committees, and budget and IDP steering committees.

In Overstrand municipality, the process commences annually during the first quarter (July-September). All stakeholders and roleplayers are invited by ward councillors to identify and prioritise their needs for the next financial year. As in the previous municipalities, during the third quarter of the year (January-March) a draft budget is formulated by the budget office and tabled by the mayor of the municipality before the 31st March. The public is invited to table their

comments regarding the draft budget within 21 days from the tabling of the budget. The council then finalises the budget before the 31st May and submits it to the budget office.

5.7   THEEWATERSKLOOF MUNICIPALITY CASE STUDY

Overview of Theewaterskloof Municipality

Classification status

The Theewaterskloof Municipality is the largest local authority in the Overberg District, embracing the City of Cape Town on its western boundary and sharing the eastern coastline with the Overstrand Municipality. It is the most populous municipality in the Overberg District (44% of the total district population). Theewaterskloof Municipality can be categorised as a rural area with open spaces and farming activities, as is clear from the land and areas occupied by agriculture, smallholdings, and other land uses. Theewaterskloof Local Municipality with its headquarters in Caledon includes Genadendal, Grabouw, Villiersdorp, Greyton, Bot River and Riviersonderend. Agricultural activities include wheat production, stock farming and fruit production. Agricultural activities include wheat production, stock farming and fruit production.

5.7.1   Demography, geographic and socio-economic characteristics

According to population estimates by the Department of Social Development, Theewaterskloof's population is expected to grow by 1.5 per cent on average per annum from 108 790 to 111 814 in 2013. Theewaterskloof had an unemployment rate of 14.9 per cent in 2011, and a youth unemployment rate of 19.8 per cent.

5.7.2   Socio-economic reality

Theewaterskloof Municipality's economy grew the slowest in the region, registering a GDP growth rate of 3.6 per cent per annum between 2000 and 2013. In 2013 Theewaterskloof's GDP was estimated at R2 872 million, translating into a 1.08 per cent share of the provincial economy.

When non-metropolitan municipalities in the Province are ranked in terms of their contribution to real GDPR growth and size in the Western Cape, Theewaterskloof is ranked 11th, compared to Overstrand (5th), Cape Agulhas (15th) and Swellendam (16th). Its economic activity, as measured by gross regional product, accounts for 41 per cent of the broader district economy.

5.7.3 Theewaterskloof municipal revenue sources and budget component

The Theewaterskloof municipality revenue mainly comes from property rates, electricity tariffs, water, sanitation; refuse removal, interest on municipal investments, rentals, and interest earned on outstanding debts, fines and grants, such as the Financial Municipal Grant and the Equitable Share.

Table 5.10: Theewaterskloof revenue collection 2015/16

Types of Revenue	Amounts ®	Percentage
Property rates	75 213	17.6%
Electricity tariffs	77 958	18.2%
Water	53 252	12.5%
Sanitation	20 856	4.9%
Refuse removal	25 849	6.0%
Total rates and service charges	253 486	
Total	**427 614**	

Source: Theewaterskloof Municipality: 2015/16 Budget

In terms of table 5.10 above, the largest proportion of municipal revenue comes from electricity, property rates and water. The municipality uses funding from its own revenue.

Table 5.11 summarises the municipal budget for the 2015/16 financial year. Table 5.11 below shows that the operating budget dominates the 2015/16 annual budget of Langeberg Municipality.

Table 5.11: Contribution of the citizens in the municipal budget

Budget	Amount	Percentage
Capital budget	60 973	11.9%
Operating budget	449 331	88.1%
Total	**510 304**	

Source: Theewaterskloof: 2015/16 Budget

The capital budget of the municipality is 11.9 per cent of the total budget of Theewaterskloof municipality. The rest of the 88.1 per cent is allocated to operating revenue, decided upon by municipal officers. On the expenditure side of the operating budget, the bulk of proposed expenditure is allocated to salaries, wages and allowances.

5.7.4   Contribution of the local residents to the budget

The table above demonstrates the budget, which is open for local resident's contribution and participation. Local residents are able to participate in the capital budget only, which is 9.7 per cent of the total budget. The rest (88.1%) of the budget is decided upon by the municipal officials. Authentic public participation in the budget process of the municipality is yet to be achieved.

5.7.5   Participatory mechanisms in Theewaterskloof Municipality

The process of participatory budgeting in Theewaterskloof involves consultative meetings, established by law. The process, which is spelled our during these meetings, involves municipal officers, civic associations, ward committees, and budget and IDP steering committees.

The participatory budgeting process consists of municipal officials, IDP and budget steering committees, ward committees and civic organisations. In Theewaterskloof municipality, the process commences annually during the first quarter (July-September) where ward councillors

invite all stakeholders and roleplayers to identify and prioritise their needs for the next financial year. During the third quarter of the year (January-March) a draft budget is formulated by the budget office and tabled by the mayor of the municipality before the 31st March annually. The public is invited to put forward their comments within 21 days from the tabling of the budget. The council then decides upon the final budget before the 31st May and submits it to the budget office.

5.8   STELLENBOSCH MUNICIPALITY CASE STUDY

Overview of Stellenbosch Municipality

Classification status

Stellenbosch Municipality is a category B municipality within the Cape Winelands District. It is considered a high-capacity municipality in terms of MFMA implementation.

5.8.1   Demography, geographic and socio-economic characteristics

In 2011 Stellenbosch accounted for the third biggest proportion of the Cape Winelands District (CWD), consisting of 155 733 of the district's 787 490 people. Stellenbosch's population grew at an annual average rate of 2.8 per cent between 2001 and 2011, above the districts (2.3%) rate. Stellenbosch's population growth rate over the 2001 to 2011 period was the second highest in the district, after Witzenberg's 3.3 per cent.

Stellenbosch's population age distribution in 2011 was as follows: children (aged 0-14 years), 22.8 per cent; working age population (aged 15-64 years), 72.3 per cent; and the aged (aged 65 years and above), 4.9 per cent. This placed the 2011 dependency ratio at 38.4; a slight decrease from 42.6 per cent in 2001 implies less of a strain on the incomes of the working age population.

5.8.2   Socio-economic reality

The Stellenbosch economy grew at an average annual rate of 5.5 per cent over the 2000-2013 period. According to the Growth Potential of Towns Study (2014), Stellenbosch is classified as having very high growth potential, as well as very high socio-economic needs.

When non-metropolitan municipalities in the province are ranked in terms of their contribution to real GDPR growth and size in the Western Cape, Stellenbosch is ranked first; contributing 17.1 per cent to the real GDPR of the non-metropolitan municipalities; ahead of Mossel Bay, Drakenstein and George. Growth during the recovery period (2010-2013) for the services, manufacturing and agriculture sector expanded at year on year rates of 5.0, 1.2 and 0.2 per cent respectively. This is commendable considering that most municipal economies experienced contractions in at least one of these sectors.

5.8.3   Stellenbosch municipal revenue sources and budget component

The Stellenbosch municipality revenue mainly comes from property rates, electricity tariffs, water, sanitation, refuse removal, interest on municipal investments, rentals, and interest earned on outstanding debts, fines and grants, such as the Financial Municipal Grant and the Equitable Share.

Table 5.12: Revenue collection 2015/16

Types of Revenue	Amounts ®	Percentage
Property rates	270 257	22.3%
Electricity tariffs	457 512	37.8%
Water	107 543	8.9%
Sanitation	66 173	5.5%
Refuse removal	36 740	3.0%
Total rates and service charges	938 225	
Total	**210 978**	

Source: Stellenbosch Municipality: 2015/16 Budget

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In terms of table 5.12 above, the largest proportion of municipal revenue comes from electricity, property rates, and water. Yet again, the municipality is dependent on funding from its own revenue.

Table 5.13 summarised the municipal budget for the 2015/16 financial year. Table 5.13 below illustrates that the operating budget dominates the 2015/16 annual budget of Stellenbosch Municipality.

Table 5.13: Contribution of the citizens in the municipal budget

Budget	Amount	Percentage
Capital budget	451 829	26.1%
Operating budget	1 271 892	73.9%
Total	**1 724 721**	

Source: Stellenbosch: 2015/16 Budget

The capital budget of the municipality is 26.1 per cent of the total budget of Stellenbosch municipality. The rest of the 73.9 per cent is allocated to operating revenue, decided upon by municipal officers. The public is only allowed to participate in decisions on the capital budget.

5.8.4   Contribution of the local residents to the budget

Table 5.13 above demonstrates the budget, which is open for local resident's contribution and participation. Local residents are able to participate in the capital budget, which is 26.1 per cent of the total budget. The municipal officials decide upon the rest (73.9%) of the budget, therefore authentic public participation in the budget process of the municipality has not yet been achieved.

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5.8.5 Participatory mechanisms in Stellenbosch Municipality

The process of participatory budgeting in Stellenbosch involves consultative meetings that spell out the process to be carried out. It involves municipal officers, civic associations, ward committees, IDP forums and budget steering committees.

The participatory budgeting process consists of municipal officials, IDP and budget steering committees, ward committees and civic organisations. In Stellenbosch municipality, the process once again commences annually during the first quarter (July-September), at which time ward councillors invite all stakeholders and roleplayers to detail their needs for the next financial year. A draft budget is formulated by the budget office and tabled by the mayor of the municipality during the third quarter (January-March), before the 31st March annually. The public gives their feedback within 21 days from the tabling of the budget, and the council defines the final budget before the 31st May and submits it to the budget office.

5.9 SUMMARY AND DEDUCTIONS

This chapter aimed to examine the degree of public participation in the local government budgeting process at six municipalities in the Western Cape Province. A brief description of the structures of the six municipalities was provided as well as the framework for participatory budgeting in the identified municipalities. It was during this section that the general understanding of participatory budgeting within these municipalities was provided. Mechanisms employed in the implementation of participatory budgeting were described, as well as how PB was handled and operated in these municipalities.

From the findings presented above, the researcher can deduce that, in the municipalities surveyed, local government-provided spaces for public participation have not worked as envisaged. As a result, citizens in these areas have been deprived of opportunities to influence decisions pertaining to the development of their own areas and to participate meaningfully in local governance. State-legislated spaces, in particular ward committees, are fairly new to the

public and require a substantial amount of co-ordination, support and resourcing from the municipality to get them going.

A major challenge facing municipalities is the need to ensure that the formal processes of representative democracy become meaningful for ordinary citizens and particularly the poor. Twenty-one years into South Africa's new democracy, evidence from many different sources, including the media, academia, and political leaders in government, indicates that, while progress has been made since the end of apartheid, a large proportion of people remain poor and marginalised.

The marginalised people in these municipalities are unable to participate meaningfully in the political and administrative processes that affect their lives. Municipalities need to be aware of the divisions within local communities, and to seek to promote the participation of marginalised and excluded groups in the budget process. At the same time, participatory processes must not become obstacles to development, and narrow interest groups must not be allowed to capture developmental processes. It is important that municipalities find ways of structuring participation that enhances rather than impedes the delivery process.

It is important, however, to allow citizens to create their own terms of engagement, so long as these are harmonious and allow for citizen's voices to be heard. This calls for municipalities to move away from a prescriptive stance when it comes to facilitating public participation, and to a position of openness and willingness to learn from the citizens. The six municipalities still largely work through a top-down rationalistic faction where professionals do all the work and thereafter sell it to the public. The IDP process in the six municipalities, which set the strategy for budgeting, is still a technocratic undertaking by city elites alone, with the communities being consulted as a matter of bureaucratic convenience or legal requirement.

 The public has no way of ensuring its needs are taken into account in final decisions. There is no doubt that the six municipalities are still left behind by the trendsetters in applying PB; more

efforts are still needed to build capacity in order to include the ordinary people in participating in PB. The main impact of public participation in the six identified municipalities has been the identification of needs and priorities for the IDP process, which then influences spending decisions. Public participation has also influenced municipal policies, for example, the indigent policy and the credit control and debt collection policy.

CHAPTER 6: RESEARCH FINDINGS AND ANALYSIS OF SIX CASES IN THE WESTERN CAPE

6.1 INTRODUCTION

This chapter reports on the findings of the study conducted to identify the problems that impede meaningful and effective public participation in the formulation of local government budgeting in the Western Cape. The chapter also presents the findings and analyses the research data obtained using questionnaires and interviews. The questionnaires are supplementary to the interviews that were done with the experts of different municipalities. The themes developed in this chapter have been generated from the issues that were discussed during the course of the researcher's interaction with the participants. As discussed in chapter one of the study, the research aims to establish the perceptions of respondents of the questions set out in the questionnaire to supplement the interviews that were done and provide possible solutions to the problem statement of this research. The analysis and interpretation of the data gathered in this study has been carried out in light of the following research questions set out in section 1.4 of the introductory chapter:

- What are the problems that impede meaningful and effective public participation in the formulation of local government budgeting in the Western Cape?

- What policies are in place to ensure effective and meaningful public participation in the formulation of local government in the Western Cape municipalities?

- Do current plans and structures have the capacity to ensure and sustain meaningful and effective public participation to the extent that communities can confirm changes to their socio-economic conditions as a result of their participation in the budgetary processes of the municipalities?

The methods and procedures for these research questions were presented in the previous chapter of the study. The analysis of the data is based on the aggregation of participant's responses to statements, which focus on specific constructs.

6.2 **PROFILE OF PARTICIPANTS IN THE STUDY**

The total study population consists of thirty experts in participatory budgeting from the identified municipalities. Each participant was given the questionnaire before engaging in the research study. The purpose of the questionnaire was to supplement the interviews that were undertaken in the identified municipalities. This was done to enable the participants to familiarise themselves with the questions. It was observed that all of the interviewed senior municipal officers responded positively and agreed to participate in this research study.

6.3 **ANALYSIS OF MUNICIPAL OFFICIALS AND THEIR RESPONSES**

Survey participants were asked whether they agree or disagree with the statements that were raised in Appendix 2 of the questionnaire. Table 6.1 below critically discusses the views of the municipal official with respect to the statements raised in the table below.

Table 6.1: Attitude questions

Statement	Strongly Disagree	Disagree	Don't know	Agree	Strongly Agree	Comments
1. The ward system is not functioning properly by deepening democracy and promoting public participation in the budget process.				X		
2. The constitutional requirements needed for public participation in the IDP and budget process tend to delay service delivery.		X				
3. Municipalities do not consult with the communities or the public enough during the budget process.				X		
4. A lack of understanding of the way municipalities operate is affecting the ability of communities to participate meaningfully and effectively in the budget process.				X		
5. The municipality's IDP and budgets are not driven by the communities, but rather by municipal officials.				X		
6. Public participation, especially in the IDP and budget process, is a challenge confronting your municipality.						X
7. There is a lack of communication between the council and community.				X		
8. Municipalities are not fully abiding by the following eight Batho Pele principles relating to service delivery: • Consultation • Service standards • Access • Courtesy • Information • Openness and transparency • Redress • Value for money				X		
9. Citizens are not interested in participating in decision-making, especially in the budget process.				X		
10. The municipal budget is participatory.		X				
11. The ward representative is involved in the budget process.		X				

Source: Author (2012)

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From the supplementary questionnaires completed by the municipal managers of the six municipalities, the challenges facing municipalities in the Western Cape are as follows.

Question 1: The ward system is not functioning properly by deepening democracy and promoting public participation in the budget process?

With respect to question 1 of the questionnaire, there is general consensus amongst the different municipalities that the wards system is not functioning properly by deepening democracy and promoting public participation in the budget process of municipalities in the Western Cape. As alluded to in chapter three and four of the study, the participatory structures installed by the legal framework are ineffective and serve more as consultative forums rather than providing real opportunities for the communities to express their voices, particularly the poor. The formal participatory mechanisms created within the institutions of local government do not engender participatory governance, partly because of the participation process for policy to be influenced in a qualitative manner, and partly because the voices of the poor, who would benefit most significantly from participating in municipal decision-making, are not heard.

Participatory budget processes have not yet found significant direct expression in the Western Cape municipalities, despite that their direct benefits for deepening democracy have been widely observed in Porto Alegre and Kerala. Given the widespread loss of public trust in authorities, particularly with regard to financial administration and mismanagement at municipal level, service delivery challenges, and ineffective public participation practices, it has become even more important for the identified municipalities in this study to urgently consider innovative ways of improving governance. Effective public participation in the budget process requires dedicated and functional structures to pursue the common goals of development and sustainability. Current structures, such as ward committees, sub-councils as well as public hearings and imbizos are not yet optimised to address the requirements of participatory governance.

Furthermore, the actual role and level of involvement of ward committees and sub-councils as institutional structures mandated to make the participatory process a reality remains a concern (Piper & Von Lieres, 2008:33). According to Pipers and Von Lieres (2008:34), although ward committees are supposed to be structured as non-partisan spaces for public participation, they are commonly seen as sites for partisan contest by political elites. Pipers and Von Lieres (2008:33-35) mention three specific aspects that need to be addressed as a matter of urgency to reassess the effectiveness of the ward system, namely an assessment of the need to establish ward committees, the implementation of policies, and the composition and operational parameters of ward committees. The rampant wave of protests staged in these six municipalities is a direct indication of the weaknesses that are symptomatic of defective public participation structures, such as municipalities and ward committees.

Question 2: The constitutional requirements needed for public participation in the IDP and budget process tend to delay service delivery?

In question 2 of the questionnaire, there is general consensus (100%) amongst the respondents that they disagree with the statement that the constitutional requirement for the need of public participation in the IDP and budget process tend to delay service delivery at municipal level.

Question 3: Municipalities do not consult with communities enough during the budget process?

With respect to question 3, 70 per cent of the survey participants indicated that municipal officials do not consult much with communities or the public during the budget process. One official indicated that consultation with the public during the budget process is just for compliance purposes, thus even if there are five members of the public who attend a meeting; they will say that they have consulted the public. The Municipal Systems Act (2000) makes provisions for core mechanisms and processes, which are necessary to enable municipalities to socially and economically uplift communities.

The preamble of the Act (2000) states that the fundamental aspect of the Act is the active engagement of communities in the affairs of municipal planning, service delivery and performance management. Despite the progressive legislation frameworks sought to create a conducive atmosphere for meaningful public participation, in practise it has not yet yielded any major results in as far as accountability, responsibility, transparency and consultation in the management of local government affairs. What accounts for this is that not all government stakeholders are involved and represented in community structures, as per the requirements of the Municipal Structures Act (1998).

Question 4: A lack of understanding of the way municipalities operate is affecting the ability of communities to participate meaningfully and effectively in the budget process?

With regard to question 4 in the questionnaire, 70 per cent of survey participants indicated that they agree with the statement that a lack of understanding of the way municipalities operate is affecting the ability of the communities to participate meaningfully and effectively in the budget process, while 30 per cent of participants agree strongly with the statement.

Citizen input is generally viewed as a way to reduce the level of citizen distrust in government, and to educate people about government activities. For example, citizens in cities with more participation have been found to be more sceptical about local government. However, participation is made difficult by barriers, such as lack of knowledge, public perceptions that their opinions are unwanted, and citizen's apathy and lack of time. Public participation, especially in the budget process, is most beneficial when it occurs early in the process and when it is two-way deliberative communication rather than one-way information sharing. In Brazil, unlike in South Africa, in terms of mobilisation of civil society associations, the Workers' Party played a critical role in ensuring that neighbourhood associations are strengthened and that citizens are allowed to take part in the decision-making process. The level of citizen participation therefore increased and the participatory budgeting process ensured participatory contributions were translated into real budgetary outputs.

In Brazil, participatory budgeting is not a 'once-off' event focused solely on the goal of adopting a budget. Rather, it promotes the on-going mobilisation of residents to monitor the expenditure and progress of implemented projects throughout the financial year. The 'rules of the game' are clearly defined by community and government representatives; in other words all decision-making processes and the election of delegates to represent communities in participatory budgeting processes are transparent. The participatory budgeting process begins at local community meetings, where priorities in specific thematic areas (infrastructure, housing, open spaces, transportation, and so forth) are debated and decided. The participants at these meetings elect representatives to carry their priorities forward to broader area-based meetings through a bottom-up process. For example, each neighbourhood or ward will refine its thematic priorities and elect representatives to take these to a broader area-level discussion (such as regional discussions that include representative from all the wards in a specific region of a municipality).

Each regional assembly then finalises priorities and elects representatives to take the discussion to the participatory budget assembly that takes place at municipal level, and brings together representatives from all the regions within the municipality. After deliberations at this level, the priorities are presented to the local municipal council for consideration and approval. A study in the Argentine city of Rosario found that communities who regularly engage in participatory budgeting for at least a year reported a substantial increase in their citizenship knowledge, skills and attitude. They become more familiar with the needs of different communities, get to know new and different people, and become more knowledgeable about policies and government. This new knowledge helps communities to better understand complex government problems and contribute more constructively to their solutions. They learn political and analytical skills by participating in decision-making, new communicating and conflict resolution skills by deliberating with their city residents, and leadership and organisational skills by planning and carrying out budget meetings. Perhaps most importantly, many of these residents translated their learning into new practises and behaviours. They began attending more meetings, following the news more closely, and formulating and proposing more solutions for community problems (Piper & Von Lieres, 2008:33).

The lessons of international case studies suggest that the most important output of participatory budgeting may be better citizens. The Brazilian model of participatory budgeting led by district (state) government and working at the district level is able to involve and coordinate a large proportion of the population who, in turn, provides pressure for accountability from local government. This model reveals the opportunities offered by fiscal decentralisation, since it permits a direct accountability relationship to develop between citizens and local government. As indicated in chapter one of the study, there are problems that that impede meaningful and effective public participation in the formulation of local government budgeting in the Western Cape. One of the impediments to this public participation is a lack of understanding by communities of the way municipalities operate. This affects their ability to participate meaningfully and effectively in the budget process. This also demonstrates that municipalities are not bothering to find out whether citizens know anything about the budget process or not.

Question 5: The municipality's IDP and budgets are not driven by communities, but by municipal officials?

There is general consensus (100%) amongst the respondents (question 5) that the municipality's IDP and budgets are not driven by communities, but rather by municipal officials. This is another problem that impedes effective and meaningful public participation in the formulation of local government budgets in Western Cape municipalities. As indicated in chapter one of the study, the very technocratic nature of the key participatory instruments that municipalities use is an impediment to quality participation by poor communities. In Brazil, unlike in South Africa, participatory budgeting is a process in which a wide range of stakeholders debate, analyse, prioritise and monitor decisions about public expenditure and investments. It is a process within which communities work together with the elected representative and officials to develop policies and budgets to meet the needs of the communities. Forums are held throughout the year so that citizens have the opportunity to allocate resources, prioritise broad social policies, and monitor public spending. Through this process, discussions and debate can take place about what the needs and priorities are and decisions can be made about how funds should be allocated.

Even after the passing of the budget and the commencement of the fiscal year at municipal level, the participatory meetings remain active. Thus, the meetings review and evaluate the projects implemented. Government and citizens initiate these programs to promote learning and active citizenship, achieve social justice through improved policies and allocated resources, and reform the administrative apparatus. The traditional budget process follows a top-down approach, whereby municipalities determine their budget allocations without consulting local citizens. In the South African context, the process leading to the adoption of the municipal budgets has often been technical in nature, and is driven by officials rather than ordinary citizens. The tight frames often imposed on municipalities to adopt their budgets and accompanying service delivery implementation plans also make it extremely difficult to include substantive participation by the citizens in the process. The result is budgets that are not owned by the communities they intend to serve (Van Donk & Pieterse, 2006:123).

Question 6: Public participation, especially in the IDP and budget process, is a challenge confronting your municipality?

With respect to question 6 of the questionnaire, 70 per cent of participants agree with the statement that public participation, especially in the budget process, is one of the challenges facing their municipalities. In response to the challenges facing municipalities with respect to participatory budgeting, the respondents indicated that, although ward committees were part of the budget process and were expected to play a critical role in educating and sensitising the citizens on the merits of participating in all budget processes, it seems as if ward committees were not performing their duties as expected. A lack of clarity on the roles of ward committees, as well as a lack of training and resources, and the limitation of skills and expertise of wards committee members is some of the obstacles to an effective system of participation in this context. The citizens also do not understand the budget process. This indicates that a lot of training is required by the public/citizens. The municipal officials and councillors do not understand what public participation, especially in the budget process, means. This demonstrates that, with respect to participatory budgeting, there is a lot that needs to be done by municipalities in South Africa and in the Western Cape in particular.

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For participatory budgeting to be effective, it requires a paradigm shift. According to Matovu (2011:10), participatory budgeting involves a shift in the traditional thinking that budget preparation, execution and monitoring is limited to the municipal treasurer and heads of departments, to that of it being a participatory process characterised by dialogue, negotiation and persuasion. This shift changes the roles of municipal staff to that of facilitators of a public consultative process designed to increase public participation. Participatory budgeting should also allow for a back and forth deliberation process between community level and municipal structures. It thus encourages decentralisation through geographic and thematic forums at neighbourhood and ward levels, thus widening and deepening public participation. The World Bank cited in (Matovu, 2011:10) observes that increased participation in budgeting can lead to the formulation and investment of pro-poor policies, greater social consensus, and support for difficult policy reforms. According to its observation, experiences with participatory budgeting have shown positive links between participation, sound macroeconomic policies, and more effective government.

Question 7: There is a lack of communication between the council and the communities?

The majority (80%) of survey participants agree with the statement (question 7) that there is a lack of communication between municipalities and the communities with respect to participatory budgeting, whilst 20 per cent of the survey participants disagree with the statement and 20 per cent do not know. The respondents of the six local municipalities agree that municipalities, through their council, decide on the communities where service delivery issues should first be prioritised. This suggests that municipalities undertake public participation processes during the development of IDPs just for compliance sake with applicable legislation while undermining the rich and diverse views and opinions of local communities. This finding brings about the question of power relations. The community has the power during the IDP consultation meetings to articulate issues that should be prioritised, while the municipality controls the budget. This is well captured by one interviewee:

> "*...the interests of the community are served but yet arranged by the Municipal Council. Communities do not understand it in the same way as it should be understood. Even if communities have raised service delivery issues, the final decision is taken by the Council because it is the one that passes the vote*".
> (Interviewee, Feb 2013)

The above quotation suggests that the notion of 'the people shall govern' is defeated at municipal level because of the power of the purse. The power of budgeting, relative to the power of the community, causes troubles, which sometimes results in community service delivery related protests in South Africa. It is argued in this research that any government decision should be judged on whether most citizens or communities support it. According to Friedman (2011:60), the key reason for community protests is not necessarily a lack of capacity on the part of government to deliver quality services, but the constant gap between grassroots citizens' needs and wants. The interviews reveal that, in the development or review of local municipal IDPs, the public participation processes take a top-down, rather than a bottom-up or mixed approach. Notably, often communities complain about the poor prioritisation of their issues raised during the development of IDPs.

In support of this, Sithole, Todes and Williamson (2007:20) point out that concerns raised at meetings are not necessarily reflected in the IDPs as these processes are only consultative while decision-making is ultimately undertaken by the municipal council. On the other hand, Friedman (2011:58) argues that popular sovereignty or decision-making by the people is the essence of democracy but quite often politicians and officials misunderstand both the nature of democracy and the requirements for effective government.

Question 8: Municipalities are not fully abiding by the Batho Pele Principles relating to service delivery?

With respect to question 8 of the questionnaire, 70 per cent of the survey participants agree with the statement that municipalities are not fully abiding with the eight Batho Pele principles relating to service delivery. Transparency and public participation represent two features of the rulemaking process that can enhance rulemaking quality and legitimacy. Transparency refers to public access to information held by government rule makers as well as information about their decision-making. Public participation encompasses varied opportunities for citizens, NGOs, businesses, and others outside the local government, allowing all to contribute to, and comment on, proposed rules. Both transparency and public participation can promote democratic legitimacy by strengthening the connections between local government and the public they serve. Both can also help improve the quality of agency rulemaking. Transparency helps ensure meaningful and informed public participation, and meaningful and informed public participation informs agency rule makers.

Currently, during the budget process, municipalities do not consult enough with the public; there is a lack of transparency and openness. Transparency is central to participatory budgeting as the process involves the municipal administration sharing financial information with local citizens, thus potentially dispelling citizens' mistrust linked to corruption and the misuse of public funds. If citizens are rooted within the budget process from the beginning, and continually observe the implementation of the budget, they also develop a degree of appreciation and understanding when officials encounter difficulties linked to implementation. The notion of transparency in a municipal environment implies that timely and useful information is available on local government's activities with implications for its finances. The communities have the right to know what municipalities do with their money. Transparency is also needed for accountability. Chapter 10 of the Constitution (1996), particularly section 195(1) (g), stipulates that providing the public with timely, accessible and accurate information, must foster transparency. One standard of transparency is focused on the following objectives:

- Rules and responsibilities in local government should be clear;

- Information on local government activities should be provided to the public;

- Budget preparation, execution, and reporting should be undertaken in an open manner; and

- Fiscal information should be subject to independent assurance of integrity.

Public participation in the budget process of municipalities pertains not only to how money is spent but also to what money is spent on and how is collected from the local community. Community engagement ensures that their voices and needs are heard, needs are identified and actions are implemented. Thus, the ultimate aim of social and economic development is a transparent and accountable democratic culture. Municipalities that keep in touch with their communities to ensure a partnership towards a local government financial improvement plan can and will reclaim their rightful place within their community. The councillors that keep in touch with their constituencies in order to give regular feedback, and who involve their communities in processes for integrated development plans and budgets, understand public accountability.

In terms of the Municipal Finance Management Act (No. 56 of 2003), there is a need for greater effort to engage and consult with communities in a manner that encourages active inputs from community members. This requires municipalities to make the budget information more easily and widely accessible and understandable to their citizens. Municipal officials in South Africa and in the Western Cape in particular, are not supporting the concept of good governance. Compared to the Porto Alegre and Kerala, municipalities in the Western Cape's approach to public participation in the budget process was found to be ad-hoc and without any innovation. In Brazil, participatory budgeting has been recognised as a significant and successful experience of the promotion of decentralised participatory development, budgeting included. In South Africa's local government system, the experiences of the six case studies in the Western Cape suggest that actual outcomes have been frustrating; however, there are lessons that municipalities in the Western Cape can learn from Kerala and Porto Alegre.

The Brazilian municipal experience of participatory budgeting offers one of the most significant models. However, this model is not without its problems: conflicts between elected councillors and those involved in the participatory budgeting process; the relatively small proportion of the population engaged in the process; and the relatively small part of the local budget that is subject to participatory budgeting. Nevertheless, in several cities in Brazil, participatory budgeting has greatly widened participation, including by the poor, in discussions of budgetary priorities, and resulted in at least some shift in budgetary priorities in favour of services that benefit the poor (Melo, 2011; Souza, 2001). One of the most significant achievements has been to increase the transparency of decision-making, since once the choices about available resources are out in the open; it is difficult for city officials to take those decisions back behind closed doors. Above all, participatory budgeting has helped to create more institutionalised opportunities for the poor to participate in rule-based rather than clientelistic decision-making.

Souza (2001:20) argues that the impact of participatory budgeting on increasing governmental transparency is as significant as increasing participation. The reasons for this are two-fold. Firstly, budgetary matters have always been surrounded by too specific and coded a language and dominated by only a few bureaucrats, making it difficult for most people, including politicians, to understand, let alone ordinary citizens. Because this budgetary expertise has always been the work of a few bureaucrats and politicians, it has allowed the negotiation of vested interests, sometimes leading to corruption. However, as a result of one of Brazil's major political scandals involving members of the federal budgetary committee in 1993, society and the media became aware of the dangers of the lack of transparency in budgetary matters. The perceived importance of participatory budgeting as a way of tackling this tradition of secrecy has increased as a result of this awareness. Secondly, because the governments implementing participatory budgeting have to legitimate the experience, public resources and expenditures are disclosed to participatory budgeting participants and to the media, therefore discouraging negotiations based on vested interests, such as those facilitating clientelism and/or corruption.

By bringing not only the choices about how to spend part of the budget but also the bulk of resources and expenditures into the open, decision-making becomes more transparent. There is little doubt that participatory budgeting is one way of increasing transparency in government decision-making. Brazil in general is experiencing a wave of social revolt against corruption and vested interests regarding public resources. The work of several parliamentary inquiries and public prosecutors, in particular at the national and local levels, coupled with the role of the media in following these inquiries and even disclosing corruption cases, has never been greater. Therefore, one of the positive results of redemocratisation in Brazil has been an enormous increase in governmental transparency at local and national levels, as opposed to state level, although the gap and the timing between the disclosure of wrong-doings relating to public resources and their punishment remains high.

As argued in chapter three, the problem of citizen exclusion from the municipal budget process is said to result from the refusal to relinquish power by municipal officials and their reluctance to provide the public with the autonomy to make their own decisions. Moreover, local government change agents seem to think that their decisions are superior to those of the public and are final. Although these legislative guidelines sought to ensure transparency and accountability in the management of local government affairs, they have been proven inadequate due to:

- Party politicisation of development and participatory structures;
- Lack of commitment by municipalities to prioritise public consultation;
- The slow pace of basic service delivery not only hampers participation but also deters ordinary South Africans from enjoying decent standards of living;
- Limited access to information; and
- Failure to recognise and work closely with CBOs.

According to Friedman (2006), the post-1994 constitutional order has only freed communities from racial minority rule and has not offered citizens effective channels for participating in local government decision-making processes. Not all local government stakeholders are involved and represented in community structures as per the requirements of the Municipal Systems Act

(2000). The lack of representation is exacerbated by the relationship of mistrust that continues to haunt local government stakeholders. The attitude of 'us' and 'them' is rife and severely deters public participation from flourishing.

Although the legislative frameworks provide political space for participation by the common man on the street at all levels of government, the policies that the ANC actually pursues in practice provide limited space for the grassroots majority to participate in decision-making. In contrast, the Workers' Party has proven that local people have the capacity to contribute positively in city budgets and in negotiations with municipal change agents. By engaging citizens in the budget process, municipal change agents had to change a previously complicated budget process into a clearer and transparent budget.

This move towards participatory budgeting works well in Brazil due to its transparency. The decision-making process was open and visible to all. Participants based their budget decisions on predetermined and publicly disclosed criteria. Public meetings and information sharing also requires government and decision makers to account for their actions. They build trust and confidence in spending decisions, and in government itself. Transparency in participatory budgeting has also been experienced as successful in England (Sunderland).

In South Africa local governments are keen to promote consultation in connection with developmental planning. Davids (2005:13) argues that consultation should only be regarded as a limited form of public participation that may invite referendum-like approval of a plan or decision, or may structure dialogue in a limited way. For many ordinary South Africans, consultation denotes a pseudo-process in which people are asked to give input, but the municipal officials ultimately define both the problem and its solution. In this way, consultation does not imply that the intended beneficiaries in the community will share in any decision-making, even to the modest extent of being provided with feedback on how their public input has influenced the decision.

According to Moshebi (2012: 356-357), the Federation of European Green Parties works according to these principles:

- The legitimacy of community participation in the making of law and policy should be established as an underpinning principle of all actions of government;

- All individuals and community groups should be given an opportunity to participate in decisions that affect them;

- The contribution of diverse groups provides a valuable addition to available information;

- The needs of future generations should be recognised in contemporary decision-making;

- Each decision should be made at the most appropriate level; in some cases this can include groupings not currently given decision-making status, such as a neighbourhood;

- Every effort should be made to give marginalised groups opportunities to be effectively involved in decision-making. This will entail longer timelines and the introduction and strengthening of community development practices. Outreach beyond written submission and public forum techniques will be required;

- Community participation in decision-making should be an on-going process, rather than one event which leaves communities out of reviews and change to policies;

- Policies, strategies and frameworks should be developed that enable civic infrastructure to facilitate community participation in the business of government;

- Involvement in community consultations should be recognised as work. Support should be provided to community organisations to participate in consultative processes;

- The ability of community groups and individuals to gain access to information, which will empower them to participate effectively, is crucial to meaningful participation; and

- Governments of all three spheres should produce guidelines to ensure that the community representatives whom they consult on a day-to-day basis accurately reflect the views of their constituencies.

Question 9: Citizens are not interested in participating in decision-making, especially in the budget process?

With respect to question 9 of the questionnaire, 80 per cent of the respondents indicated that citizens are not interested in participating in decision-making especially in the budget process. The IDP manager in one of the municipalities admitted that key stakeholders were not interested in participating, as their perception that their views will not be taken seriously leads to apathy and little public participation. There is also a general lack of response or feedback on issues raised by the public, which renders them despondent and demotivates them from further participation in local government. Often the public is not provided with sufficient information to enable them to participate. Responses by two municipal managers in two municipalities indicate that key stakeholders were generally not participating as expected in the local government budget process. Van Donk, *et al.* (2008:326-328) argue that this poor participation of stakeholders in the decision-making process defeats the central purpose of the IDPs and that most of the IDPs in South Africa were still a simple list of what municipalities aspire for. This research therefore assumes that low levels of public participation in municipal decision-making are a result of a lack of effort by municipal change agents to take part in such processes.

According to Van Donk *et al.* (2008:326-328) and Stoker *et al.* (2004), the high social inequalities cause non-participation among the poorer marginalised communities because they have a feeling of powerlessness and they do not believe that their inputs can have any impact on final plans. Stoker *et al.* (2004) argues that this feeling of powerlessness increases non-participation in development planning and it is therefore crucial that they are empowered for meaningful inputs. This view supports the Freirian paradigm that maintains that, for people to participate in their own development, they should be empowered to change from being "passive objects to active subjects". They should be educated to think in a creative way to change their situation, and this includes educating them because effective citizen participation is reflected when people are involved in decision-making about their own development (Shall, 2007:20).

There is also a growing recognition on the part of administrators that decision-making without public participation is ineffective. As Thomas (1995:19) indicates, "the new public involvement has transformed the work of public managers. Public participation in the decision-making process has become a fact of life. In the future, this may become the case for even more managers, since the public's demand for involvement does not seem to be abating" (Shall, 2007:21). Shall (2007:20) suggests that, under contemporary political and economic conditions, can no longer exclude the public in public decision-making. People may be more willing to participate if they have a real opportunity to influence both administrative processes and outcomes. Shifting participatory techniques to more effective or authentic practices requires what De Leon (1992) identifies as a two-sided learning process as both administrators and citizens need to learn.

Effectively involving citizens in the local government budget process can be a real challenge. Some key roadblocks faced by government officials can be summarised as follows:

- People may not be especially well informed on budget issues. This can cause any number of problems, including:
  - Citizens might misunderstand what services are being provided by municipalities;
  - Incorrect assumptions could be made regarding the handling of the public; and
  - Confusion could arise about separate accounting for enterprise funds (such as those for solid waste, water, and waste-water programs and services) and funding for other programs and services.
- Participation by citizens can be episodic and take place late in the budget process, causing a perception that public opinion is not being heard or valued.
- Limited citizens focus. Frequently, members of the public will emphasise only a certain service or program and will mobilise to oppose or support a particular item without considering or offering alternatives. As a result, the full budget picture may not be taken into account, and decisions may be made in a vacuum.
- Elected officials, top administrators, and citizens may have different goals and expectations about budgeting matters, making decisions difficult.

According to Beckett and King (2002:20), many officials and administrators have included more people in budgeting matters to tackle the issue of limited citizen focus. However, these efforts at outreach have failed to consistently attract groups that reflect the make-up of the wider community. The best overview of theory and research on public participation in budgeting finds critical gaps in knowledge, along with three familiar practical participation problems:

- The design of an involvement process (involving things such as when a participatory event is held, how people are expected to contribute their time and opinions) affects who participates in it. Each design tends to attract certain kinds of participants but rarely a representative group;

- Particular mechanisms for involvement foster one-way communication, whereas productive two-way communication is elusive; and

- Public officials rarely set clear goals for citizen input in the budgeting process.

In brief, people/citizens are participating in budgeting and fiscal matters, but this participation is typically uninformed and not made in engagement with those who have the expertise to ensure that the decisions being made are informed ones. The decisions being made are not made with the people, but by the people, who often do not have the tools to make well-informed decisions. This type of citizen participation is not unlike the kind of citizen involvement that Rimmerman (1997) calls "outlaw citizenship" – participation that is intended to be an action against government, instead of an action with government. Participation that comes out of anger and discontent may focus on individual aims and purposes. The preferred alternative should come from an engaged process that has, as its intended ends, outcomes that serve the civic good. Although engaging citizens in all issues pertaining to local government decision-making is crucial, this research demonstrates that all nine municipalities still have a long way to go in terms of increasing public participation in the budget process and thereby enhancing democracy and good governance. It can, therefore, be concluded that participatory budgeting as understood in Porto Alegre is yet to occur in the Western Cape municipalities.

Question 10: The municipal budgets are not participatory?

There is general consensus amongst the participants interviewed that their municipal budgets are not participatory. In South Africa, traditional budget processes follow a top-down approach, whereby municipalities determine their budget allocations without consulting local citizens. The tight time frames imposed on municipalities to adopt their budgets and accompanying service-delivery implementation plans also make it extremely difficult to include substantive participation by citizens. The result is budgets that are not 'owned' by the communities they are intended to serve (Van Donk & Pieterse, 2006:123). For participatory budgeting to be fully realised, the whole community needs to feel that they can be involved and that they are adequately informed and prepared to be involved. Participatory budgeting generates real innovation and creativity when people from all walks of life are collaborating. Efforts need to be taken to ensure that the loudest voices are not considered the only voices.

A fundamental problem for local government, according to Beckett and King (2002:20), is to ensure the legitimacy of decision-making based on the democratic principles of being representative and accountable, while simultaneously achieving the statutory obligation to engage in wide consultation. This remains one of the core challenges facing local government structures in most democratic states, since there are usually some groups of people who remain marginalised, either by choice or unwillingly, and are therefore not represented in council decision-making processes. This segment not only includes those who face barriers to participation such as people with restricted mobility, disabilities, the elderly, the young, the culturally and linguistically diverse, and the homeless, but also healthy well-resourced people who are apathetic, since they may lack time and motivation to engage in the municipal processes. Public participation in South Africa remains largely at the level of electing political leaders and progress has not been made to ensure public participation in decision-making. If delivery issues are properly addressed at local government level, this will in turn entice people, especially the poor, to actively participate in the affairs of government. A lack of public participation in the affairs of local government, if not taken seriously, could negate and compromise our progressive democracy.

Question 11: Ward representatives are involved in the budget process.

With respect to question 11, the majority (70 per cent) of the survey participants indicated that ward committees are not involved in the budget process of municipalities. Current structures, such as ward committees, are not yet optimised to address the requirements of participatory governance. Furthermore, the actual role and level of involvement of ward committees is meant to be as institutional structures mandated to make the participatory process a main concern. Although ward committees are supposed to be structured as non-partisan spaces for community engagement, Piper and Von Lieres (2008:33) indicate that ward committees are commonly seen as sites for partisan contest by political elites. In short, these committees have become the political playground of political parties. Piper and Von Lieres (2008:33-35) mention three specific aspects that need to be addressed as a matter of urgency to reassess the effectiveness of the ward committee system, namely an assessment of the need to establish ward committees, the implementation of policies, and the composition and operational parameters of ward committees. This research holds the position that ward committees are poor approximations of the empowered and participatory institutions of governance in South Africa. Ward committees do not have any decision-making powers and certainly none over resources. As indicated above, these powers are expressly reserved in law for politicians and may not be delegated to ward committees. Perhaps more importantly, the deliberate role of ward committees is practically circumscribed. Although ward committees are meant to identify key issues affecting their ward and deliberate upon them, the failure to integrate ward committees explicitly into decision-making or delivery processes of local municipality means that there is little impact that they can have on deliberation. Ward committees are perceived as lacking real power to fully assert community needs and inputs in development-planning processes and engage meaningfully with communities and civil society in this regard.

Currently, ward committees have no role in developmental planning or the budget process at municipal level, nor do they have any direct say on how officials deliver on these commitments. Thus, all ward committees currently do is bolster the voice of ward councillors at monthly council meetings. Further, by design, ward committees must transfer their deliberations through

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the ward councillor to the council and, should the ward councillor be incompetent, disinterested or marginalised for any reason, the ward committees' deliberations will count for nothing. A strong case can be made that ward councillors are the weakest of all councillors due to the fact that the electoral system is only half constituency based and half proportional represented by party list. Notably, the senior party politicians in local government are almost always elected by party list and not from wards, which means that the key political players, especially those who sit on the municipal executive, do not have ward committees. In effect, ward committees are a participation mandate imposed on disempowered politicians (Piper & Von Lieres, 2008:35).

6.4   SUBSTANTIVE QUESTIONNAIRE AND ANALYSIS OF MUNICIPAL OFFICIALS

This section of the study analyses and interprets the findings presented in the previous chapter by reflecting on them, drawing on the literature and theory in chapters two and three. Specifically, this section of the chapter analyses the findings from the six case study municipalities in the Western Cape. The analysis focuses on the purpose of the research, namely to identify the problems that impede effective public participation in local government budgeting in the Western Cape. The questions are stated, and then an analysis offered of the responses received.

What are the problems that impede meaningful and effective public participation in local government budgeting in the Western Cape?

The aim of this area of questioning was to determine the problems that impede the public from participating effectively and meaningfully in the budget process. In all six municipalities surveyed, there is general consensus amongst municipal officials that there are problems that impede participatory budgeting at local government level. The following are impediments to participatory budgeting: a lack of commitment by municipal officials to a process of participatory democracy is an impediment to the public's meaningful and effective participation in the budgetary process of municipalities. The relatively low level of trust in local government suggests that there is insufficient fertile ground for constructive engagement between

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municipalities and local communities and the public. The technocratic nature of the key participatory instruments that municipalities use in South Africa is another impediment to the participatory budget process. Budgets and IDP processes are technical and are driven by tight time constraints that exclude marginalised and poor people from participating in these processes from the onset. Ward councillors are often perceived as an extension of political parties and this is an impediment to public participation in these structures.

Participatory budgeting in local government remains a contentious issue. Factors such as the non-existence of participatory culture, a lack of access to institutions responsible for engagement and decision-making, and the lack of a broader political will to secure public participation are all impediments to meaningful and effective public participation in the budgetary processes of municipalities in the Western Cape. Political barriers that arise from issues that require larger societal change is another impediment to public participation. Offernbacker (2004:285) argues that political and electoral cycles present the greatest challenge to effective community processes, often constraining public dialogue and limiting effective decision-making. There is generally a lack of municipal response/feedback on issues raised by the communities, which renders them despondent and demotivates them from further participation in local government. Often the public is not provided with sufficient information to enable them to participate meaningfully and efficiently in the budgetary processes of municipalities. One municipal manager admitted that key stakeholders were generally not participating as expected in local government budget spaces.

Van Donk *et al.* (2008:326-328) argue that this poor participation of stakeholders in the decision-making process defeats the central purpose of the IDPs. There is also a lack of understanding of what participatory budgeting is, and what it involves, thus service providers and communities struggle to grasp the participatory budgeting concept. The limited level of funding available to allocate through the process often means that the process needs to be isolated to pilot activities or particular geographies. Resources and funding are needed during the set up phase and are often uncertain, making it unclear if the participatory budgeting process will be maintained.

Community attempts to engage with the structures that have been established by municipalities reveal the following difficulties, impeding effective public participation in the budgetary processes:

While provision is made for the creation of ward committees, the reality is that there are already existing structures in the form of development committees or forums, established for a particular purpose or geographic area, that are being used to this end. This results in tension between the proposed structure and scope of committees, as well as around issues of adequate representation and accountability. In addition, municipalities in many instances have not formalised these structures, to avoid having to make budgetary provision for their operation, and they are as a result under-resourced. IDP forums established to drive the IDP formulation and review processes are open only to recognised structures, and no other community groups or individuals. In the main, these are drawn from ward committee structures, with their inherent problems of legitimacy, accountability and representation.

Likewise, IDP steering committees comprise only officials and councillors, not representatives of community structures. Finally, consultants develop many municipal IDPs without adequately engaging affected communities. This does not comply with the White Paper on Local Government (1998) requirement that this process be community driven, and capacitate communities. Council legislative processes pose similar challenges to those of provincial and national government, in that they are not easily accessible to marginalised groups, not well publicised, the language is intimidating, and time frames for input are tight. The accessibility and accountability of councillors continues to be an issue, even with ward councillors, with many communities still claiming not to know who their councillors are. They are typically not consulted or provided with feedback. The code of conduct for councillors applies to action to be taken by municipality in relation to councillors' performance in council, rather than recourse available to aggrieved communities.

The capacity of councillors and officials is sometimes a further impediment to public participation. Many are dedicated community development activists facing complex and intimidating processes. The role played by skilled and experienced officials in manipulating processes often comes into question, compounded by issues of racism. The tension between elected and traditional local government role players and the inadequate use of traditional structures and mechanisms to disseminate information and involve communities in decision-making processes serves to weaken public participation in municipal processes.

Does the municipality have a capacity-building policy for enhancing public participation in the budget process and is the policy documented?

The aim of this area of questioning was to identify if the absence of policies (capacity-building) in municipalities is an impediment to meaningful and effective public participation in the budget process. There is general consensus amongst the surveys participants interviewed are that they do not have a capacity-building policy for enhancing public participation in the budget process. The absence of this capacity-building policy in the identified Western Cape municipalities undermines meaningful and effective public participation in the budget process. There are no objectives for municipalities in the Western Cape to improve public participation in the budget processes. There is also no monitoring and evaluation framework for people to participate meaningfully and effectively. The delay in developing and implementing these policies and the recent flurry of policy work related to public participation in local governance are suggestive of an initial lack of urgency around implementing local participation in the budgetary processes.

According to the World Bank Report (1995), without appropriate policies to address capacity issues to overcome barriers on participatory budgeting, the voices of the poor and the marginalised will not be heard and their participation will be limited to being informed and not to participating in the decision-making process. Their participation in the IDP and the budget process will, at best, be a token one. In brief, experience has shown that meaningful and effective public participation in development projects generates outcomes, partly because of better-

informed and better quality deliberation, but also because of better support for projects through co-ownership.

There is a good reason to assume that the six identified municipalities in the Western Cape are similarly tardy in adopting public participation policies, as suggested by the fact that, as indicated above in respect of project consolidate, nearly half are deemed in need of assistance to fulfil their basic functions, never mind to take the initiative to develop their own public participation policies. Due to the absence of a capacity-building policy or strategy for enhancing people participation in the IDP and budget process, one cannot say whether these municipalities are achieving their strategic objectives or not and therefore these municipalities will not be able to improve their capacity interventions because they are not guided by any goals and objectives.

The existing policy and frameworks are focused primarily on ward committees and community development workers (CDWs) as well as publication and communication flow between the organisation and community. Education and training of community representatives are limited due to apathy on the part of communities. The demographics profile of communities also dictates interest and agendas for interaction. A lack of capacity in municipalities is a cause for concern.

Does the municipality have programs to empower the citizen to participate effectively and meaningfully in the budget process?

The aim of this area of questioning was to determine if the municipalities have capacity-building programs and their effectiveness in enabling people to participate meaningfully in the budget process. With respect to the above questionnaire, there is general consensus amongst the survey participants (100 per cent) that they do not have programs to empower citizens to participate effectively and meaningfully in the budget process. Thus, their programs are limited to entrepreneurship and supply chain matters. But in matters of governance, budget and IDP participation, and even performance management, it is extremely limited. In some cases, political parties have their own agendas, as have community interest groups, resulting in little or no

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common interests or focus and resources being directed to address short-term threats instead of long-term strategies.

The lack of trust in public institutions, which increasingly results in service delivery protests, underlines and is the outcome of non-participation. In this regard, Van Donk *et al.* (2008:12) remarks that there is, "widespread consensus that local governance in South Africa is not particularly healthy/vibrant and is most certainly not living up to the ideal expressed in the 1998 White Paper on Local Government (and that) South Africa's much heralded and progressive policy framework stands in stark contrast to recent, and other sobering, assessment of the state of local government". Therefore, confidence building, as advocated by Vernooy, Sun & Jiancu, 2003), should form part of the capacity-building program for enhancing public participation in the budget process. The element of confidence building currently seems neglected by municipalities in the Western Cape in their capacity-building programs for poor and marginalised people. Adequate information on the budget process needs to be disseminated in a way that is understandable and appropriate to build confidence in people to participate meaningfully in the process.

Cowie (1998:234) argues that competency refers to the suitability of an incumbent, based on the necessary ability, capacity, skills and knowledge to execute and manage an assigned task properly. In the participatory budgeting environment, competency refers to the ability of both public officials and the broader community to understand and implement issues relating to participatory budgeting according to specific rules and timescales. According to Matovu (2007:10), this entails a full comprehension of the amounts, funding mechanisms, and municipal commitments in terms of expenditure. It is therefore important to expose public officials and communities to participatory approaches and identify possible constraints to achieve common desired objectives According to Fukuda-Parr, Lopes and Malik (2002:9), capacity development should be addressed at three levels, namely the individual level (self-development), the institutional level (building on existing capacity), and the societal level (creating additional capacity for development).

Local governments often suffer from weak institutional capacity. Decision-making processes are unsystematic, mechanisms of accountability between officials and elected representatives are inadequate, and there is a shortage of officials with the necessary technical, managerial and financial skills. This is often due to a lack of financial resources to attract and retain high calibre staff. A lack of capacity-building in the municipal sphere is often a cause for concern. But institutional capacity also takes time to develop, whereas decentralisation in many countries is relatively new. Crook and Sverisson (2001) identify the length of time that decentralisation reforms have been in place as one of the factors influencing the performance of a system (Crook, *et al.*, 2001). Building institutional capacity at local level also requires consistent support from the centre, which is often lacking.

In terms of the Municipal Systems Act 32 of 2000, special needs of community members, such as caused by illiteracy, should be considered for enhancing public participation in the budget process. Effective participation, especially in the budget process, requires that municipalities be thoroughly capacitated and have the will to promote citizen participation. The government should ensure that all the conducive legislative frameworks are properly implemented and mechanisms should be established to monitor all participatory processes. The other factor that is evident from the findings is that there are no strategies to empower the people to organise themselves into interest groups or to identify and develop leaders within the communities.

Lombard (1991); Midgley, Shucksmith, Birnie, & Geddes (2005); Fudge (1983) and Martlew (1988) argue that capacity-building initiatives for vulnerable and poor people should consider identifying and building leaders of groups and role models within communities. The involvement of communities, especially the vulnerable and poor, will encourage participation in local government activities. They argue that developing community leadership and human potential, as well as investing resources to assist communities to organise themselves into civil organisations, is an effective strategy for empowering other members of the community.

This research argues that, although some of the claims and results relating to participatory budgeting in Porto Alegre and Kerala require more careful reflection and research, the experiences have allowed low-income segments of neglected areas of the cities to decide on investment priorities in their communities. Despite the fact that resources allocated through participatory budgeting have been small, the experience has shown that, in an extremely unequal society such as Brazil or South Africa, participatory budgeting is one of the few alternatives for transforming public investments from favours into rights, albeit with a limited scope.

Does the community participate during or after the planning of the budget process?

The aim of this area of questioning was to determine if communities are involved in the budget process from the beginning to the end of the process. The general consensus amongst the survey participants interviewed indicates that they participate in the budget process after the planning process. A real challenge for municipalities remains to find ways for citizens to engage with the budget during the drafting process. This requires that discussions about the budget be thoroughly integrated into annual IDP review processes involving public participation. In Brazil, unlike in South Africa, participatory budgeting is a year-long decision-making process during which citizens negotiate amongst themselves and with government officials in organised meetings over the allocation of new capital investment spending on projects, such as health care clinics, schools, and street paving (Abers, 2001; Baiocchi, 2005; Nylen, 2003; Wampler & Avritzer, 2004).

According to Balogun (2012:40), institutional and administrative arrangements and practices often serve to limit popular participation in the budget process. Even if readers eschew Alford and Friedland's (1975) fatalistic conclusion regarding the entrenched power wielded by elites in the budget process, they would be hard-pressed to deny the weight of institutional and practices in this process. Hence, the researcher will consider three factors, namely the number of public hearings held before the draft budget is approved; the reactivity of local government embodied in retroactively providing information rather than encouraging participation in the process; and, lastly, the aforementioned technical expertise and specialisation that resulted from progressive

era efforts to reform government structures and operations in the face of patronage. The process in budget and IDP participation is scheduled in accordance with key deadlines as regulated in terms of the MFMA (2003). Unfortunately, planning does not drive development, rather budget in terms of available resources. Real needs are driven at a strategic level via master plans and SWOT analysis.

The arguments for participation in policy management and planning have indicated that, for a variety of reasons, public management cannot be left totally to officials and authorities. For practical as well as moral reasons, public participation in policy management and planning in local government and administration is important. But all of this has not answered the question of whether people really want to participate in the planning process. There are two sides to the problem. On the one hand, people often complain that the local authorities have forced decisions upon them or that they have not been consulted in planning at local government level (Conyers, 1982:123). On the other hand, there is evidence to suggest that on many occasions people do not participate actively in local planning even if they have been given the opportunity to do so (Banovetz, 1972:56).

It is suggested that a number of factors are important in determining whether people want to participate in planning or not. It seems that participation in local planning is usually restricted to those citizens who feel directly threatened or affected by local government or personally involved in its endeavours. It also seems that people are unlikely to participate willingly in planning if they feel that their participation will have no significant effect on the final outcome. People are also reluctant to participate in local activities in which they have no particular interest, or which are unlikely to affect them directly (Conyers, 1982:124). People tend to only participate in planning when there is some specific interest for them in its outcome (Catanese, 1984:121).

Another factor is ignorance. It seems that the average citizen, particularly in the rural areas of developing countries like South Africa, has little knowledge of the range of options (and of the implications of these options) open to him or her in terms of forums, which could be used to

express his or her views and desires. A substantial number of citizens therefore do not avail themselves of these opportunities to shape policy directly because of inertia or indifference. Another factor is the communication problems between the authorities, which prepare plans, formulate policies or collect information, and the people whom they try to involve in the planning process. These problems amount to practical difficulties, such as language problems, differences in attitudes and expectations, and mutual feelings of mistrust, suspicion or resentment (Conyers, 1982:130).

A possible solution is for municipalities to educate people about the range of options available to them. Municipalities, however, should accept that, even if people are fully informed of the options available to them, their priorities may differ from those of the authorities. The notion of participation presupposes that people can influence the proposals made and the planning process itself, but how much participation should be allowed and at what stage of the planning process should participation commence?

The scope of participation should be broad enough to afford all people the opportunity to participate. This implies that the planning process should be as open and participatory as possible. If the planning process at a local government level is simply too high-handed, it is bound to arouse public resentment. Practical examples of this situation in local government are the approval of major developments without prior exposure of proposals to public comment, a reluctance to reveal the implications of proposals, and the anonymity of the final decision makers.

To counter this public resentment of the planning process, it is important that participation starts at the beginning of the process, or at least at an early stage (Caulfield & Schultz, 1989:21). The degree of participation is therefore not a matter of information, good relations or persuasion of the people, but of opening local government to the general public and encouraging interaction. The ideal is that participation should be a dialogue, a continuous two-way process between the authorities and the people.

A simple measure of deference that public officials accord citizens in the budget process is highlighted in the sheer number of opportunities citizens are given to voice their budget preference (Ebdon & Franklin, 2006). In South Africa, public budget hearings are not offered throughout the fiscal year. Instead, municipalities in South Africa, including the Western Cape where this study is based, hold what amounts to a pro forma hearing on the eve of their enactment of the budget. One municipal manager describes this mode of operation as only one hearing, which is minimally attended, taking place. Thus he says, once the budget is made, it is pretty much set. That is, the budget is normally passed without revision on the same night of the single hearing. Knowing this institutional norm, one might see his/her participation as being, in Alford and Friedland's (1975:26) terms, merely symbolic.

Additionally, one might consider the relationship between citizen attendance and the outcomes of the budget hearing, including attendance, as cyclical in nature. Thus, another potential hypothesis might predict a positive correlation between the number of hearings, and public participation in these hearings. This hypothesis, too, must be qualified because any such relationship may depend upon spurious variables, such as the overall participatory culture of a municipality and dominant view of citizen's role in local government in an area that independently explains each of the others. A second telling sign of a municipality's willingness to consider public input surfaces when one explores whether municipalities behave as reactive or proactive. That is due to municipality's budget officials merely informing the public of decisions that they have made (e.g. by posting the documents on its web page (Berner, Amos & Morse, 2011:50). This behavioural manifestation may be related to local culture and government structure.

One might also question the role of proactive solicitation and information provision throughout the budget process rather than in the aftermath of this process in enhancing public efficacy, which may in turn foster more active participation. In Brazil, unlike in South Africa, participatory budgeting is not a once-off event focussing solely on the goal of adopting a budget.

Thus, participatory budgeting promotes the on-going mobilisation of residents to monitor the expenditure and progress of implemented projects throughout the financial year.

Which information sharing activities are there to ensure that the public are knowledgeable about the budget process and its activities that they can use to participate in the budget process and how they can participate effectively, and citizens' roles, rights and obligations in the budget process?

The aim of this area of questioning was to determine if municipalities have programs to educate and sensitise communities about the budget process, so that they can participate meaningfully and effectively. In all six surveyed municipalities, all the respondents indicated that they used websites, community papers, ward committees, quarterly newsletters, draft budget road shows, and municipal officers to ensure that the public is knowledgeable about the budget process. There is a general agreement amongst the respondents that these information-sharing activities do not serve their purpose to educate and sensitise the public about the budget process. One municipal manager in one of the municipalities indicated that they are using these information-sharing activities for compliance purposes.

Four of the six municipalities use both traditional and emerging public participation techniques, such as public meetings, public hearings and e-participation. As one the municipal managers indicated, the IDP document is published on the municipality's website for public comments. The e-participation method of engaging with the general citizenry entails a wide range of specific individual techniques such as e-mails, provision of website information, bulletin boards, chats and news groups, and dialogue groups. This method tends to lead to ineffective public participation because the methods are only available to those who have access to a computer at home or work. Given the poor or lack of IT infrastructure and low level of literacy in municipalities the use of e-participation approaches in the development IDPs become ineffective.

Ward committees also play a critical role in facilitating public participation as a constitutional principle. Through ward committees, the municipality provides information to communities,

obtains information from and about the community, and enhances acceptance of policy decisions, programs, projects and services. Ababio (2007) agrees that ward committees help achieve the state's developmental agenda or vision. Provision has been made for the functions and powers of ward committees through the Municipal Structures Act of 1998, and the municipal council may delegate duties and powers to a ward committee (Craythorne, 2003:20). Ward committees serve as a two-way communication channel for both the municipality and the community on matters relating to administrative governance and service delivery (Ababio, 2007; Reddy & Sikhakane, 2008). A study by Nzimakwe and Reddy (2008:677-678) highlights some challenges faced by ward committees, such as capacity deficits hampering their full participation and contribution to the governance system; non-payment of ward committee members forcing them to be reluctant to travel and attend meetings; and a lack of full understanding of the system of local government.

The interviewees (30) agree that the municipalities, through their council, decide which service delivery issues should be prioritised on behalf of the communities. This suggests that municipalities undertake the public participation process during the development of IDPs and budgets just for compliance sake with applicable legislation while undermining the rich and diverse views and opinions of local communities. This finding further brings power relations under question. The community has the power during the IDP/budget consultation meetings to articulate issues that should be prioritised while the municipality controls the budget. In all six municipalities, there is an established public participation directorate that should directly conduct and implement public education programs within local communities. However, data shows that the important role of this directorate has been reduced to only inviting the general public to the IDP consultative meetings as well as assisting in the development of the IDP program for these consultative meetings. It was argued by Interviewee 1 that conducting public education programs in communities is the responsibility of the relevant IDP directorates as they are experts in the field.

Although the development and review of IDPs and budgets in municipalities seems to be promoting public participation as a constitutional principle, people just do not attend these consultative meetings. A respondent in this study argues that:

> "You know, people do not always come in large numbers because they are tired of raising one issue every time ... I mean that people complain that every year you come here we tell you our concerns and needs but we do nothing about them. Of course they are correct, but the fact of the matter is that we are constraint by the availability of the budget" (Interviewee 3).

Resource limitation

The aim of this area of questioning was to determine if municipalities have the resources to capacitate citizens to participate in the budget process. One hundred (100) per cent of the respondents in the six municipalities surveyed agree that resources are limited, as the same financial and human resources (budget) compete for stretching delivery agendas and soft issues such as community participation. The will and ability to effectively engage on strategic issues and budget matters are also limited on the part of communities and also municipalities. The apathy on the part of communities, due to various reasons, cause municipalities to be less than excited to pursue participation mandates. According to Concern (2001), the provision of resources, for example, technical and human resources by local government plays a crucial role in capacity-building initiatives. The effectiveness of the capacity-building initiatives in the identified municipalities is, among other things, negatively affected by lack of human and financial resources.

It emerged from the findings that financial resources allocated by municipalities to capacitate communities are limited to training, workshops, and meetings of ward committees and ward councillors only, and not to other categories. A lack of competent and sufficient staff to develop capacity within the municipalities, lack of in-depth knowledge and understanding by ward committees regarding their rights, as well as a lack of procedures and technical expertise from the CDWs negatively affect the success of capacity-building programs in municipalities. All of

these, as shown by the literature review, result in communities, including ward committee members not effectively participating in the decision-making of the IDP/budget processes and simply endorsing what the municipality has decided.

As a way of ensuring meaningful participation and avoiding malicious compliance, concerted efforts should be undertaken to invest more resources in public education. This is an imperative of a constitutional and responsive government. A holistic understanding of government operations programs and projects by individual citizens, community-based organisations and, more broadly, civil society will go a long way towards helping solve this problem. It is also important to create platforms to facilitate meaningful citizen participation in the budgeting process when the cycle starts and not at the end.

What problems do you normally encounter when mobilising citizens to participate in the budgeting process?

The aim of this area of questioning was to determine the problems/challenges municipalities encounter when mobilising the citizens to participate in the budget process. All respondents in the six surveyed municipalities agreed that they do encounter a lot of problems when mobilising the citizens to participate in the budget process. The following are some of the problems that municipalities encounter: disinterest, lack of buy-in, timelines, political interference to stop meetings, lack of service delivery, lack of planning by municipal officials and communities that challenge agendas at meetings. There is a perception that government does not take the issues raised by the citizens during the public participation process into account when drafting the budget. This is perpetuated by the notion that government does not provide adequate education for citizens on its processes. Consequent to this failure, the inputs and contributions of the citizens become insignificant to the budgeting process. This leads to citizens not being interested in participating in the process.

A reason for this limited public participation that is advanced within some quarters is that the drafting of the budget remains a technical matter that requires special expertise. The exclusion of

the public in the formulation of the budgets in general has been attributed as one of the impediments to meaningful participation. Although the public is provided with platforms for meaningful involvement, some sectors of society do not use them. As a result, this leads to poor or non-participation in government initiatives. According to Makwela(2012:6), surveys by research institutions, such as the Institute for Security Studies in its report on Challenges to Public Participation in South Africa's Parliament, corroborate this observation. Another problem relates to party politicisation of community participation and ward committees. This politicisation mars the involvement of unbiased participatory structures and ordinary citizens. It is also important that municipalities urgently attend to what is perceived as a lack of service delivery. If delivery issues are not properly addressed, this will in turn lead to people, most especially the poor, not participating in the affairs of local government.

What do you think are the main problems of public participation in the budget process in your municipality?

The aim of this area of questioning was to determine the main problems of public participation in the budget process of municipalities in the Western Cape. In all six municipalities surveyed, all the respondents agree that the main problems of public participation in the budget process are a lack of public interest, time, councillor/political support, resources and officer support. For participatory budgeting to be successful in South African municipalities, it requires political will and commitment involving the full support of both political and administrative leadership of the municipality. This is lacking in South African municipalities. This was successfully demonstrated in the case of Porto Alegre, Brazil, as mentioned earlier, where the newly elected mayor was fully committed to the participatory budget process. The political and administrative location of participatory budgeting within a municipality is important as it is easily 'swallowed' by the bureaucratic administration (Makwela, 2012:6). In the South African context, it is important that stakeholders, such as the National Treasury, Department of Cooperative Governance and Traditional Affairs, and the South African Local Government Association (SALGA) support the participatory budgetary process.

According to Makwela (2012:6), at municipal level, municipalities must be prepared to set aside a percentage of the capital budget for public participation. They must be open to scrutiny and willing to develop greater accountability and responsiveness. This is lacking in South African municipalities. To be successful, implementing participatory budgeting ultimately requires a concerted effort from all stakeholders, and needs to take local circumstances into consideration. Thus, political and administrative will and transparency have been key factors in the successful implementation of participatory budgeting in Brazil. Transparency and accessibility facilitates greater and more meaningful public participation. Given the widespread public mistrust in authorities and politicians, particularly with respect to financial maladministration and mismanagement of funds at municipal level, 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. Local communities may be consulted as the legislation necessitates, but they are not fully equipped with relevant information and insight to participate in a negotiated process of determining priorities and trade-offs (Ramjee & Van Donk, 2011:19). There is also a lack of feedback to communities once the consultative process has run its course. This results in communities being discontent and dissatisfied when their views are ignored.

6.5   SUMMARY AND DEDUCTIONS

This section of the study summarises the main findings of the study. When comparing Brazil and South Africa, there are huge differences in how the public participates in decision-making. This is no exception in the municipalities in the Western Cape, where this study is based. Evidence from this study reveals that an understanding of participatory budgeting as a concept is limited within the municipalities in the Western Cape. Municipalities in the Western Cape have not done much in terms of improving public participation in the municipal decision-making process. There are currently no policies and strategies used by the municipalities in terms of promoting public participation in the budgetary process of municipalities. Therefore, capacity-building efforts for enhancing public participation in the budget process are not guided by Acts. This

demonstrates that there are no mechanisms in place to monitor and evaluate citizen's participation in the budget process.

Although there have been great promises in terms of promoting participatory budgeting in South African local government systems, the experiences of municipalities in the Western Cape have been frustrating. However, there are lessons that South Africa and the municipalities in the Western Cape can learn from Brazil. South Africa and Brazil share a similar history of extreme exclusion of disadvantaged social groups. As eluded to in chapter three, in Brazil social exclusion was on the basis of socio-economic class, whereas in South Africa exclusion took place on the basis of race. Nevertheless, Porto Alegre managed to create institutions that allow for meaningful public participation, so institutions have been carefully designed and properly scaled, resulting in more opportunities for the public and the marginalised groups to participate and enjoy their citizen rights. One lesson that municipalities in the Western Cape can draw from Porto Alegre is the promotion of citizen's voices to increase the degree of networking and collaboration in decision-making. This recognition, and empowerment of civil society groups is what Cooke and Kothari (2001); Ginther, Denters and De Waart (1995); and Ansell and Gash (2007) perceive as the best approach for ensuring collaborative decision-making and is one of the strategies that Porto Alegre successfully uses for participatory budgeting.

Although the Constitution of the Republic of South Africa (1996) and other legal instruments provide a political space for participation by the public, the policies that the ANC government pursue in practise, and therefore the ideology of the ANC in practise, to date have arguably provided limited space for the public to participate in decision-making. In contrast, the Workers' Party in Brazil has proven that local people have the capacity to contribute positively to the city budget and negotiations with the municipal change agents. In Western Cape municipalities, public officials are still lacking in terms of accountability and transparency. This is because they have failed to create spaces for the public to participate meaningfully and effectively in the budgetary processes.

It was hypothesised in chapter one that developmental studies and municipal officials have neglected the significance of public participation in the budgetary processes of municipalities. Based on the findings of this research, the problems of this study appear to be valid in that these are problems that impede meaningful and effective public participation in the budget process of municipalities in the Western Cape. Although the Batho Pele principles have encouraged increased public participation in the decision-making process throughout South Africa, there are still areas of local government decision-making where the public are excluded, such as in the budgetary processes of municipalities. The second problem stated that meaningful public participation in the budget process will depend on effective communication of principles and concepts of participation by change agents, and understanding by the community concerned; and the third problem stated that public participation in the budget process will increase in relation to the degree of control posed by the participants over the allocation of resources for development. Current participation mechanisms are evidently not accessible to the majority of the communities who are unfortunately still living in poverty even though the legislation seems to enforce participation.

Although engaging the public in decision-making is critical, the research demonstrates that municipalities in the Western Cape have still a long way to go in terms of increasing public participation in the budget processes of municipalities. It can be concluded that participatory budgeting, as understood in Porto Alegre, is yet to occur in the Western Cape municipalities. When public participation is practised on a consultative basis only, it becomes just a means through which predetermined goals are achieved, instead of empowering people to participate in their own development meaningfully. Legislation needs to be reviewed to change this ineffective trend, which, in essence, creates only a small elite of participants that stand to benefit at the expense of the poor and marginalised people of our country. The low level of public participation in the budget process in the Western Cape is the result of the poorly designed institutional framework; and alack of political will, municipal support, trust in municipalities and administrative support, and of municipal response/feedback on issues raised by the communities,

which renders them despondent and demotivates them from further participation in local government.

Some critics might argue that there are existing spaces for engaging with policy processes, as highlighted above, and that civil society needs to be better informed, positioned and active to engage with these. However, it would seem that only a privileged few have access to these spaces, which are not sufficiently advertised or accessible, particularly to marginalised groups. Attempts to facilitate community input are largely superficial, and do not tap into the real power-base where decisions are made. Most processes present pre-determined positions and programs for limited feedback or information sharing, or create opportunities for communities to raise concerns, and therefore make very little substantive difference to policy decisions. Municipalities have a tendency to call for community input at advanced stages of policy formulation, for political buy-in and implementation, rather than at the outset when problems and solutions are being developed.

Meaningful, participatory spaces are closing up. Thus, the really consultative processes or spaces where decisions are made are not in the public arena. There is no meaningful engagement with civil society, and decisions are made elsewhere. These experiences and reflections from stakeholders show that, although legislative provision exists for participatory mechanisms, this is not enabling communities to participate meaningfully. Communities are often only invited in certain stages of the policy process and people feel excluded from the agenda setting phase of policymaking, creating the feeling that people are only invited to implement policies that have already been decided upon before the invitation even comes. Public officials acknowledge the limitations of these mechanisms, and community experience leaves no doubt that these are inadequate, inaccessible and disempowering, and that new approaches to participatory policy-making are required. What seem to be tensions in the Constitution (1996) around being a representative or a participatory democracy need to be resolved.

The White Paper on Local Government (1998) espouses the need for 'developmental local government', an approach that commits municipalities "to work together with local communities to find sustainable ways to meet their needs and improve the quality of their lives". The current structure of local government in South Africa inhibits opportunities for the poor to participate in decision-making processes and the budget process. The following chapter will discuss a model for the Western Cape that will help ameliorate these deficiencies.

CHAPTER 7: DEVELOPMENT OF A THEORETICAL PARTICIPATORY BUDGETING MODEL

7.1   INTRODUCTION

This study argued that the quality of representation in South African democracy, especially at local government level, is currently inadequate, largely due to a deficiency in the condition of participation, which subsequently has negative effects on the conditions of deliberation, political equality, and non-tyranny. The researcher contends that a South African PB system, built on the Porto Alegre system, would help to ameliorate these deficiencies. While there is a growing body of literature describing the application of participatory budgeting and its variations, there is a clear lack of systematic approach to the suitability of various models of participatory budgeting in different contexts. It is obvious that there is no uniform model in any continent to which the others can be compared. The Porto Alegre model contains unique and innovative structures that are essential for a successful South African PB model.

7.2   WHAT IS A MODEL?

A model is a simplification of a more complex phenomenon and not the phenomenon itself. Dye (1987:20) argues that a model is a simplified representation of some aspect of the real world. It may be an actual physical representation like table-top buildings that urban planners use to show how things will look when proposed projects are completed. A model may also be in the form of a diagram, for example, a road map or a flow chart. Hanekom (1987:46) argues that models are simplified representations of the real world and are used in order to interpret situations and to assist in explaining and predicting the outcome of a specific choice. They cannot, however, tell the user of the model how to discriminate, evaluate or judge. It is merely representative and artificial and can thus only be an image of reality.

7.3   WHY A MODEL?

According to Fox, Schwella and Wissink (1991:3), a model may provide a useful tool to conceptualise, explain and simplify the complexities of public management. Models therefore play an important role in service delivery and development by simplifying and explaining key phenomena. In this study, models will be presented as an illustration, namely the public management model, the systems model, and a normative model that will be proposed for monitoring and evaluating service delivery and development. A model assists the user in obtaining greater clarity on the issue at hand.

Models therefore play an important role in service delivery and development by simplifying and explaining key phenomena. The model attempts to show the inputs required to achieve the desired outcome of participatory budgeting. The model for the Western Cape emanates from the research findings that were discussed at the beginning of the chapter.

7.4   SKETCHING MODELS

Weber (1978:18-20) argues in his famous work 'Economy and Society' that, in order to give meaning to any phenomenon; it is necessary to "formulate pure ideal types of the corresponding forms of action. This attempt has been undertaken by Sintomer, Herzberg, Allegretti and Röcke (2010). These authors distinguish between six models of European participatory budgeting experiences. The chapter at hand will analyse all the six models. This will enable the researcher to propose a participatory budgeting model for municipalities in the Western Cape, where this study is based. The description of the models will be based on the literature by Sintomer *et al.* (2010:20).

7.4.1   Typology of models of participation (including participatory budgets)
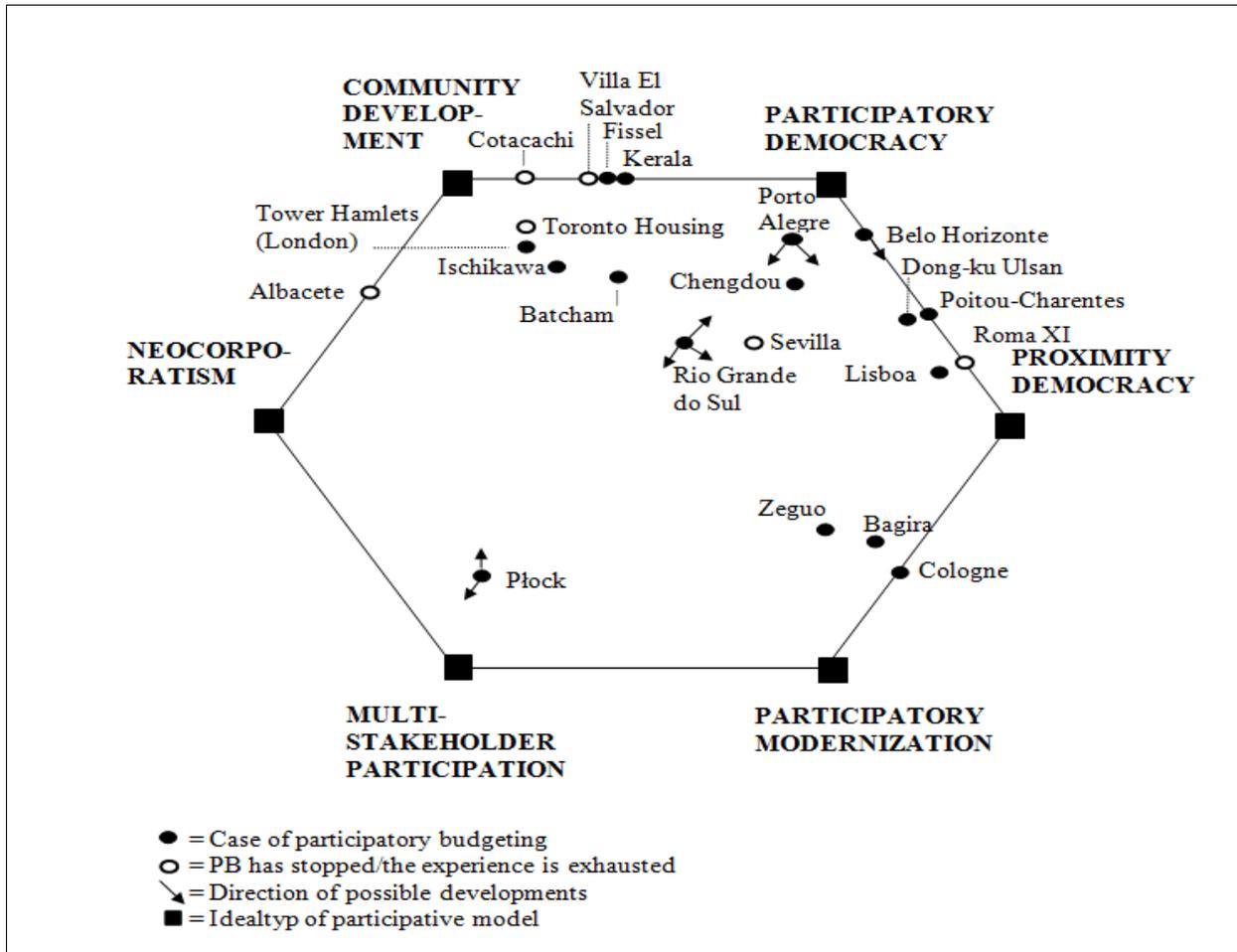
Source: Allegretti, Herzberg, Rocke and Sintomer,2011

7.4.2   Participatory democracy

This model is mainly characterised by the simultaneous emergence of a 'fourth power' (participants have a real decision-making power, different from the judiciary, the legislative and the executive) and a 'countervailing power' (the autonomous mobilisation of civil society within the process leads to the empowerment of the people and the promotion of cooperative conflict resolution). The traditional mechanisms of representative government are linked to direct democratic procedures, where non-elected inhabitants (and their delegates, who are invested with a 'semi-imperative mandate') have de facto decision-making powers, although de jure the final political decision remains in the hands of elected representatives. In this model, participation has real repercussions in terms of social justice and relations between civil society and the political system. Essentially, the countervailing power in combination with the political will of the government contributes significantly to an inversion of priorities in the benefits of the poor (Sintomer, *et al.*, 2010).

The weakness of participatory democracy is that it requires strong political will and a mobilised and independent civil society that is ready to cooperate with local governments. It won't last if only confined to the local level. The main challenges include efforts to successfully link civic participation to administrative modernisation, and to avoid the risk of co-opting the mobilised members of civil society into the institutional framework (which would cut them off from their own grassroots level).

7.4.3   Proximity democracy

The key characteristic of the second model is that it showcases proximity both in terms of geographical closeness and increased communication between citizens, public administrations and local authorities. Although local governments have some real power, their public administrations are not necessarily involved in a strong modernising process. Proximity democracy is based on 'selective listening': its logic is that the decision-makers cherry-pick citizens' ideas. Proximity democracy is grounded in informal rules and leaves civil society with only marginal autonomy. Over and above ideological rhetoric, it constitutes more of a

'deliberative turn' of representative government than an inroad into a new kind of democracy – a deliberative turn that will perhaps not be recognised by the theoreticians of deliberative democracy because of the low quality of deliberation which often characterises these devices.

Proximity democracy is not an instrument of social justice, even if it may guarantee some degree of solidarity (for example, by limiting real estate speculation or introducing policies of urban renewal). As the process is merely consultative and civil society does not have much independence, a fourth power or a cooperative countervailing power seems to be excluded. Proximity democracy is essentially top-down. It often addresses individual volunteer citizens, but NGOs also play a considerable unofficial role; moreover, a number of participatory instruments that fit this model use random selection to select 'ordinary' citizens. A low degree of politicisation and low level of mobilisation characterise the proximity democracy model (particularly of the working class).

Its main strength is improving communication between citizens and policymakers, while its weaknesses lie in the essentially arbitrary way in which policymakers 'selectively listen' to (cherry-pick) people's perspectives (Sintomer *et al.,* 2010). In this case, the government only accepts the proposals that are in line with their own plans. Hence, participation only has a legitimising function for decisions that have already been made.

7.4.4   Participatory modernisation

The key feature of the third model is that participation is only one aspect in new public management strategies in a context in which the state is trying to modernise in order to become more efficient and legitimate – and in some cases in order to resist the pressures to privatise. In contrast to proximity democracy, modernisation is not necessarily focused on the neighbourhood level, but also includes the central administration and its main service providers. Participants are considered clients; hence there is no interest in the integration of marginalised groups or in the launch of social policies. Civil society has only limited independence and there is no space for either a fourth power or a cooperative counter-power (Sintomer *et al*., 2010). What is at stake

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here is quite different: participation is first and foremost linked to good management and is aimed at increasing the legitimacy of public policies. Politics remain in the background, so that users or clients of public services, rather than citizens, are of concern.

The people involved are mainly middle class, except when specific procedural measures are used to improve the sociological diversity of the participants. The normative frames on which this model is based are closer to the participatory versions of new public management than of participatory democracy as an alternative to neoliberal globalisation.

7.4.5   Multi-stakeholder participation

The main characteristic of this model is that the citizens who take part constitute just one of the many different actors, together with private enterprise and local government. In this model, local politics appears to have only limited room to manoeuvre, compared with economic forces and where the donors call the tune. The approach is weakly politicised and the major development issues of local politics can be discussed only peripherally. Although participatory procedures may well have decision-making powers, they remain caught in a top-down approach that does not enable a cooperative countervailing power to emerge. The challenges facing this model are how to link participatory instruments with the core business of municipal politics: that is, to stabilise the financial flows on which they depend (these flows are precarious and do not operate under clear legal constraints); to balance the weight of the various stakeholders involved in the process and to open up to topics that are relevant to them; and to counter the pressure to transform NGOs and associations into quasi-governmental organisations or semi-commercial entities (Sintomer *et al.,* 2010:24).

7.4.6   Neo-corporatism

The distinctive trait of the neo-corporatist model is that local government plays a strong role by surrounding itself with organised groups (NGOs, trade unions, and employers' associations), social groups (the elderly and immigrant groups, amongst others) and various local institutions. In this model, government aims to establish a broad consultation with 'those who matter' and

tries to achieve social consensus through the mediation of interests, values, and demands for recognition by the various factions in society. In this model, the political leanings of local governments vary, as does the dynamics of modernisation of the public administration. In the neo-corporatist model, the participatory rules may be formalised, while the quality of deliberation is variable. In most cases, local neo-corporatist processes are essentially consultative. Even though civil society does play a considerable role in them, its procedural independence is fairly limited, and they are essentially top-down (Allegretti, 2003:23).

7.4.7   Community development

The dominant characteristic of the last model is that participation includes the phase of project implementation, in a context that dissociates municipal politics and a strong participatory process driven as much by a bottom-up dynamic as top-down. The margins for representative politics are fairly small in this ideal-type. The fourth and cooperative countervailing powers that emerge are therefore not closely linked to local institutions, which is an aspect that distinguishes community development from the participatory democracy model. The influence of Porto Alegre is blended with older community traditions.

There are fairly clear procedural rules and a relatively high quality of deliberation. The most active participants are the upper fraction of the working classes or middle classes, because they are involved in running the community associations. The role of NGOs is often decisive, with participation being aimed at disadvantaged or marginalised groups with a view to inclusive action rather than at an overall form of distributive justice. In a configuration such as this, the partial substitution of non-conventional participation linked to community activities for conventional participation (party membership and voting in elections) is fairly likely to develop.

This participatory model has clear advantages in a context in which local government is weak and where, conversely, civil society has genuine independence and a real tradition of organising that enables the community sector to manage local projects by themselves. The weakness lies in the fact that it is difficult to build an overall vision of the town, as well as the tenuous links

between participation, modernisation of the public administration and institutional politics. The challenges that the model faces include trying to keep the management of community organisations free from managerial influence and to stop them from turning into Para-public bodies; moreover, processes of this type need to look beyond the micro-local level and contribute to the transformation of institutional politics (Allegretti, 2003:23).

7.5   PARTICIPATORY BUDGETING IN THE SOUTH AFRICAN CONTEXT

The promulgation of the MFMA (No. 56 of 2003) effectively transformed budgeting and financial management at municipal level by introducing a new budgeting format. According to Shar (2007:100), municipalities now have to plan in, and for, each allocated financial year period (1 July to 30 June of the following year) during which various preparatory and reviewing processes need to be executed according to specific time frames. The core change, however, is the promotion of public participation and consultation in terms of sections 23(1) and 27(1) of the Act. It must be remembered that planning during budgetary processes cannot succeed without aligning such planning to a broader strategic development framework. In this regard the IDP is a statutory requirement depicting a municipal strategic development strategy.

It is critical that participatory budgeting be built on systems, structures and processes that work well or have the potential to support it effectively. Aspects that need to be considered include the size of the municipality, the municipal revenue base, demographics, special and socio-economic conditions, existing institutions of public participation, 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 priority, to ensure that participatory budgeting strengthens and builds on the existing planning processes.

According to the legislation, local communities, particularly through ward committees, have the right and duty to discuss, ask questions and make recommendations to the municipal council on

the best ways to generate income, to keep costs down, prevent corruption, and safeguard the assets of the municipality. Moreover, linking community priorities to municipal expenditure and investment programs is central to the IDP process and should have a mirror effect in budget design.

After proper planning and consultation with ward committees and other stakeholder groups in the area, municipal councils must approve municipal budgets before the new fiscal year begins. The draft budget should be ready a few months beforehand so that it can be used for consultation. Ward councillors can also call ward meetings to discuss the budget. Ward committees should advise councillors on the services needed in the area, affordable charges for the services, and how to ensure that people pay for their services. The community should be involved in as much as possible in deciding what should be the spending priorities for the area that they live in. Ward councillors should report to ward meetings about the broad budget plans and consult the residents about programs and projects that will affect them. All members of the community also have the right to observe the special council meeting at which the budget is debated and voted on. Community organisations should get involved in consultation meetings to discuss efficient and cost-effective service delivery. The influence of public participation in the preparation and approval of municipal budget is currently non-existent in the six municipalities.

The legal framework in South Africa does not provide for participatory budget mechanisms such as those implemented in various developing countries and best represented by the experience of Porto Alegre. Through these mechanisms the local community decides on the expenditure priorities (associated with a pre-determined percentage of the municipal budget) with binding authority. This survey looked into the opinions of municipal officials on whether the legal framework should be extended to include these mechanisms in order to strengthen citizen participation in local governance, or whether it was not a matter of including new mechanisms, but instead of improving and enforcing existing tools and regulations. It was concluded that the legal framework should be redefined to include participatory budget mechanisms.

7.5.1   The building blocks of participatory budgeting

According to Allegretti (2011:17), participatory budgeting is a tool to enhance participatory democracy by involving the public/citizens in decision-making with respect to prioritising the needs of a specific area and ensuring these are reflected in resource allocation decisions. It has been described as a combination of direct democracy and representative democracy, giving the population the opportunity to discuss and decide on part of the budget and, through it, some public policies. In South Africa, traditional budget processes follow a top-down approach, whereby municipalities determine their budget allocations without consulting the public or local citizens. The process that leads to the adoption of budgets in South Africa has been described as technical in nature, and is driven by the officials rather than by ordinary citizens. In many cases, communities have been left on the side-lines of the local government system, especially in the budgetary processes of municipalities.

The tight time frames imposed on municipalities to adopt their budgets and accompanying service delivery implementation plans, make it extremely difficult to include substantive participation by citizens in the process. According to Van Donk and Pieterse (2006:123), this results in budgets that are not owned by the communities they intended to serve. There has been a discrepancy in relation to the institutional vision behind local government as expressed through the legislative framework vis-à-vis the actual expectations of people at the receiving end of the system. From the arguments raised above, it is clear that the exclusion of the public from development interventions, or imposing it on them, cannot be regarded as development. It is this confusion that has led to debates on what participatory development means (see Cooke & Kothari, 2001; Hickey & Mohan, 2004; Cornwall & Coelho, 2007). Oakley (1991:6) foresaw this confusion, and puts it bluntly, "It has now become impossible to come up with a development strategy that is not participatory". This call fell on deaf ears and a non-participatory development strategy is still occurring in the six municipalities where this study is based, with the lack of public participation in decision-making and in the budget process contributing directly to the growing and persistent level of public protests. This implies that the change agents

fail to understand that public participation, especially in the budget process and decision-making, forms an integral part of the people-centred development approach.

According to Davids (2009:17), the principles of a people-centred development approach are premised around Meyer and Theron's building blocks of development, which are public participation, social learning, empowerment, and sustainability. According to Theron (2009:123), "people-centred development, like the principle of developmental local government, shifts the emphasis in development interventions to the public and away from objects, service delivery and production". It does this by enhancing public skills and capacity through acknowledging and utilising, "own context specific indigenous knowledge systems (IKS) and social capital", for the public to be able to participate in its own development (Theron, 2009:123).

Participatory budgeting in South Africa is a once-off event that focuses solely on the goal of adopting a budget. In Brazil, however, it promotes the on-going mobilisation of residents to monitor the expenditure and progress of implemented projects throughout the financial year. The rules of the game are clearly defined by community and government representatives. In other words, all decision-making processes and the election of the delegates to represent the communities in participatory budgeting are transparent.

The ultimate goal of participatory development will be for the public to become self-reliant. Cooke and Kothari (2001:5) sum this up succinctly, stating that participatory approaches to development are, "justified in terms of sustainability, relevance and empowerment". Oakley (1991:17) states that self-reliance refers to the gains that people derive as a result of participating in development efforts. For self-reliance to come to the fore, people need to feel that they are driving their own development (Burkey, 1993:50). Participation empowers people to gain confidence in their own knowledge and skills, as well as in their ability to identify problems and find solutions in order to make improvements (Oakley, 1991:17; Burkey, 1993:50). This implies that, by participating in a program/project, the public will learn from their mistakes and eventually become masters of their own development.

7.5.2 Conditions required to successfully implement participatory budgeting in the Western Cape municipalities

It is argued that an essential factor required for a participatory budgeting project is that the relevant municipality must be committed to its implementation. The municipality must have the organisational capacity (personnel, resources, and analytic and political management skills) to implement participatory budgeting programs, and its implementation should not alienate key political constituencies, for example, marginalised people. It is also critically important that municipalities cede some decision-making powers to citizens. Limiting public involvement to a consultative role does not provide incentives for participation. The citizens must feel that the priorities they establish will be acted upon. Without delegating to some decision-making powers, public priorities can fall prey to political or technocratic manipulation. This can lead to the failure of the participatory model. Another requirement for participatory budgeting success is the timely delivery of projects selected by the participants.

According to Wampler (2007b), "when the government successfully implements selected projects, it reinforces the notion that public participation in participatory budgeting is a valuable tool for promoting change, there is a general consensus that participatory budgeting stimulates participation because decisions made by the participants result in policy changes". For participatory budgeting to work, there has to be a clear interest of the civil society, thus the citizenry in general has to be ready and willing to participate. A clear political will of municipal decision makers is vital, political actors must not feel threatened by the citizens' direct participation in local governance as they essentially lose some decision-making space (Cabannes, 2004; Wampler, 2007b). This was successfully demonstrated in Porto Alegre, as alluded to earlier, as the newly elected mayor was fully committed to the participatory budgeting process. Therefore, the existence of support among local councillors and local administration staff is critical. All of this is an integral part of the political culture.

The term 'political culture' refers to orientations and attitudes towards the political system, as well as the attitudes towards the role of the self in the system (Almond & Verba, 1965:13). Put

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more simply, it is, "what people believe and feel about government, and how they think people should act towards it" (Ishiyama, 2012:20). As participatory budgeting concerns local governance and deals with the allocation of financial resources, local financial autonomy is obviously another important prerequisite for the success of participatory budgeting (Wampler, 2007a:25; DeNardis 2011:95; Folscher, 2007a:130-132). As mentioned above, in view of the fact that participatory budgeting prescribes participation in the allocation of financial resources at municipal level, it probably goes without saying that the local government willing to carry out participatory budgeting procedures has to have some degree of financial autonomy. The degree of financial autonomy explicitly influences who decides the rules of the game and who controls their compliance, thus monitoring of the whole participatory budgeting process as well as the realisation of its results.

The political and administrative location of participatory budgeting within the municipality is critical as it can be easily swallowed by bureaucratic administration (Makwela, 2012). The pre-existence of organised networks of social movements and third sector organisations, which would provide support for participatory budgeting systems, is also deemed to be required. Discretional funding is critical, and must be made available (10 to 15 per cent of the total expenditure), so that the public can participate in meaningful deliberation. This was successfully demonstrated in Porto Alegre (Brazil) where ten per cent of the total budget was set aside for participatory projects. Municipalities in South Africa and in the Western Cape in particular must also be open to scrutiny and willing to develop greater accountability and responsiveness. The public must be consulted and consensus reached with all stakeholders on the broad categories or themes for budget priorities.

To receive the political attention it deserves, it is recommended that responsibility and oversight for participatory budgeting be located in the mayor's office. For it to be successfully implemented, participatory budgeting requires a concerted effort from all stakeholders, and needs to take local circumstances into consideration. The pre-existence of organised networks of social movements and third sector organisations, which would provide support for the

participatory budgeting systems, is also required. It is beneficial if these organisations are already involved in the budget consultations or budget monitoring. Political and administrative will and transparency have been the key factors in successful implementation of participatory budgeting in various contexts. Transparency and accessibility facilitate greater and more meaningful public participation. If participatory budgeting is to be imported into the governance of Western Cape municipalities where this study is based, it must be determined if the contemporary political culture satisfies these basic requirements.

Based on international experiences to date, a number of common factors have been identified in the literature that appear to enable the emergence of participatory budgeting programs, as well as to sustain them once initiated. The emerging insights include the following:

- Democratisation and decentralisation of local government-allowed space for civil society to make demands for transparency and openness and for popular participation in decision-making around resource allocation issues (Acioly, *et al.,* 2002; Wampler, 2000).

- The local governments were willing to "give power away" (Acioly, *et al.*, 2002:49) by ceding some decision-making around the budget to popular participation. Usually this has occurred in contexts where the municipal governments enjoy strong support from local populations and civil society organisations. The government also needs broad legitimacy to enable it to focus on poorer areas (Wampler, 2007a).

- Mutual trust and working relationships between government, civil society organisations and media enables the participatory budgeting process.

- A high degree of voluntary civil society participation and community mobilisation is necessary (Wampler: 2007a). Participatory budgeting programs have tended to thrive in contexts in which there were pre-existing networks of social movements and community and voluntary organisations (Wampler, 2000).

- According to Souza (2003:203), a major prerequisite of 'alternative urban planning' as well as 'participatory budgeting' is a conscious, organised and mobilised civil society. If this prerequisite cannot be met, there is the danger that the local state will not restrict itself to

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the role of coordinator of the process and instead try to substitute paternalistic schemes for genuine participation.

- At least in Brazil, the structure of administrative power within the municipality has been important for the success of participatory budgeting. In Brazil, the municipal mayor has virtually all the power for budgeting and administrative functions and thus has the discretion and power to innovate and experiment (Wampler, 2000).

- The sustainability and credibility of participatory budgeting programs depends heavily on participants' faith in the process and in their seeing tangible results from their input (i.e. concrete improvements in their neighbourhoods) (Acioly, *et al.*, 2002; Wampler, 2000). It is thus critical that there be sufficient resources for participatory budgeting allocation in order for the public to feel that there is something worth participating for.

- Sustained public participation in participatory budgeting is also promoted when the participatory processes are well organised and efficient (for example, meetings are short and take up less of people's time). Consideration should also be given to supporting poor people to participate through, for example, assistance with transport costs (Wampler, 2000).

- A regular and sufficient information flow between government and stakeholders is important. It is critical that technical information is appropriately presented to non-experts for there to be constructive debate about service delivery and other issues related to the budget. Capacity-building of the public and municipal staff around budgets and the understanding of trade-offs also need to take place (Wampler, 2000).

- Successful experiments with participatory budgeting have usually involved some restructuring of the municipality's administration, including decentralisation of service delivery functions and the integration of municipal service units into the participatory budgeting process (Wampler, 2000).

- Participatory budgeting does not necessarily require a formal legal framework to sustain it. In some of the most successful cases, for example those in Brazil, participatory budgeting is institutionalised within municipalities but is not governed by law (Acioly *et al.*, 2002:40).

7.5.3 Key stages in successful participatory budgeting processes

Participatory budgeting processes generally involve a number of key activities, often including preparatory, implementation, and monitoring and evaluation activities. Makwela (2012) identifies the following key steps:

- The initiation of the participatory budgeting process by political leaders and municipal managements to ensure that the municipal authorities commit to the process.
- Conducting a situational analysis to obtain information about the current situation in the municipal area.
- Raising awareness and building capacity among officials and civil society regarding the concepts, principles and processes involved.
- Setting guidelines, and discussion and decision-making processes.
- Implementing the process through a careful diagnosis and prioritisation of community needs; this should involve a series of discussions at a range of levels that can include sector theme-based forums and area-based forums.
- Monitoring and evaluating the process the process and the outcomes of all decisions.

For PB to be most successful, the following conditions must be met.
- There must be strong government support for the delegation of authority directly to citizens.
- Mayors must allow citizens to make specific budget decisions.
- Mayors must be willing to implement the policy programs selected by citizens.
- Governments must prepare and distribute high-quality budget and policy planning documents to citizens.
- Local government information must include resources available for implementation and must include sectors (e.g. education, health care) in which citizens can make choices.
- Governments must be willing to transform the way in which policy decisions are made at the local level.

- Internal administrative processes must be reformed to allow for decentralised decision-making venues as well as to orient the bureaucracy to implement the projects selected by participants.

- Local government must delegate authority directly to citizens, which decreases the authority and influence of government ministers and legislators.

- Governments must have sufficient resources to implement public infrastructure projects selected by citizens.

As for citizens and CSOs:

- Citizens must be able to decide on which public projects they'd like money to be spent on.

- Citizens need to exercise their voice: Debates over types, location, and purpose of proposed projects.

- Citizens need to exercise their vote on policy preferences.

- CSOs and citizens must be willing to work closely with government officials. Cooperation is crucial to allow multiple parties to work towards viable policy solutions. Cooperation encourages government officials to continue to delegate authority. Cooperation encourages citizens to seek innovate state-society alliances to produce policy reform.

- CSOs and citizens must be willing to use PB's public format to pressure government officials and publicly denounce wrongdoing and/or inaction.

- Citizens need to act as rights-bearing members of their community. If PB participants act as clients or simply users of PB, then they will be unable to place pressure on the government to implement projects that citizens strongly support.

Participatory budgeting is more likely to flourish when CSOs and citizens are able both to cooperate with municipal officials and, when necessary, to contest those officials' ideas and policies. If CSOs are unwilling to contest officials, there will be no pressure on officials to delegate authority; there is also an increased possibility of co-optation. Therefore, CSOs can play a vital role in monitoring existing participatory budgeting arrangements, as well as in promoting the adoption of PB in new places.

7.6   WESTERN CAPE MODEL FOR PARTICIPATORY BUDGETING

At the beginning of this chapter, the researcher argued that the quality of representation in the South African democracy is currently inadequate, largely due to a deficiency in the condition of public participation in the budget process, which subsequently has negative effects on deliberation, political equality and non-tyranny. The researcher contends that a Western Cape model, based on the Porto Alegre model, would help ameliorate these deficiencies. The Porto Alegre model contains innovative structures that are essential for a successful Western Cape participatory budgeting model. Nevertheless, both contain components that should not, at least in the beginning, be utilised in a Western Cape participatory budgeting model. There is still a need for further capacity-building for councillors, ward committee members, and the community, particularly regarding the municipal budget process, the relationship between the capital and operating budget, how income is generated, and how to influence resource allocation decisions and taxation policies. Training should be practical, focusing on the issues identified above.

This study is not conclusive regarding South African municipalities, and the possible effects of South African affluence on participatory budgeting remains speculative. Nevertheless, this issue merits consideration in the development of a South African participatory budgeting model. As mentioned previously, Porto Alegre already had a strong and highly organised civil society prior to the implementation of participatory budgeting. Decima research polls indicate that 45 per cent of South Africans are involved in third sector organisations. Only one-third of South Africa belongs to organisations pursuing social or public issues. Most importantly, members of these organisations tend to have higher levels of education and income. This raises a concern as to whether the capacity of the third sector to support a participatory budgeting system becomes debatable. Finally, the class bias of South African organisations calls into question the ability of the third sector to adequately represent the interests of lower-income citizens in participatory budgeting deliberations. A South African model, in particular in the Western Cape Province where this study is based, must be adapted to address these challenges.

Firstly, the council of the participatory budget from the Porto Alegre model, being a group of elected representatives of civil society, would likely be more representative in the Western Cape model. Therefore, such a council should be imported into a Western Cape model. Secondly, the Porto Alegre model requires a high degree of financial autonomy because of the transfer of decision-making to the civil society. This is manifested in the composition of decision-making and monitoring bodies that both consist of citizen representatives. This model stipulates the high activity of the civil society as well as the strong political will to share power. This model can be imported to the Western Cape to address the challenges facing citizens with respect to public participation in the budget process.

Bureaucratic structures exist to avoid chaos in the civil service and ensure their support for the program. Therefore, bureaucratic structures like the Brazilian GAPLAN and CRC should be initially imported into Western Cape participatory budgeting model. Finally, the themes or areas that citizens prioritise during the participatory budgeting process must reflect the concerns of South African citizens; this means they will likely differ from those outlined in the Brazilian system.

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. There is a need to institutionalise participatory budgeting, especially at the municipal level, to encourage active citizenship and confront backlogs in infrastructure provision with government's renewed commitment to the expanded public works scheme. The Porto Alegre model can be imported to South Africa to address the challenges faced by the majority of people. Perhaps some palpable lessons can be drawn from the Brazilian experience where the participatory budgeting system of Porto Alegre has been successful. Between 1989 and 1996, the number of households with access to water services increased from about 80 per cent to about 98 per cent and the percentage of the population served by the municipal sewage system increased from 46 per cent to approximately 85 per cent.

Also since 1989, 200km of road has been paved in the city. Porto Alegre is now the Brazilian state capital, with the highest ranked human development index (United Nations, 2007. This process has led to a noticeable improvement in the behaviour of politicians, community leaders and councillors. It has also led to workable mechanisms of accountability and transparency in the formation, allocation and implementation of the municipal budget. Participatory budgeting in Porto Alegre has been successful because the municipality has been able to involve thousands of ordinary people in decision-making on the allocation of resources. In 1990, about 1 000 people participated in the assemblies. By 1998, this number had grown to 16 000, and by 1999, more than 40 000 people were involved in the participatory budgeting process. The most important effect of this process was the redistribution of resources to deprived and poor communities, and the involvement of the population in welfare.

The Porto Alegre model, led by district government and working at the district level, is able to involve and coordinate a large proportion of the population who, in turn, provide the pressure for accountability from local government. WBI, initially a non-government venture, relied on the cooperative interaction of NGOs with central government to bring about change, and hopes to involve ever-wider sectors of the population, including local government, as it proceeds. This strategy of working with government from outside has the advantage of engaging government in gender sensitive work, thus moving it beyond a rhetorical commitment to implementation. The Brazilian case reveals opportunities offered by fiscal decentralisation, since it permits a direct accountability relationship to develop between citizens and local government. In this regard, the Porto Alegre model can be imported to South Africa to address the challenges faced by the majority of people.

For the purpose of importing the Porto Alegre model in South Africa, it is notable that South Africa shares a number of characteristics with the countries in which successful participatory budgeting programs have emerged, as mentioned in section 3.3. Smit (2004b:60) also notes the similar characteristics between cities in South Africa and Latin American, which include "land

invasions; accelerated informalisation; rapid urbanisation; political protests around service provision; a high proportion of residents residing in overcrowded, unsatisfactory housing conditions; declining state capacity; and the growing influence of market forces".

Unlike the Porto Alegre model, a clear role of ward councillors must be found in the Western Cape model, as a means to bolster local government support for the process. Such a role is intimately linked to the choice of geographical boundaries (like the 16 regions of Porto Alegre), therefore a Western Cape model should utilise boundaries with this role in mind. A Western Cape model must, at least at the outset, integrate participatory budgeting into the already bureaucratic structures as a means to avoid chaos in the public sector and ensure their support for the program. It is important to keep in mind that the participatory budgeting model presented below is not meant to be definite; rather, it is simply intended to lay a foundation for the innovative and adaptive development of Western towns.

The proposed participatory budgeting process for the Western Cape government is divided into six phases, namely:

- Preparation and mobilisation;
- Ward base meetings;
- Budget matrix and project development;
- Debriefing and community establishment;
- Deliberative budget council (DBC) proceedings; and
- Implementation and oversight.

Phase 1: Implementation and mobilisation (June-August)

The ward councillor is the direct link between the local council and the public. It is his or her responsibility to make sure that people are consulted and kept informed about council decisions, development and budget plans and any council programs that will affect them. Ward committees

can play an important role in creating a democratic culture of local participation and accountability.

Approving the budget is one of the most important functions of the ward councillor. The ward councillor should not approve the budget until there has been proper consultation with the ward committee and other stakeholders. Therefore, ward committees play an important role in the process and they should look carefully at all the parts of the budget that will affect the people in their area. All members of the community have the right to observe the special council meeting when the budget is debated and voted on. The ward councillor is responsible for organising and chairing the tri-monthly ward meetings. The first is the preparatory meeting. At these meeting the participatory budgeting process is be introduced and explained to the communities. The ward councillor and the ward members (that consist of ten members that represent the community) must outline the themes to be prioritised (these will vary for each ward), as well as the budget.

Figure 7.1: Overview of proposed Western Cape Participatory Budgeting Model

Phase 1 Preparation and Mobilisation

- Mayor and ward councillor chair the preparatory meeting.
- PB process explained and the following discussed:
    - Themes
    - Deliberation rules
    - Priority setting
    - Ideas for projects
    - Role of deliberate budget council (DBC)

(September to November)

Phase 2: Ward Participatory Budget Meetings

- Mayor chairs council meeting.
- Ward themes are discussed.
- Begin formulation of long-term ward plan or strategy.
- Gather ideas for citywide projects.
- Ward councillor chairs meeting in his/her ward.

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Phase 3: Budget Matrix and Project Development

- Ward priorities entered into budget matrix.
- Adjustments made for population.
- Low-income participation (if necessary).
- Project idea sent to municipal departments:
  - Feasibility assessed.
  - Cost assessment of feasible projects.
  - Develop implementation strategies.
  - Develop long-term ward plan.
- Selection of DBC.

Phase 6: Implementation and Oversight (Next fiscal year)

- Community committee oversees project implementation.
- Access to ward councillor if problems arise with regard to implementation of projects.

Phase 5: Deliberative Budget Council Proceedings

- DBC addressed by various stakeholders (citizens, third sector, city staff).
- DBC deliberates on proposed projects.
- Projects are ranked by each DBC member.
- Projects are prioritised according to rank.
- Highest priority projects are commissioned.
- Until funding is extinguished.

Phase 4: Debriefing and Ward

- Development of participatory budgeting document.
- Debriefing meetings in ward reports on:
  - Long-term ward plan.
  - Budget matrix allocations.
  - Implementation strategies for feasible projects.

- Establish ward committee for oversight of selected projects.

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Matrix systems will distribute funds to ward based on those themes, and the rules for deliberation (e.g. speaking time limits) and priority setting (which could be simple majority voting, consensus, or a combination of both). The public must be informed that ideas for large capital projects (funded by the capital budget) or smaller local projects (if an investment fund is generated) will be collected at the ward and council meetings. The DBC (see phase 5 below) and its function in selecting capital and local projects will also be explained. The public must be encouraged to mobilise others to participate in the upcoming meetings.

The ward council meeting(s) provides an opportunity for any citizen to participate in a debate on the long-term issues concerning the city as a whole. To focus the discussions, the issues could be broken down into a wide variety of themes. Examples include long-term economic development, community health, recreation, and municipal infrastructure. Depending on the number and complexity of the themes, there may be a need for numerous citywide meetings. Such meetings could serve multiple purposes – they could be used to help generate a long-term city plan or strategy, to propose citywide projects for consideration in current and future budgets, or both.

In contrast, district meetings will only be open to citizens who live within the district, and will focus primarily on more short-term and local themes. At these meetings, citizens will debate the value of each theme within their community and rank them in order of importance. District themes will likely vary from city to city, however there are two general properties that themes should meet. Each theme should be (1) a service that has historically been allotted funds in the city budget, and (2) a service that is generally of importance to all districts.

Phase 2:
Mayor will chair the council meetings. In these meetings ward themes and long term projects will be discussed. Formulation of long term strategies or plans will aslo be discussed in these meetings. Councillors are not only responsible for convening and chairing ward committee meetings but they are also responsible for channelling inputs from ward committees through to council. The ward councillor is the direct link between the local council and the public. It is his

or her responsibility to make sure that people are consulted and kept informed about council decisions, development and budget plans and any council programmes that will affect them. Ward committees can play an important role in creating a democratic culture of local participation and accountability. Approving the budget is one of the most important functions of the ward councillor. The ward councillor should not approve the budget until there has been proper consultation with the ward committee and other stakeholders. So, ward committees play an important role in the process and they should look carefully at all the parts of the budget that will affect the people in their area. All members of the community have the right to observe the special council meeting when the budget is debated and voted on.

It is critical for there to be instutionalised mechanisms to enable ordinary ward councillors to raise issues via council. How councillors understand their roles and those of the committee is also very important. Councillors should have a strong commitment to non-partisanship and participatory development. It is also important that councillors understand a culture of participation. The findings of this study suggest that it is not necessarily undesirable for ward councillors to be the chairs of ward committees, as long as they have the necessary skills, motivation and enthusiasm to make the committee work effectively.

Phase 3. Budget matrix and project development

Funds from each ward level theme will be allocated to each ward using a matrix system similar to that employed in the Porto Alegre model. Other criteria, together with the ward priority criteria, can be utilised to adjust the proportion of funds to be distributed to each ward. Like the Porto Alegre model, wards that contain a higher proportion of the total population can be given higher scores than those with fewer citizens.

Phase 4: Debriefing and ward committee establishment

The municipality will develop a document outlining the following:

- The long-term strategy of the municipality.
- Implementation strategies for project ideas that were found to be practicable or needed.

- Why certain projects were determined as unfeasible.

This document will be sent to all members of the council, including the mayor, and should be made available in public places (libraries and city halls) and in print form for interested citizens. It is then recommended that a series of debriefing meetings be held by municipalities in each ward to explain the long-term strategy, outlining key proposed projects, and give reason for those projects deemed non-viable. The results of the budget will be presented at ward meetings. In addition, ward members that are elected by the communities will form a committee in each ward to monitor the implementation of projects that are chosen by the communities.

Phase 5: Deliberative Budget Council (DBC)

The DBC is a unique innovation for the proposed Western Cape model. It is an adaptation of Fishkin's (1998) work on deliberative polling. Fishkin (1998) developed the deliberative poll in response to his and others criticism of modern day polls, namely that the information derived from polls is largely inaccurate because the polls fail to distinguish between people's top-of-the-mind views, offhand views, and their thoughtful considered judgement. Analysing Fishkin's (1998) description of the poll, the DBC is also simple. For example, after phase 2 a municipal random sample of the electorate is taken. This sample is immersed with balanced information on proposed projects, and allows concerned citizens and civil society organisations to offer arguments in support of, or opposing, the proposed projects. Time is allocated for intensive discussions in small groups and the sample is provided with access to politicians and civil servants for questioning. At the end of the deliberation, the participants individually and anonymously rank the priority of projects. Projects are then ordered from the highest priority to the lowest based on the total points received.

Projects are commissioned in order of priority until available funding is extinguished. The resulting prioritised list of projects is then representative of the considered judgements of the public. Certain conditions must be met to ensure the DBC functions. Firstly, the DBC must be representatives of the ward population; secondly, the public elected to serve on the DBC must

have adequate incentives to do so. Lastly, the process must create an environment that increases the likelihood that deliberations will influence the participant's final decisions.

Phase 6: Implementation and oversight

As projects are implemented over the next fiscal year, ward committees will be responsible for monitoring the implementation process. If problems are observed, ward committee members should have direct access to ward councillors who must take the necessary steps to remedy the situation.

7.7   SUMMARY AND DEDUCTIONS

Six models were discussed in this chapter. The motive behind this was to ascertain the suitable model for South Africa and, in particular, the Western Cape. In this chapter the research demonstrated that the quality of representation in South African democracy is currently inadequate, largely due to a deficiency in the condition of public participation, which subsequently has negative effects on the deliberation, political equality and non-tyranny. These have therefore diminished the quality of representation in the Western Cape municipalities. There is now a unique opportunity to utilise ward base planning as a catalyst for reinvigorating South African representative democracy through the implementation of participatory budgeting, a process first developed in Porto Alegre, Brazil. Participatory budgeting institutionalises participation in the budget process, allowing meaningful public engagement on issues of local importance because it brings citizens closer to the locus of decision-making power within a municipality.

Through this innovative process, increasing public participation would have a salutary effect on other democratic conditions, thereby improving the quality of representative in Western Cape municipalities. For this reason, a theoretical model, designed to suit the needs of Western Cape cities was presented. In this model, the ward councillors and ward committees organise venues where the communities participate in deliberations on issues of importance both to their communities and wards as a whole. Communities are empowered to rank a series of ward level

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themes. These rankings, combined with other considerations, determine the allocation of budgetary resources to the themes. At the same time, participants tender proposals for wards and local projects to the municipality.

While the proposed budgeting model is a useful and practical contribution to the development of participatory budgeting in the Western Cape municipalities, numerous challenges await resolution. Budgets are still considered the exclusive preserve of government and the budget processes remain closed to external participation. Experience is beginning to show that external engagement in budgets may be compatible with fiscal discipline and reprioritisation. The challenge of implementing participatory budgeting in South Africa is huge. There is still a need for further capacity-building for councillors, ward committee members, and the community, particularly regarding the municipal budget process, the relationship between the capital and operating budget, how income is generated, and how to influence resource allocation decisions and taxation policies. Training should be practical, focusing on the issues identified in this study.

For participatory budgeting to be effective, public officials need to provide citizens with detailed and accessible information, in order to help them better understand budgetary constraints and options. Experts should play an essential role as technical advisors, clarifying the range of possible and appropriate budget projects, and working with residents to design sound projects. They can also serve as facilitators, guiding people through balanced and inclusive discussions that aim to incorporate the views of all participants. This helps citizens develop projects that are better informed and more easily implemented. Through this innovative process, it was argued that increasing citizen participation would have a salutary effect on the three other democratic conditions, thereby improving the quality of representative democracy in South African cities.

For this reason, a theoretical PB model designed to suit the needs of South African cities was presented. In the model, whereby the mayor and ward councillors organise venues where citizens can participate in deliberations on issues of importance both to their communities and to the city as a whole. Participants are empowered to rank a series of service-based, district-level themes;

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these rankings, combined with other considerations (population, low-income, participation), would determine the allocation of budgetary resources to the themes. At the same time, participants can tender proposals for citywide and local projects to the government. Feasible projects are then submitted to the Deliberative Budgeting Council, a representative sample of citizens who, after hearing from citizens, third sector organisations, the civil service, and deliberating amongst themselves, decide which projects will receive funding.

While the proposed model is a useful and practical contribution to the development of PB in South Africa, numerous challenges await resolution. The capacity of third sector organisations to support a PB process remains weak and must be advanced; similarly the PB process would benefit from a strategy to develop the budget-analysis capacity of citizens and third sector organisations. The key feature of this model is that it follows a bottom-up approach, decentralised approach. It include back and forth delibertions among sector groupings followed by ward based meetings.

In the chapter that follows, recommendations will be made based on the research progress thus far. These will be based on the analysis of data emanating from the empirical survey conducted in the Western Cape municipalities, which, like other municipalities in South Africa, are faced with challenges with respect to public participation in the budget process.

CHAPTER 8: CONCLUSION AND RECOMMENDATIONS

8.1   INTRODUCTION

This final chapter, which provides the conclusion and recommendations, is divided into five sections. Following this introductory section, the next section provides a summary of key findings guided by the research objectives. The third section provides the study's contribution to knowledge and practice. The fourth reflects on the methodology used in the study and presents the limitations of this study, and the last section presents recommendations for the study.

8.2   SUMMARY OF KEY FINDINGS

When comparing how the public participate in the budgetary process in Porto Alegre, Kerala and municipalities in the Western Cape, the research found significant differences. The literature in chapter two and three of the study demonstrate that participatory budgeting means a move beyond consultation in decision-making. However, evidence from this study indicates that an understanding of the concept of participatory budgeting as leading to good governance is non-existent in Breede Valley, Overstrand, George, Langeberg, Theewaterskloof, and Stellenbosch municipalities. These municipalities have not done anything to improve public participation in the budget, or municipal decision-making, process. From the point of view of the research, there are no clear policies and strategies available to promote public participation in the budget process. Furthermore, although the senior officials from the above municipalities argued that they are doing all they can to motivate and encourage the public to participate in the municipal decision-making process, there is still a lack of public participation in the affairs of local government.

In Porto Alegre and Kerala, participatory budgeting has been recognised as a significant and successful experience for promoting decentralised participatory development. Although there have been great promises with respect to promoting participatory development and budgeting in

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the South African local government system, the experience of Breede Valley, Overstrand, George, Langeberg, Theewaterskloof and Stellenbosch municipality suggest that actual outcomes are frustrating. It was hypothesised at the beginning of the study that municipal officials have neglected the significance of public participation in municipal budgeting, and that the effects of a top-down budgeting system on people and development programs, and the space for public participation in the budgeting process in South Africa, has not yet been examined. In light of the above findings, it is obvious that in the context of observed Western Cape municipalities, it is not clear what participatory budgeting is meant to achieve. The public is considered by municipalities as a mere recipient of a developmental agenda that has been set elsewhere, which renders the public incapable of contributing positively and productively to policy making.

The study objectives were to: (1) identify factors that impede PB in six municipalities in the Western Cape; (ii) establish how the participatory budgeting process operates in practice, focusing on who participates, and why those who participate do so, given evidence that in most cases their contribution is not taken into account in the final budget (Ebdon & Franklin, 2006); (iii) establish whether public participation in the budgeting process achieves the desired goals and outcomes; and (iv) make policy recommendations for the PB process that will enhance benefits to local communities, especially the poor. To achieve the above objectives, the study set out to explore the following question: How does PB work in Brazil and India? In order to contribute to both knowledge and practice, the question was broken down into empirical, theoretical and policy relevant sub-questions.

The results of the study are summarised in this section around the research questions and reflect the extent to which the study objectives have been achieved.

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8.2.1   How is the participatory budgeting process conducted in six municipalities in the Western Cape?

The study has provided evidence that in practice it is only municipal officials in key positions who participate in the budgeting process and influence resource allocation. Evidence from this study reveals that an understanding of participatory budgeting as a concept that lead to good governance is limited in six identified municipalities in the Western Cape. Contrary to existing literature claiming that South Africa is a success story in practising PB, findings from the case study show that in South Africa, and in particular the Western Cape province where this study is based, the budgeting process is a ritual and can be better defined as being 'consultative' rather than participative. This is in conformity with the findings by Sinwell (2009) that in Africa political leaders base their decisions on their vested interests. They do not put communities first as they claim to do. Thus, it can be concluded that South Africa is practising consultative budgeting (CB). The claim that PB is practised in municipalities obscures the crucial distinction between consultation and participation, and decentralisation and delegation may lead to unrealistic expectations of outcomes.

8.2.2   Is the design of the process and mechanisms for participation appropriate for effective public participation?

The study, consistent with the existing literature, has established that the design and mechanisms for public participation are not well designed to operate in a democratic and well-informed society. The study has also established that the mechanisms for public participation are not tailored to the local environment, values and norms of society. The design of the process and mechanisms for participation require financial resources to be effectively implemented. The design and mechanism assume that municipal officials in South Africa are transparent and accountable. The study findings have revealed that municipal officials in the six municipalities are not transparent and accountable, and this has negatively affected public participation in the budgeting process.

8.2.3 What are the factors that influence the effectiveness of public participation?

The following factors have been found by the study to positively influence public participation in the budgeting process in the local government system: (i) democratic governance at the grassroots level, that is, local government level; (ii) availability of financial resources to support the process of participation and also cater for the needs and priorities identified by participants; (iii) availability of timely, reliable and understandable information; (iv) quality of participants in terms of knowledge and skills in public management affairs; (v) local revenue contribution to total budget; (vi) competence of technical staff; (vii) understanding of cultural norms and values; and (vii) verifiable outcomes of participation.

Factors that negatively affect public participation in the budget process include: (i) inappropriate participation mechanisms adopted without adapting them to the local environment, thus treating citizens' participation as 'homogenous' and rolling out 'blanket' participation mechanisms despite evidence that cultural norms and values in local governments vary across and within municipalities; (ii) dependence on national government funding; (iii) failure of participants' input to influence budget allocations; and (vi) lack of transparency and accountability, which leads to information asymmetry.

The findings of this research point to a variety of factors that impede meaningful and effective public participation in the formulation of local government budgeting. In the first instance, it is suggested that the ways in which citizenship is understood in by the local government do not lend themselves to effective public participation in the existing liberal democratic model of local government. Linked to this, the effects of racial, ethnic and class distinctions, combined with the lack of social capital, work against the development of a common understanding of citizenship. In doing so, they also hamper the mobilisation of marginalised and poor groups and instead create opportunities for the emergence of self-serving interest groups in both policy and administration.

The current structures of local government in South Africa impede the opportunities of the marginalised and poor to be heard and advanced with respect to the provision of water, electricity, sanitation, and employment creation. The Municipal Systems Act (No. 32 of 2000) and the Municipal Structures Act (No. 117 of 1998) are key pieces of legislation in the local government realm that enshrine public participation. These legislations seek to ensure transparency, accountability and responsibility in the management of local government affairs.

The forms of participation created by the Acts mentioned above do not amount to the actual public participation of civil society in decision-making (Buccus, *et al.*, 2007:10). Although these legislative guidelines seek to ensure transparency, responsibility and accountability at municipal level, they have proven inadequate in practise due to:

- Party politicisation of development and participatory structures;
- Lack of commitment by municipality to prioritise public participation;
- Lack of capacity amongst the stakeholders;
- The slow pace of basic service delivery and the lack of access to basic services that hampers public participation and prevents ordinary citizens from enjoying a decent standard of living; and
- Failure to recognise and work closely with community-based organisations.

Another impediment to quality participation by the majority of poor communities is the technical nature of the key participatory instruments that municipalities in the Western Cape use. Budgeting and IDP processes are often so technical in nature and driven by such tight time constraints that poor people are excluded from participating in these processes from the onset. It is important that these problems are identified and analysed and that appropriate responses are developed if local government is to fulfil its developmental mandate in terms of the Constitution (1996). These challenges should therefore be identified and contextualised so as to develop responses and undertake proper planning. The developmental mandate given to local government by the Constitutionhas conferred additional responsibilities on local government. This also means additional expectations by communities; hence there is a lack of interest by the public to

participate in local government matters. It is therefore important to understand the problems that impede public participation in local government budgets so as to develop appropriate and informed interventions.

The survey went on to investigate the key factors that affect the capacity of citizens or the community to participate. From the perspective of the municipal officials and the issues of education and literacy, lack of time, lack of information, and gender discrimination were found to be the most relevant factors affecting the capacity of the citizens to participate in local governance. Respondents from the CSO sample also rated the issues of education and literacy, lack of information and gender discrimination as very relevant. But, on the other hand, the issue of lack of trust on the part of the community towards local government was also considered as a relevant factor preventing citizens from participating. This echoes IDASA's findings. (IDASA, 2008).

After looking at various models for public participation in the budgetary processes of municipalities, there is now a unique opportunity to utilise ward-based planning as a catalyst for invigorating South African representative democracy through the implementation of participatory budgeting, a process first developed in Porto Alegre, Brazil. The ward councillor is the direct link between the local council and the public. It is his or her responsibility to make sure that people are consulted and kept informed about council decisions, development and budget plans, and any council programs that will affect them. Ward committees can play an important role in creating a democratic culture of local participation and accountability. Approving the budget is one of the most important functions of the ward councillor. The ward councillor should not approve the budget until there has been proper consultation with the ward committee and other stakeholders. Thus, ward committees play an important role in the process and they should look carefully at all the parts of the budget that will affect the people in their area. All members of the community have the right to observe the special council meeting when the budget is debated and voted on.

The research undertaken in this study is based on the assumption stated in chapter one, that Breede Valley, Overstrand, George, Langeberg, Stellenbosch and Theewaterskloof municipalities, like other municipalities in South Africa, are confronted with problems that impede effective and meaningful public participation in local government budgets. The formal participatory mechanisms created within the institutions of the State do not engender participatory governance, partly because the participation process does not allow for the policy to be influenced in a qualitative manner, and partly because the voices of the poor, who would benefit most significantly from participation in governance decisions, are not heard.

8.2.4   Does public participation in the budgeting process achieve the desired outcomes?

The study has provided evidence that ordinarily the public do not participate in allocating public resources. Consistent with the existing literature, the study has established that failure to influence budget decisions has led to cynicism on the part of citizens who now believe that participation is not worthwhile. The achievement of objectives is by coincidence rather than design. Public involvement in the budgeting process is limited to the preparatory stage of the process, when the development plan is being formulated. Even at this stage, the public's input does not influence the final development plan, as municipal officials prepare the final document. Contrary to claims in some studies that developing countries cannot influence donor supported reforms, evidence has also been provided that the desired outcomes can be achieved if municipalities recognise the rights and responsibilities of citizens and allow them to be directly involved in decision-making processes through effective participation. The study has confirmed what (Shore & Wright, 1997:26) observed that when "Politicians [become] income-maximising suppliers of policy favours; citizens [become] rent-seeking lobbies and special interests; and political systems [become] market places in which votes and political influence are traded for economic benefits", policy reforms are unlikely to achieve desired outcomes.

8.3   CONTRIBUTION TO POLICY AND PRACTICE

The study makes a number of policy and practice contributions. The findings have revealed that the citizenship theory concepts of accountability and transparency have been undermined by the political system that has also been revealed to be a marketplace where votes and political influence are traded for economic benefits. The study has also shown that vested interests of key stakeholders in the budgeting process work against the economic rationality that participatory reforms are meant to promote. The study further contributes to policy and practice by identifying factors that enhance and inhibit the successful implementation of policies in South Africa. Therefore, can discern that for PB to achieve its desired goals and outcomes the following policy initiatives need to take place: (i) during the design of the process it is necessary to articulate the goals and outcomes desired from the process of PB; (ii) the mechanisms used must be selected based on their ability to reach all stakeholders and collect their needs and priorities at a minimal cost to the stakeholders in terms of time and other resources; (iii) the information necessary for participants to express their sincere preferences must be provided and communicated on time in a language that participants understand; (iv) there must be careful consideration of the cultural norms and values of participants, taking into account political and environmental factors that may have an impact on the PB; (v) municipal officials together with political leaders should constitute teams that collect needs and priorities from communities and parish councils, rather than the current mechanism where municipal officials undertake the exercise without involving political leaders; (vi) accountability to lower levels of the public should be enhanced; (vii) NGOs and CSOs should be involved in sensitising and empowering local citizens to effectively participate in the planning and allocation of resources through the budgeting process.

In summary, the study findings indicate that PB is more political than technical, and power relationships amongst key players in the process are important in understanding the outcomes of the PB process. This study offers ample lessons for South Africa on how the process of PB can be improved to achieve the desired goals and outcomes in developing countries that are coerced into adopting reforms by supra-national agencies. Thus, the value of the study lies in clearly identifying factors that enhance or inhibit donor driven policy reforms by relating these to a

concrete case. Implementation mechanisms to enhance the contribution of PB to the benefit of local communities, especially the poor, have been proposed based on the study findings. This will benefit policy makers, allowing them to gain an insight into the actual practice of PB in local governments. In this regard the study has contributed to raising awareness among policy makers and supranational agencies of the need to ensure that reforms are adapted to the local context, and involve local citizens to ensure ownership, commitment and sustainability.

The rise of public participation has been central to South African development discourses and policy documents. Public participation in local governance has been established as an end in itself, but also as a means to achieve the new developmental goals of local government. The WPLG envisages public participation as the key to a successful, effective and more democratic developmental local government. However, practices and promises of participatory development seem to be very different things. In the case of South Africa, while the reform of the system of local governance implied the creation of formal structures for people to channel their views and concerns and to work in partnership with the governments in tackling development and governance challenges, massive protests took place during 2005 and 2006. The new spaces that have been created do not seem to be working (or at least are not used) as a way of voicing citizen needs and concerns regarding local government performance.

This introduces a wide discretional margin for municipal political and administrative office-holders in terms of allowing for 'meaningful public participation in local governance'. How much of the information and consultation with local communities will be reflected in policy outcomes and will be further implemented, is highly dependent on the will of municipal officials and politicians and on their understanding of the process and relevance of citizen participation for democratic local governance.

This study has argued that the policy documents and the legal framework for local government in South Africa give centrality to the issue of participation. However, after a review of the key policy documents and legislative pieces, the researcher suggests that the 'intensity level' of

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participation envisaged in the legal and policy framework is that of information and, at best, consultation. Most mechanisms created allow for informing citizens on local government issues. Some of these mechanisms also allow the public to express themselves. However, this does not include any guarantee that their requests or opinions will be reviewed.

While being areas of great potential for public participation, the legislation that created formal spaces does not detail or enforce (beyond broad guidelines) the way in which citizen participation should manifest itself within these spaces. Therefore, the effective use of these spaces will be highly dependent on the assumption that the local community is aware of the options and possibilities for participation, and whether it has access to information, and on the will of councillors and municipal officials and their openness to consultation. The legal framework introduces a high margin of discretion in terms of the concrete implementation of measures and spaces for citizen participation at the local level. If my findings are correct, this is even more worrisome when one adds local government authorities' understanding of participation to the analysis.

8.3.1   Implications and policy recommendations

The attempts by democratic governments in South Africa to redress historical exclusions by 'putting people first', are praiseworthy and, despite its limitations, the law has opened new spaces for the exercise of direct democracy at the local level. However, the contradictions in the legal and institutional framework, as well as the 'implementation gap', raise questions as to the real possibilities of people being placed at the centre and taking part in development initiatives. So, while public participation and decentralised governance holds promise for the future development of more democratic and inclusive localities, the South African government needs to be aware of actual constraints and challenges.

As the researcher noted above, although the legislation has statutorily empowered Ward Committees and IDPs to bridge the gap between local communities and local government, the lack of resources, mobilisation and capacity-building have not allowed these spaces to realise

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their full potential. There is still a long way to go in terms of more progressive environments and enabling legal frameworks. Firstly, for the system to function, coherency between the diverse spheres of government is essential. Moreover, the degree of financial autonomy of municipalities is a crucial concern that needs to be carefully assessed. In order for the aims of the WPLG to be fully realised, delegation of responsibilities needs to be accompanied by the delegation of resources – human and financial – to municipalities. These might require further advances in the process of decentralisation, expenditure, responsibilities, and new sources of municipal government resources.

This study highlights the need to go beyond municipalities and to help build capacities at other government levels as well as in CBOs, NGOs and the public in general. It has been recognised that where CSOs do participate in the new participatory formal structures, participation is often limited to a number of larger, well-resourced CSOs (as occurs in the IDP forums). The problems inherited from apartheid have proven to be deeply embedded. Lack of information and awareness on constitutional rights and on public participation and high degrees of illiteracy prevent citizens from actively participating in local governance. The South African government underestimated the enormity of the local government transition and the huge administrative and financial resources required, and also the changes in attitudes of both leaders and citizens necessary for this transition.

There is a need to reconsider the structures through which policy operates and also to revisit the relevant discourses and, most especially in this case, local government's official actions through which policy are articulated. This study suggests that there is a need to illuminate the operationalisation of policy in different domains to reveal how "policies work as instruments of governance, as ideological vehicles" (Shore & Wright, 1997:26).

8.3.2 The actual functioning of key spaces for public participation in South Africa

As a result of the concern to improve the responsiveness of local government, Ward committees have enjoyed much affirmation by the DPLG, and the South African government in general. In

carrying out their role, ward committees are meant to be non-partisan – representing the interests of the local community as a whole, and not just one political party (Benit-Gbaffou, 2008). However, according to the results of this study, some problems and challenges for the Constitution, establishment and actual functioning of Ward Committees should be specially highlighted in what concerns citizen participation and the underlying vision of citizenship. Although the prioritised actors at the inception of Ward Committees seem to have been socio-territorial actors, in practice political party actors have been more relevant.

Ward Committees seem to be working as politicised forms of participation, being captured by political parties. Theoretically, for citizen participation to become a means of strengthening local democracy it has to be autonomous, i.e. independent of political parties. However, it was noted that party members – elected representatives, party-affiliated individuals and organisations – capture Ward Committees and control them through informal mechanisms in order to influence and guide the decision-making process in a way that serves the parties' and/or the governing elites' interests. This, in turn, undermines social accountability mechanisms. The political logic appears to be more relevant than the socio-territorial as the key factor for citizen mobilisation. This has been reinforced by a trend in political leaders to co-opt ward representatives, which demonstrates the 'partyisation' trend of participation, not only in the election of ward councillors but also in the ward meetings.

The researcher has argued that the way in which municipal politicians perceive public engagement in governance and the way they implement the formal institutions of participation seems to be an important factor to consider when assessing the performance of participatory mechanisms for democratic local governance. In fact, the research findings tend to point to the fact that Ward Committees are being used as legitimising tools by political elites. Ward Committees are reinforcing a trend towards politicising citizen participation in local governance and, therefore, undermining their accountability and effectiveness as spaces for more cooperative relationships.

The findings from this study confirm results from a study by Benit-Gbaffou (2008:10). Not only are Ward Committees unlikely to advance neighbour/territorial interests over local party interests, but also local leaders are likely to use them to advance power struggles. While Ward Committees might be facilitating access to municipal decision-making, this access is being limited to those groups that already influence council through parties, and does not allow for new voices to be heard though participatory local governance. As Benit-Gbaffou (2008:10) suggests, partisan ward committees will add little of value to local democracy in South Africa.

The space for participatory budgeting to be implemented by municipalities in South Africa exists. Whether this space is used or not will depend as much on the willingness of municipalities to transfer power over budgeting to citizens, as on citizens creating and extending the spaces for participation themselves. Municipalities need to be convinced of the benefits of involving citizens in budgeting processes. They also need to be compelled to provide information relating to budgets and service delivery in language and formats that are accessible to the public. Municipal councillors and structures such as ward committees also need to be adequately trained and resourced to serve as effective vehicles for promoting public participation.

Currently one of the fundamental limitations on participatory budgeting in South Africa is that, under the current regime of structured public participation in local governance, there is only as much participation as the municipality creates space for. It is thus critical that the public be mobilised to articulate their needs and make demands on municipalities independently of the official state-organised processes for public participation. The ability of the public to create their own spaces for participation in local governance will necessitate a far more extensive civic education program to increase awareness amongst the public of their rights in relation to municipal government, as well as to equip them with the necessary knowledge and skills to be able to engage meaningfully in municipal resource allocation and other decision-making processes.

8.3.4   Contribution to the literature

The study has provided empirical knowledge about the outcomes of public participation in the budgeting process in six municipalities in the Western Cape. The study has identified factors that enhance or inhibit donor-driven policy reforms, thus contributing to both knowledge and professional practice. Goldfrank (2007;15) observed a theoretical gap in the literature that explains the link between the process and outcomes of PB, and this study has attempted to fill part of this gap. The study has also had interesting implications for the theoretical framework, in that an indirect effect of the outcomes of PB has an influence on the levels of future public participation in the budgeting process, thus implications on management control systems of organisations. In other words, evidence suggests that PB outcomes practices mediate the relationship between the budgeting initiative and accountability at the horizontal and lower levels and this has an effect on management control systems.

8.4   REFLECTION ON THE METHODOLOGY

The main objective of this study was to identify the problems that impede meaningful and effective public participation in local government budgeting in the Western Cape. The case study was the preferred method as the focus was "… on a contemporary phenomenon within some real-life context" (Yin, 2003:1). Therefore, the researcher adopted a case study method to provide evidence on the process and outcomes of the participatory budgeting phenomenon in its natural setting (Yin, 2003:20; Creswell, 2007a:13). The case method in this study has enabled the researcher to develop a rich insight into the budgeting practices of municipalities in the Western Cape. As recommended by Yin (2003:20), data was collected from various sources through documentary evidence, observations and interviews. Through these various sources of evidence and interactions, the researcher was able to gain an in-depth contextual exploration and understanding of the process and outcomes of participatory budgeting in a decentralised local governance system. This would not have been possible if a survey approach was adopted that would have disconnected the researcher from the real-life context under which participatory

budgeting takes place. The researcher adopted a qualitative methodology and an interpretive paradigm for the purposes of interacting with key players in the budgeting process.

The subjective approach enabled the researcher to explore and understanding the social, political and economic dynamics underlying the adoption of legislation reforms and the various factors that enhance or inhibit their successful implementation. This enabled the researcher to build a theoretical framework that can be used in future large studies. The major challenges faced were the fact that the process of collecting data through interviews and observations were time consuming and costly. On a number of occasions, the interviewees cancelled a scheduled interview when the researcher was already at the agreed venue. On reflection, although the researcher faced some challenges using the case study approach, it was the most appropriate approach to address the research question set out in chapter one. In summary, the case study approach enabled the researcher to explore the process and outcomes of PB in its natural setting.

8.5   STUDY LIMITATIONS

The limitations of this research are outlined in this section. Like all research using a case study approach, the first limitation of this study is that the results may not be generalised to other contexts. Although every effort was made to obtain views from a variety of stakeholders, there is a possibility that the researcher may have missed some perspectives owing to the selection method and number of interviews. Even though the findings of this case may not be generalisable, a number of lessons have been drawn from the experiences of the case studies in the Western Cape that add valuable knowledge to how participatory budgeting works in actual practice in a developing country under a decentralised system of governance.

The second limitation is that the study focused on the local government environment, the design of the process, mechanisms for participation and desired outcomes of the PB. The social and economic environment within which PB takes place was overlooked. However, through

interviewing key players who are well informed and involved in the budgeting processing, deep and important insight was obtained that make the study findings valid and reliable.

8.6   RECOMMENDATIONS

The main challenges that the six municipalities still face, and recommendations on how to overcome them, include:

Designing a participation process that provides the information necessary to educate and inform the participants, in a language they understand, is an important first step for gathering their preferences.

The impediments to effective budget participation by the public were identified as lack of budgeting skills, competences and knowledge in public sector financial management. At the national level, the Money Bills Amendment Procedure and Related MattersAct (No 9. of 2009) established the Parliamentary Budget Office, whose main objective and role is to provide parliament and its committees with the technical and independent analysis of economic and financial data needed for national economic and budgetary legislative decisions. Similar arrangements could be made for municipalities in order to address the skills and competence gaps that inhibit effective participation of the public in the budgeting process.

Information asymmetry emerged as a key constraint to participation. Local governments in more rural areas have faced greater challenges than the more urbanised. In his study of the link between local governments and local developments in six rural Bolivian municipalities, Sinwell (2009a) noted that rural people did not participate as much as urban people. He attributed this to the knowledge and skills gap between the two groups, as urban people were more informed and had a greater capacity to participate compared to the rural residents. This further demonstrates that education has an impact on the ability of participants to participate during the budgeting process.

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In terms of making local governance systems more participatory, the survey explored the areas where further training was required. Beyond the most frequently recognised areas requiring capacity development, a recurrent issue mentioned in this study was specifically related to public participation mechanisms as defined by the legislation and the lack of understanding by municipal officials of their role as tools for consultation and deliberative decision-making. Capacity challenges related to local government were recognised by the South African government, despite government efforts and initiatives developed to address the issue of lack of capacities at the municipal level, (as stated in the report by the the Department of Provincial and Local Government, 2008b). However, from the perspective of the central role being assigned to public participation, a review of the various efforts and initiatives on capacity-building raises concern. The researcher found that, of the almost twenty initiatives mentioned in the Capacity-Building Strategic Framework for Local Government (South African Government, 2008), only one systematically focuses on the issue of public participation in the budget process.

This study proposed and reviewed PB as a tool that could be used to exercise inclusive and deliberate democracy in South Africa, and also highlighted challenges in implementing PB in South Africa's local municipalities. There is no doubt that South African local governments are still left behind by the trendsetters in applying PB; more efforts are still needed to build capacity in order to include the ordinary people in participating in PB. The IDP prioritisation of public needs, including infrastructure, does not amount to a proper application of PB, as it is done in other countries. This study proposes an effective PB approach that will inculcate in local officials, councillors and experts the need to apply principles of deliberate democracy, with some added values and principles on good governance, such as accountability, consistent consultations, capacity-building, collaborative decision-making, openness and transparency, effectiveness and efficiency, and responsiveness. The public might not be sufficiently educated to understand the municipal balance statements, but a thorough educational process on how these processes work could empower them to understand spending processes and items, especially in capital projects, such as in infrastructure provision. However, the aforementioned discourse on

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PB is an attempt to address current inequalities and propose redress in the allocation of resources that could sustain development at local government level.

The democratic principle of public participation in the formulation of the local government budget is meant to ensure popular sovereignty or the rule by the people. Public participation entrenches the notion of 'people shall govern' as encapsulated in the ANC's 1955 Freedom Charter. This has positive implications for governance in local government. The budget process means that the views and opinions of communities matter more than those of municipal officials. The notion of the people shall govern is difficult to realise because it is complicated by the nature of the composition of the community structures. These structures are equated with the voice of the people, which in this study have been found as linked to the power relations and the political use of votes.

Strong mayoral support is vital to produce successful PB outcomes because mayoral administrations initiate and administrator PB. Mayors must make a series of very specific decisions regarding the degree of authority that they are willing to delegate; and key decision-makers within the mayoral administration must be willing to spend scarce resources on projects selected by citizens. In Brazil, the implementation of 'new capital investment' spending, which is the principal focus of PB programs, is at the complete discretion of the mayor's office.

As argued by (Davids, 2005,19-20) it is important when designing a PB process that policy makers take into account the fact that the different historical circumstances give rise to different forms of public participation. What is applicable in a developed country may not apply in a developing country, and what may work in an urban environment may not be applicable in a rural setting. Thus, there is a need to adapt policies to the local environment. The case study findings have shown that reforms adopted as a result of institutional pressures will not achieve the expected outcomes, and having an enabling government environment as well as a good legal and institutional framework are essential, but not the only necessary conditions for effective public participation.

Despite the philosophy and theory behind 'developmental local government', municipalities in the Western Cape seem to have misunderstood the different roles they are expected to play in the new dispensation. It is not clear whether the municipal officials who need to implement a budget with the participation of local communities fully comprehend the concepts and purposes, and whether they have been exposed to new thinking and training in this regard. Ward councillors seem not to understand the spirit of ward committees as spaces for territorial participation and not a place for party politics. Again, a committed approach to meaningful participatory local governance should entail training and motivation of a special new breed of local government officials (Pieterse, 2002:20).

Inviting the public to participate in spaces where decisions have already been taken, or where there is no meaningful issue to decide on, results in the public losing their confidence in local government as an institution that is able to respond effectively to the challenges they raise. When decision-making powers and resources remain at the higher spheres of government, but responsibilities are transferred to more decentralised spaces, the illegitimacy crisis of local government is reinforced by its incapacity to deliver. Decentralisation – conceived in this sense – is impeding more than facilitating participatory local governance. Thus, contrary to the common stance that public participation in local governance can be an answer to the 'crisis' of representative democracy, it could be, on the contrary, contributing to reinforce this trend. In other words, contrary to the expectations being placed on the framework for public participation and developmental local government, in practice, public participation is widening the gap between the citizen and the local state.

If 'meaningful' participation is about participation in decision-making, the implementation and development of programs and projects, the monitoring and evaluation of development programs and projects, and the sharing of the benefits of development (Davids, 2005:19-20), then there is still a long way to go, not only in terms of the capacity-building of a new breed of officials, but in terms of more progressive environments and enabling legal frameworks. Despite its limitations, the law has opened unprecedented spaces for the exercise of direct democracy at the

local level. Although the legislation has statutorily empowered Ward Committees for development planning and social audit and has created tools for citizen participation to materialise such IDPs, the lack of resources, mobilisation and capacity-building have not allowed these spaces to realise their full potential.

In many cases, more work will need to be done on the pre-conditions of participatory governance, including awareness building on rights and citizenship; building civil associations and social movements engaged in governance issues; and strengthening institutions of governance, both at the local and more centralised levels. Lack of information and awareness on constitutional rights on public participation and high degrees of illiteracy prevent the public from participating in local governance. Information is the key to public participation and it should become second nature for citizens to be able to access it.

Providing budget process and content information in itself, however, might not be sufficient to ensure fruitful participation. The information might not reach everyone, and not all people may equally be able to understand the information, due to language barriers or limited ability to read and write. Furthermore, the difference between 'informing' and 'consulting' must be taken into account. Consulting refers to an active input from community members, which is considered and responded to. This requires that the municipality makes budget information more easily and widely accessible, and understandable to its citizens. According to the Municipal Systems Act (2000) (Section 4), the municipality must foster participation through capacity development in the community, as well as of staff and councillors. Municipalities should also budget for activities to ensure participation.

An important element in the process of increasing and improving public participation is the development of capacity and empowerment of stakeholders in the municipality. Municipalities should ensure that certain groups of stakeholders are not excluded from the process through widespread notification of public hearing and consultation dates, preferably via more than one medium (e.g. newspaper, radio, and noticeboards). The choice of venue (location, accessibility) is important as well.

The IDP and the municipal budget are linked to ensure that implementation of projects and hence development is directed by the IDP. This makes it imperative for the public and community organisations to participate in the IDP process as well as the municipal budget process. The development priorities for a local government area need to be established with full participation of the people who live in the area along with any other stakeholders. A well-planned and commonly agreed upon public participation strategy will contribute significantly to the success of the IDP process. It will help ensure that all the stakeholders in the area accept full ownership of, and are committed to, the process.

Capacity of stakeholders (citizens) to participate effectively should not be assumed. Thus, in addition to resource allocation for service delivery, there should be allocation of resources for awareness raising and capacity-building of both the local government officials and citizens in their joint role in the participatory process. Empowerment of the citizens should be seen as an equally important aspect of improving service delivery as it shows the value the local government places on its citizens. The municipal officials should see their role as facilitators and not just implementers of service delivery. It is this attitude of partnership that would be most beneficial in seeking mutual cooperation in service delivery.

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APPENDICES

Appendix 1

Unive`rsity of Stellenbosch

School of Public Leadership

Bellville

Dear Municipal Manager

Questionnaire: Impediments to meaningful and effective public participation in local government budgeting in the Western Cape.

Public participation in local government budgets is an important new development in South Africa. The South African Constitution requires municipalities to facilitate the involvement of community stakeholders to jointly decide on planning, budget allocation and service delivery.

As a student, I am undertaking a PHD study on impediments to meaningful and effective public participation in local government budgeting in the Western Cape. The research aims to:

- Examine factors that enhance or inhibit participation by citizens in the process of budgeting.

- Examine whether involving the public in the budgeting process achieves the desired goals and outcomes.

- Examine the policy framework for public participation at local government level in South Africa.

- Look at the challenges facing municipalities with respect to public participation in the budget process.

- Examine public participation in the budgetary process at local government level in the identified municipalities.

- To contribute towards strengthening the capacity of councillors and civic and ratepayer's organisations in the participative budgeting process.

- To learn from Brazil and India's experiences with regard to participatory budgeting.

- To develop an appropriate public participation model for the Western Cape province.

- Provide policy recommendations that can be made for the PB process that will enhance benefits to local communities, especially the poor.

I kindly seek your participation in this study by responding to the attached questionnaire. The questionnaire will be treated with strict confidence.

Your assistance and cooperation will be highly appreciated.

TW Nabe	**Professor G Woods**
University of Stellenbosch	**University of Stellenbosch**
Work number: 021 483 4824	**Work number: 021 918 4128**
Mobile: 079 906 5245	**Mobile: 083 775 4447**
E-mail: tembela.nabe@westerncape.gov.za	**gavin.woods@spl.sun.ac.za**

Attitude Questionnaires

To what extent do you agree or disagree with the following statements?

Statement	Disagree strongly	Disagree	Don't know	Agree	Agree strongly	Comments
1. The ward system is not functioning properly in deepening democracy and promoting public participation in the budget process.						
2. The constitutional requirements for the need for public participation in the IDP and budget process tend to delay service delivery.						
3. Municipalities do not consult much with the communities or the public during the budget process.						
4. Lack of understanding of the way municipalities operates, is affecting the ability of the communities to participate meaningfully and effectively in the budget process.						
5. The municipality's IDP and budgets are not driven by the communities, but rather by municipal officials.						

Statement	Disagree strongly	Disagree	Don't know	Agree	Agree strongly	Comments
6. Do you agree with this statement that public participation especially in the IDP and budget process is one of the challenges confronting your municipality?						
7. There is lack of communication between the council and the community.						
8. Municipalities are not fully abiding by the eight Batho Pele principle relating to service delivery: • Consultation • Service standards • Access • Courtesy • Information • Openness and transparency • Redress • Value for money						
9. Do you agree with this statement that the citizens are not interested in participating in decision-making especially in the budget process.						
10. Do you think that the municipal budget is participatory?						

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Statement	Disagree strongly	Disagree	Don't know	Agree	Agree strongly	Comments
11 Are the ward representative involve in the budget process?						

Appendix 3: Questionnaire

Impediments to meaningful and effective public participation in local government budgeting in the Western Cape.

Municipal Manager (MM), Chief Financial Officer (CFO), Director Strategic Management and IDP Manager.

What are the problems that impede meaningful and effective public participation in the formulation of local government budgeting in the Western Cape?

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What is the municipality doing to address these impediments?

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Does the municipality have a capacity-building policy for enhancing public participation in the budget process? Is the policy documented?

If yes, is the policy effectively implemented? What do you judge on?

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Does the policy achieve what it intends to achieve? Kindly elaborate on how the policy is implemented.

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Does the municipality have programmes to empower the citizens to participate effectively and meaningfully in the budget process?

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If yes, what, are those programmes?

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In your own view, are the programmes effective in enhancing meaningful and effective public participation in the budget process?

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If yes, why do you think so?

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When does the community participate in the budget process? Do they participate during the planning process or afterwards?

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If they participate afterwards, why?

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How did various categories of the budget change as the result of public participation?

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Which information sharing activities are there to ensure that the public are knowledgeable about the budget process, activities they can use to participate in the budget process, how they can participate effectively, and their roles, rights and obligations in the budget process?

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In your own view, do you think these activities can adequately inform the citizens to be able to participate effectively in the budget process?

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If yes, why do you think so?

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Which resources do you have for capacitating citizens to participate effectively in the budget process?

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How effectively are these resources used?

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Why do you think they are effective?

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Which factors do you consider when designing capacity-building programmes, strategies and policies for citizens to participate effectively in the budget process?

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Why these factors?

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Do the communities engage well in public participation meetings?

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If not, what is the problem?

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Do you think the communities/citizens are well represented in the participatory budgeting process?

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If not, what are the challenges and what is the municipality doing to address these challenges?

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Who in the main are the citizens who participate in the budget process?

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Are you satisfied with the number of people who attend meetings?

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If not, what are you doing to address the problem? What are you doing to encourage wide and representative participation from the community?

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How do you handle the participatory budgeting process in your municipality?

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What problems do you normally encounter when mobilising citizens to participate in the budget process?

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