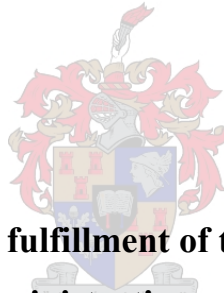


**PARTICIPATORY BUDGETING IN THE SOUTH AFRICAN LOCAL
GOVERNMENT CONTEXT: THE CASE OF THE MANTSOPA
LOCAL MUNICIPALITY, FREE STATE PROVINCE**

by

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**Thesis presented in partial fulfillment of the requirements for the degree
of Masters in Public Administration at the Stellenbosch University**

Supervisor: Mr F. Theron

March 2009

DECLARATION

By submitting this thesis electronically, I declare that the entirety of the work contained therein is my own original work, that I am the owner of the copyright thereof (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification – neither in its entirety nor in part.

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ABSTRACT

This study was carried out to assess the extent of citizen participation in local government decision-making, with focus on the local government budgeting processes. A framework of participatory budgeting in Porto Alegre, Brazil is used to assess participation in budgeting in the Mantsopa Local Municipality in the Free State Province with a view to drawing appropriate lessons for South Africa as a whole. The research looks at three important concepts in governance. The first is the issue of good governance. The second is citizen participation and collaboration as cornerstones of good governance. The third is participatory budgeting as an aspect of citizen participation and collaborative decision-making. A multiple research approach was employed, which included the use of focus group discussions, and interviews to examine the level of citizen participation in local government decision-making process within the Mantsopa Municipality. Municipal documents and records were used to analyse the existing situation within the municipality.

The research found out that the political and administrative elites are still holding on to power that should be in the hands of citizens. Civil society groups are still being neglected in local government decision-making. Citizens are also not being encouraged and mobilised to take part in the budget process. The issue of racial discrimination in engaging citizens in decision-making still exists. Mostly, the white business and farming community felt that they were largely excluded from these processes.

OPSOMMING

Hierdie studie is gemaak om te bepaal wat die belangstelling van die publiek is in die Munisipale regeringsbesluitneming met die fokus op die begrotingsproses. 'n Raamwerk van deelname in begrotings in Porto Alegre, Brasilië is gebruik om te bepaal wat die deelname sal wees in die Mantsopa Munisipaliteit in die Vrystaat Provinsie met die vooruitskouing om doeltreffende studierigtings op te stel vir Suid Afrika in die geheel. Die ondersoek het na drie belangrike aspekte in die regering gekyk. Die eerste was om na 'n goeie regeringstelsel te kyk. Die tweede is publieke deelname en in samewerking as hoekstene vir 'n goeie regeringstelsels. Die derde is deelname in begroting as 'n aspek van publieke deelname en samewerking in besluitneming. 'n Meervoudige ondersoek was gebruik, wat ingesluit het die gebruik van 'n fokus groep bespreking en onderhoude om die graad van publieke deelname in Munisipale regerings besluitnemings prosesse binne die Mantsopa Munisipaliteit te ondersoek. Munisipale dokumentasie en verslae is gebruik om die bestaand situasie te analiseer binne die munisipaliteit.

Die ondersoek het bevind dat die politieke en administratiewe elite steeds vashou aan die mag wat in die beheer van die publiek behoort te wees. Sosiale publieke groepe is steeds uitgesluit in die munisipale regerings se besluitneming. Die publiek is ook nie aangemoedig en gemotiveer om deel te neem in die besluitnemingsproses nie. Die faktor van rasse-diskriminasie in die bemagtiging van die besluitnemings bestaan nog steeds. Meestal die blanke besigheidslui en die boere in die gemeenskap voel dat hulle hoofsaaklik uitgesluit word van die prosesse.

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LIST OF ABBREVIATIONS

ANC	African National Congress
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BO	Budget Officer
CBD	Central Business District
CDWs	Community Development Workers
COSATU	Congress of South African Trade Unions
CFO	Chief Financial Officer
CRC	Community Relations Coordination
CSOs	Civil Society Organisations
DMAs	District Management Areas
Exco	Executive Committee
FCR	Foundation for Contemporary Research
GAPLAN	A planning body responsible for the formulation of the budget and mainly connected to the Mayor's cabinet
GDS	Growth and Development Strategy
GEAR	Growth, Employment and Redistribution
GIS	Geographic Information Systems
IAP2	International Association for Public Participation
ICT	Information and Communication Technology
IDPs	Integrated Development Plans
IDT	Independent Development Trust
IKS	Indigenous Knowledge System
Mayco	Mayoral Committee
NSDP	National Spatial Development Perspective
NGOs	Non-governmental Organisations
OP	Orçamento Participativo
PAR	Participatory Action Research
PB	Participatory Budgeting
PBC	Participatory Budgeting Council

PEC	Provincial Executive Council
PGWC	Provincial Government of the Western Cape
PLA	Participatory Learning and Action
PPO	Public Participation Officer
PRA	Participatory Rural Appraisal
PT	Partido dos Trabalhadores
QLI	Quality of Life Index
SACP	South African Communist Party
SDBIP	Service Delivery and Budget Implementation Plan
UAMPA	Union of Porto Alegre Residents' Associations
UNDP	United Nations Development Programme
USA	United States of America
WB	World Bank
WCMs	Ward Committee Members

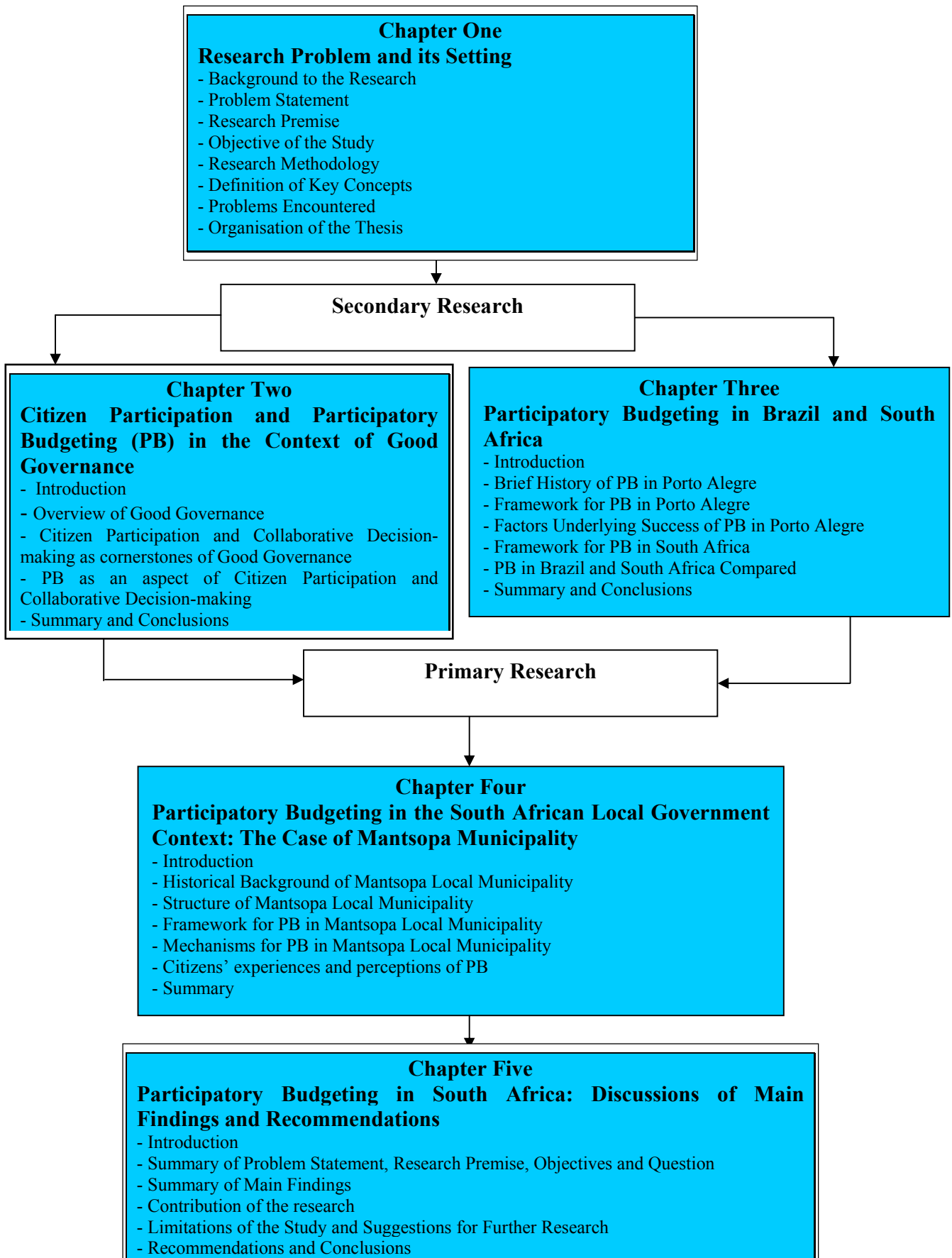
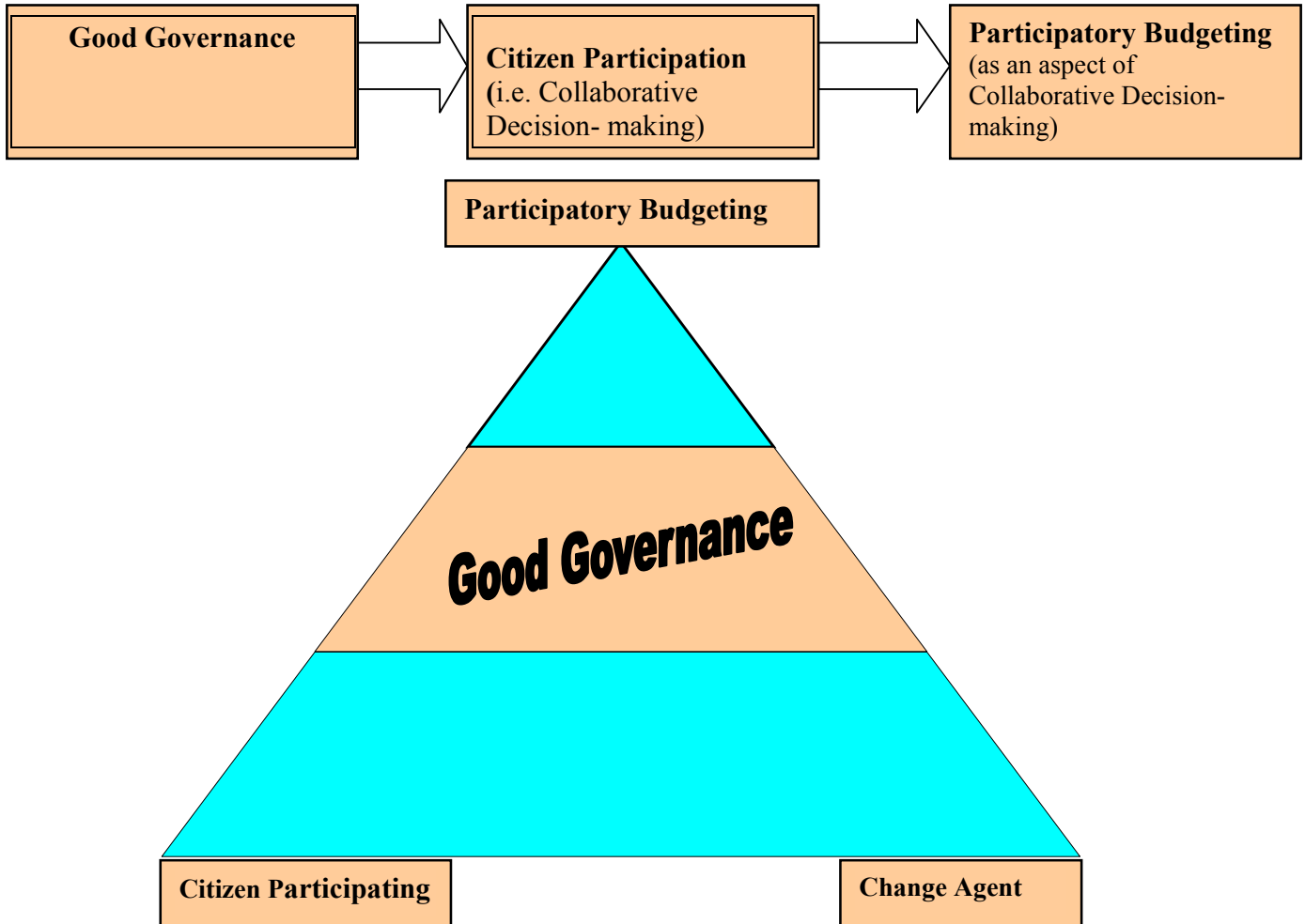
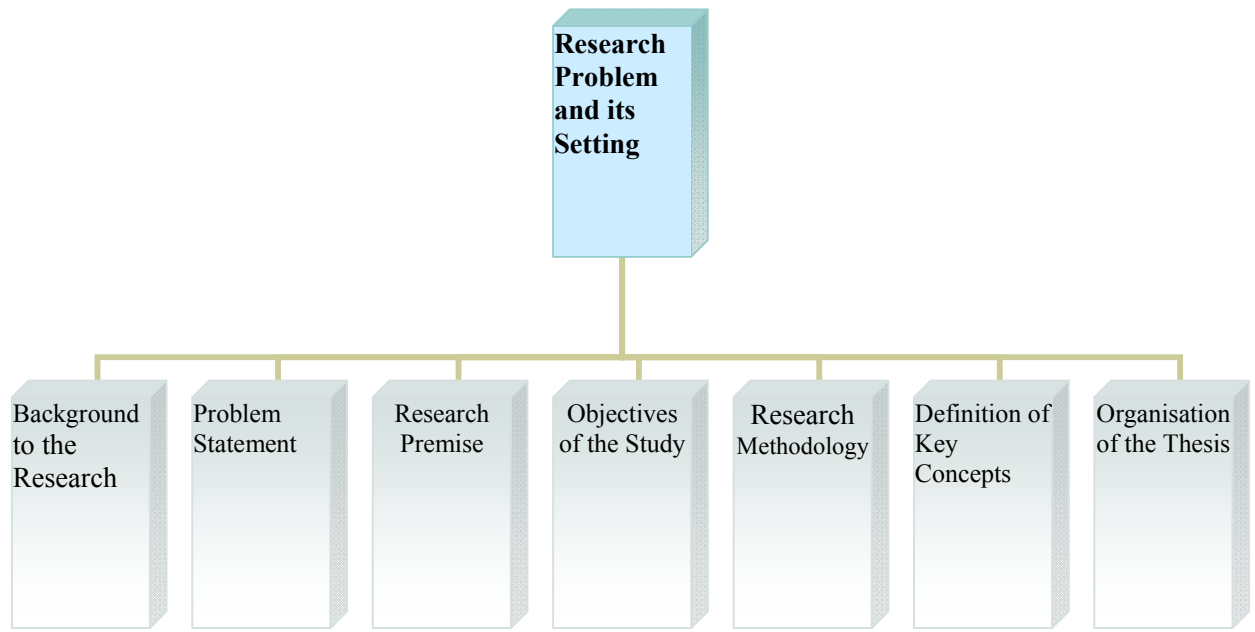


Figure 2.0: Thesis Outline (Adapted from Van Zyl 2005: 35)

KEY CONCEPTS



CHAPTER ONE: Research Problem and its Setting



1.1 Background to the Research

Logical positivism was the philosophical tradition that inspired theoretical thinking and the practice of decision-making in the 1960s to the 1980s. It was during this period that modernisation and dependency paradigms focused on rationalist top-down and prescriptive approaches to decision-making. However, a post-modernist philosophical shift to the humanist paradigm of the 1990s and beyond, has seemingly inspired shifts in decision-making and planning thought, from decisions made by change agents as ‘outsiders’ to those made by beneficiaries as ‘insiders’ of development initiatives.

The past decade has, therefore, witnessed the ascendancy of a specific mode of decision-making discourse, whose proponents have dubbed the humanist paradigm (see, for example, Theron 2008; Burkey 1993). Central to the humanist paradigm is the notion of good governance, defined to mean the processes and institutions by which government utilises its power for public good. This exercise of power involves selection, monitoring and

replacement of officials to be in charge. This means allowing citizens to air their views and the officials to be accountable to citizens. Good governance can be measured through political stability and lack of violence within the locality. Good governance further involves an effective and efficient management of civic resources, as well as sound implementation of policies. Furthermore, those in power must respect citizens and the government for the laws that govern their relationship and prevent corruption (Kaufmann, Kraay & Zoido in Gonzalez de Asis & Acuña-Alfaro 2008:4).

Good governance, therefore, means improved relationship between the government, change agents and citizens. Governments should promote sustainable economic, social, political and legal environments by working collaboratively with citizens and this entails, amongst others, citizen empowerment and participation in decisions that directly affect them. Embedded within the framework of participatory democracy is the belief that budgetary allocations, especially within lower levels of government, will be more responsive to popular demands if decided collectively. This has given rise to the idea of Participatory Budgeting (PB), which is defined as;

[A] decision-making process through which citizens deliberate and negotiate over the distribution of public resources (...). It is simultaneously a policy process that focuses on the distribution of resources and a democratic institution that enhances accountability, transfers decision-making authority to citizens, and empowers citizens (Wampler in Shah 2007:21-22).

Arguably, therefore, participatory budgeting could be squarely placed within the wider paradigm shift that has been alluded to above. Similar to other collective decision-making processes, participatory budgeting entails the notion that better decisions are made through debate and consensus-building with all concerned parties, rather than systematic and prescriptive mechanistic forms of decision-making by change agents alone. Advocates of participatory budgeting, therefore, see it as an all-inclusive and discursive process of making decisions based on agreement between officials and those citizens with interest in or concern

over development issues at stake. Thus Theron (2008:2) maintains that development that is meant for the public good should be a spontaneous and natural process that originates from within citizens themselves.

Within the context of decision theory, proponents of participatory budgeting would seem to share at least two significant concerns with collaborative theorists (see, for example, Wampler, 2000; Healey 1992). First, they both argue that instrumentally rational paradigms that dominated development thought and practice in the past, focused more on substantive purposes of development interventions, but that the shift to more humanist concerns has engendered a shift in theory focus to “the practices by which purposes are established [and] action identified and followed through” (Healey 1992:154). Second, in contrast to prescriptive rationalists, who consider change agents as neutral experts, proponents of participation perceive change agents as active actors, advisors and shapers of communities rather than uninterested observers or neutral experts (Fainstein 2000:454-456; Theron 2008:10-14).

It is argued that participatory budgeting promotes transparency and reduces the possibility of ineffective government and corruption and affords citizens from historically marginalised groups the opportunity to identify the needs that will have an effect on how their government acts. Participatory budgeting also improves the quality of democracy by supporting open citizen participation and debates, thus assisting in strengthening people’s knowledge of citizens’ affairs. Participatory budgeting further improves the functioning of the State through removal of various organizational rules that hamper free will and abuse of civic resources. This process also ensures the prerogatives of municipalities whilst establishing increased opportunities for citizens to take part in decision-making and citizen discussions. Participatory budgeting also opens doors for incomprehensible budgeting processes to be understood even by an ordinary citizen (Wampler in Shah 2007:21-22).

Wampler (2000:2) emphasises the importance of promoting participatory budgeting programs at the local level as a way of increasing social equity, while reducing clientelism,

social exclusion and corruption. Participatory budgeting programs are considered as starting points - the 'citizenship schools' - as they promote the learning and meaning-giving context in development. It is through these programs that citizens will know their rights and obligations, as well as understanding the responsibility of their governments. Participatory budgeting programs often involve all those with a stake in development, such as non-governmental organisations (NGOs), Civil Society Organisations (CSOs), States and the citizens at large.

Souza (2001:173) and Wampler (2000:2) caution, however, that there is no specific or correct model for participatory budgeting programs and that, although there might be similar tenets and mechanisms used, participatory budgeting programs are usually conceptualised and structured by political, social, economic and environmental issues at stake. Souza (2001:173) further posits that, although there might be constraints and rigidity during the participatory budgeting planning or implementation phase, it is definitely a vital move with positive outcomes regarding government's responsibility in encouraging citizen participation in decision-making.

Drawing from the experiences of the Porto Alegre's (Brazil) Participatory Budget process, this research aims at examining the spaces for citizen participation in the municipal budgeting processes in South Africa. This study will assess the extent of citizen participation in local government decision-making with specific focus on citizen participatory budgeting. Specific research in this case will be on the use of the participatory budgeting framework within the Mantsopa Local Municipality in Ladybrand, in the Eastern Free State. The research assumes that, despite enabling legislative and institutional frameworks, citizens are still excluded in many decision-making processes in South African municipalities, and that the Mantsopa Local Municipality would not be an exception. An assessment of the spaces of participatory budgeting and challenges facing the Mantsopa Local Municipality will be made in terms of who actually participates in budgeting processes, when, and which aspects of the budget are open for civic debate. Questions about whether or not the budget is pro-poor will also be asked.

1.2 Problem Statement

During the apartheid period there was no democracy and citizen participation in the decision-making processes at all levels of government in South Africa. The pre-1994 local authorities were racially-based, allowing for spatially separated neighbourhood patterns and different levels of service delivery. The country was split into four racially divided suburbs, with white communities retaining power over most of the local authorities. South Africans were managed around one principal philosophy, that of modernisation, which proposed a top-down approach to development (Bekink 2006:23). Current research on development is to a large extent admitting the irrelevance of the top-down approach to development that was adopted during the apartheid period. No participatory budgeting systems existed at the time, instead, administration of local authorities and budgets were heavily centralised. After 1994, the reorganization and transformation of political and administrative organisation of local governance in South Africa gave rise to a new system of local government that adopted the humanist approach. However, although space for citizen participation in local government has now been created, the researcher believes that there is still limited space for citizen participation in the budgeting processes.

Although the Constitution of South Africa (1996) stresses the need for accessible services, promotion of sustainable economic growth, equity and citizen participation in development initiatives, experience would seem to suggest that citizen participation in budget processes could still be rare. Integrated Development Planning (IDP) in the local setting is still done in an uncoordinated manner, with limited citizen participation. There is still some discord between local authorities, their change agents and disadvantaged and vulnerable groups, in which the latter are still largely excluded in the decision-making processes (Todes et al. 2007:1; Van Donk et al. 2008:327). Another major issue is inadequate delivery of urban services to an ever increasing urban population. This problem can, to a significant extent, be addressed by engaging citizens in budgeting decisions.

In order to deal with the problem of citizen exclusion from municipal budgeting processes, the government of South Africa has introduced the *Batho-Pele* “People First” Principles, which are intended to entrench citizen participation in the decision-making processes,

including budgeting (Constitution of South Africa, 1996; Municipal Finance Management Act of 2003). It was expected that these principles would successfully bring about more efficient participatory budgeting systems. However, in reality, this process does not happen, as local municipalities and their change agents have still largely retained budgetary decisions to themselves. Experience suggests that societal change through decentralised, consensus-building or collaborative type of planning still does not occur in practice (Todes et al. 2007:1; Van Donk et al. 2008:333-334). Local government officials enjoy keeping power to themselves and to exclude citizens from decision-making. Arnstein (1969:217) defines this form of decision-making as ‘tokenism’, in which the “ground rules allow the have-nots to advice, but retain for the power-holders the continued right to decide” and Theron (2008) calls this ‘the Black Box Approach’ (see Appendix 1 for elaboration of the degrees of tokenism and citizen power).

In the context of the Constitution of South Africa, particularly on the issue of citizen participation in decision-making and the “*Batho-Pele*” Principles, this study considers whether participatory budgeting in South Africa has actually opened doors for citizens to take part in municipal governance. Attention is drawn to several issues, such as, who actually participates in the budgeting processes and when and how does such participation take place? What kind of institutional framework exists? Who participates in deciding on spending and revenue-generation? Are budgeting decisions pro-poor? Are the ruling party and government pro-poor? A case study of the Mantsopa Local Municipality in Ladybrand is used to address these issues.

1.3 Research Premise

Based on the literature review, it is argued that development studies have neglected the importance of citizen participation in municipal budgeting, and that the effects of top-down budgeting systems on citizens and development programs and the space for citizen participation in the budgeting processes in South Africa, have not been seriously examined. If participatory budgeting in the Mantsopa Local Municipality, as a case study, does not empower citizens to influence, direct, control and own the process, as argued by Theron

(2008:15), then, this implies that collaborative decision-making is far from being reached and there is no promotion of participatory development and good governance.

The key aim of the study is to evaluate the validity of the stated premise within the South African context, using the Mantsopa Local Municipality in the Free State Province as a case study. This is achieved by examining how the municipality and the public draw up their budgets within their localities. This study is expected to improve the implementation of the financial policy as stated in Section 215 of the Constitution of South Africa (1996), which emphasizes the importance of budgeting in all the three spheres of government. The study will also contribute to the improvement of understanding of the significance of citizen participation in the municipal budgeting processes.

1.4 Research Objectives

1.4.1 Primary Objective

The central objective of this study is to assess the extent of citizen participation in local government decision-making, with a focus on local government budgeting processes. A framework of participatory budgeting in Porto Alegre, Brazil will be used to assess participation in budgeting in the Mantsopa Local Municipality, with a view to drawing appropriate lessons for South Africa as a whole.

1.4.2 Secondary Objectives

In order to achieve the research aim, the secondary objectives of the study will be to;

- ❖ assess the participatory budgeting process in the Mantsopa Local Municipality;
- ❖ examine the extent to which the Mantsopa Local Municipality promotes citizen participation in the budgeting processes and;
- ❖ compare the Mantsopa Local Municipality participatory budgeting approach with the success story of Porto Alegre, Brazil in order to recommend an appropriate participatory budgeting approach for the Mantsopa Local Municipality and other similar municipalities in South Africa.

1.5 Research Methodology

1.5.1 Introduction

The study is mainly qualitative in that it aims to assess the extent of citizen participation in the municipal budgeting processes by focusing on popular experiences and perceptions regarding its implementation. It was anticipated that popular experiences and perceptions on this issue might be emotive, as many people are already unhappy with the level of participation in decision-making meant for their well-being. Although Bradburn and Sudman, in Kumar (2005:138) argue that there is no outstanding data collection method when researching sensitive situations, the researcher felt that there was a need for caution in selecting suitable research methods. Therefore, led by this consideration, the researcher began by a secondary data search in newspapers, articles and municipal reports. This was supplemented with primary data that was collected from focus group and in-depth interviews, as well as participant observations of civic meetings and other municipal processes over the months of August and September 2008.

This section spells out the research methodology focusing on the key issues namely, collaborative decision-making and participatory budgeting being the focal point. The section provides a full description of the review of literature, the choice of study area and limitations of the study, conceptualisation of the research design, the construction of data collection instruments and data collection, ethical considerations, data processing, analysis and synthesis.

1.5.2 Review of Literature

Kumar (2005:30) argues that one of the vital initial assignments in undertaking research is to peruse through existing literature on the problem to be researched. This assists the researcher to familiarize him or herself with the existing body of knowledge in the field of study. Literature review is a fundamental component of the research process and adds value to every research stage. Review of literature assists the researcher to locate the theoretical roots of the study, clarify ideas and develop the methodology for the study. The literature review helps in improving and merging the researcher's perception, as well as putting

together the research findings and the already available literature. Hence, this study began by reviewing the existing knowledge and other people's research work through the internet (SABINET, the South African Nexus Data Base System and Googlescholar) and library search (books and journals) with the aim of undertaking a comprehensive examination of issues of local government participatory budgeting processes. It was found essential to establish whether the issues of citizen participation and participatory budgeting particularly in South Africa have been previously researched.

The problem of citizen exclusion from the municipal budgeting processes stems from lack of democratic governance and thus resulting in poor citizen participation in all local government decision-making processes, budgeting being one of them. The preliminary review of literature 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 theoretical framework.

An assessment of the extent of citizen participation in local government decision-making with focus on local government budgeting processes was made. A comprehensive review of the Porto Alegre's (Brazil) framework of participatory budgeting was also made with a view to drawing lessons for South Africa. It was hoped that the review would enhance understanding of the concept and the framework to be used.

1.5.3 Choice of Study Area and Limitations of the Study

In an attempt to embark on a thorough assessment of the extent to which citizen participation in local government decision-making processes in South Africa is being promoted focusing mainly on budgeting, the Mantsopa Local Municipality in Ladybrand in the Free State Province was chosen for this study. The main reason for choosing this study area is mainly because Ladybrand is the researcher's place of residence. The study was confined to this area due to limited resources, time and the length of the thesis to be produced.

1.5.4 Conceptualisation of the Research Design

In any research, the feasibility and theoretical implications of the research design used must be shown. This section outlines the research design that is used for the study. The design is based on the effectiveness of the approaches and techniques which were used in previous studies. As stated by Robson (1993), a research design is described as a general strategy for conducting a study. It entails conversion of research objectives into an explicit plan for data collection and analysis. Kumar (2005:84) notes that “a research design is a procedural plan that is adopted by the researcher to answer questions validly, objectively, accurately and economically”. Kumar (2005:84) further points out that the research design is also intended to identify the procedures and logistical arrangements needed to carry out the research. These procedures are adequate to obtain valid objectives and accurate answers to the research questions or assumptions.

Kumar (2005:84) indicates that a research design has two major purposes. First, it identifies and develops methods and logistical arrangements needed for undertaking a study. Second, it highlights the significance of quality in these approaches to ensure their validity, objectivity and accuracy. There are two major research design types, namely, empirical and non-empirical. These two types are further categorized into various perspectives (Mouton, 2001:143-144). For purposes of this study, an empirical research using a case study design has been adopted.

1.5.5 Data Collection Instruments Construction and Data Collection

The purpose of this section is to show the methodological approach that was used for data collection. To Van Zyl (2005:167), a data collection method describes the specific approach used for gathering the data and the choice of methodology depends on research objectives and questions to be addressed. In order for this study to achieve its objectives and respond to the research questions, a multiple methods approach has been adopted. Qualitative data was collected through the use of in-depth semi-structured and focus group interviews, observations and the perusal of secondary sources.

In-depth interviews as shown by van Zyl (2005:168) are good data collection techniques if conducted well. Theoretically, in-depth interviews are normally unstructured. These allow complete freedom of formulation of questions and their content. The sequencing and wording of questions depends entirely on the interviewer. Some questions might arise impulsively, depending on the type of issues raised at one point in time. Taylor and Bogdan, in Kumar (2005:124) describe in-depth interviewing as “repeated face-to-face encounters between the researcher and informants directed towards understanding informants’ perspectives on their lives, experiences, or situations as expressed in their own words”. Because in-depth interviews involve repeated communication, it was believed that a trusting relationship between researcher and respondent would be developed, thus leading to in-depth and accurate information. Disadvantages in this case are that it requires traveling and thus sometimes becoming expensive. Data analysis is often complicated and time-consuming (Remenyi, Williams, Money & Swartz 1998:55-56). Although each method was used to collect specific data sets, all the methods formed part of the multi-method strategy that was meant to triangulate data across methods.

As previously stated, in this study, data is qualitative, in that it was meant to assess the degree of implementation and promotion of participatory budgeting by examining experiences with and the perceptions of councillors, citizens and municipal officials on municipal budgeting processes. This was done through collection of primary data from a focus group and in-depth interviews using interview guides, participant observations during civic meetings, as well as secondary search of textual data from newspapers, articles and municipal reports showing annual objectives and achievements and the internet.

1.5.5.1 The Semi-Structured Interviews and Focus Groups

This data collection technique entailed semi-structured interviews with the Public Participation Officer (PPO), the Budget Officer (BO), the Chief Financial Officer (CFO), the Integrated Development Planning (IDP) Manager and other key respondents in the municipality who possess specialised knowledge on the promotion of citizen participation in local government decision-making. Some members of the Budget Committee (Councillors) were also interviewed. Data was also collected from a focus group discussion with local

residents, as citizens, to get their experiences and perceptions regarding participatory budgeting within their municipality. The initial intention of the researcher was to undertake four focus group discussions, two in the peripheral townships and two in central urban areas. However, given the limited time and problems encountered in organizing such focus groups, only one focus group discussion was undertaken in the peripheral township and was supplemented with in-depth interviews with individual residents in the central urban areas of the Mantsopa Local Municipality.

Table 1.1: Number of Persons interviewed within the Municipality

RESPONDENT(S)	NUMBER
IDP Manager(s)	1
Public Participation Officer(s)	1
Chief Financial Officer	1
Budget Officer(s)	1
Councillor(s)	2
TOTAL	6

Table 1.2: Number of Persons interviewed outside the Municipality

RESPONDENT(S)	NUMBER
Ladybrand Farmers Association members	2
Ladybrand Chamber of Commerce members	2
Civil Society Group (Catholic Church Group)	3
TOTAL	7

1.5.5.2 Observation

The researcher's intention was to apply for an attachment in the municipality during the months of August to Mid-October, but that was not possible due to the protocol that had to be followed. Another important source of information that was found to be appropriate was

one that would come from the researcher's attendance in civic meetings with the intention of assessing the degree of citizen participation in the decision-making processes, particularly in budgeting. Kumar (2005:119-120) indicates that this method of data collection is necessary especially in situations where researchers want to learn about a particular behaviour or pattern of certain practices. It is also important in circumstances where information cannot be derived from direct questioning. To supplement unstructured interviewing methods, the researcher used non-participant observation mainly to learn about the approach used by the municipality in promotion citizen participation and the level of citizen participation in the budgeting processes.

1.5.6 Ethical Considerations

Strydom, in Ledwaba (2003:17), indicates that from the planning to the execution stage, the researcher needs to carefully consider the ethical suitability of his/her research. Accordingly in this study, several ethical issues were considered. First, the researcher made sure that questions to be asked did not offend the respondents in any way. Second, where the tape recorder was used to ensure that all the information was captured especially during in-depth interviews, the respondents were informed of the reasons for using such a tool and its importance to the study. Third, prior to actual interviews, appointments by telephone and personal visits were made in order to secure informed consents. Fourth, the personal rights and privacy of the respondents were protected by not using any personal information against their will or using personal information for analysis. The names of respondents have been kept anonymous and confidential. In this manner, the researcher managed to observe ethical principles and good research practice and moral behavior at all times.

1.5.7 Data Processing, Analysis and Synthesis

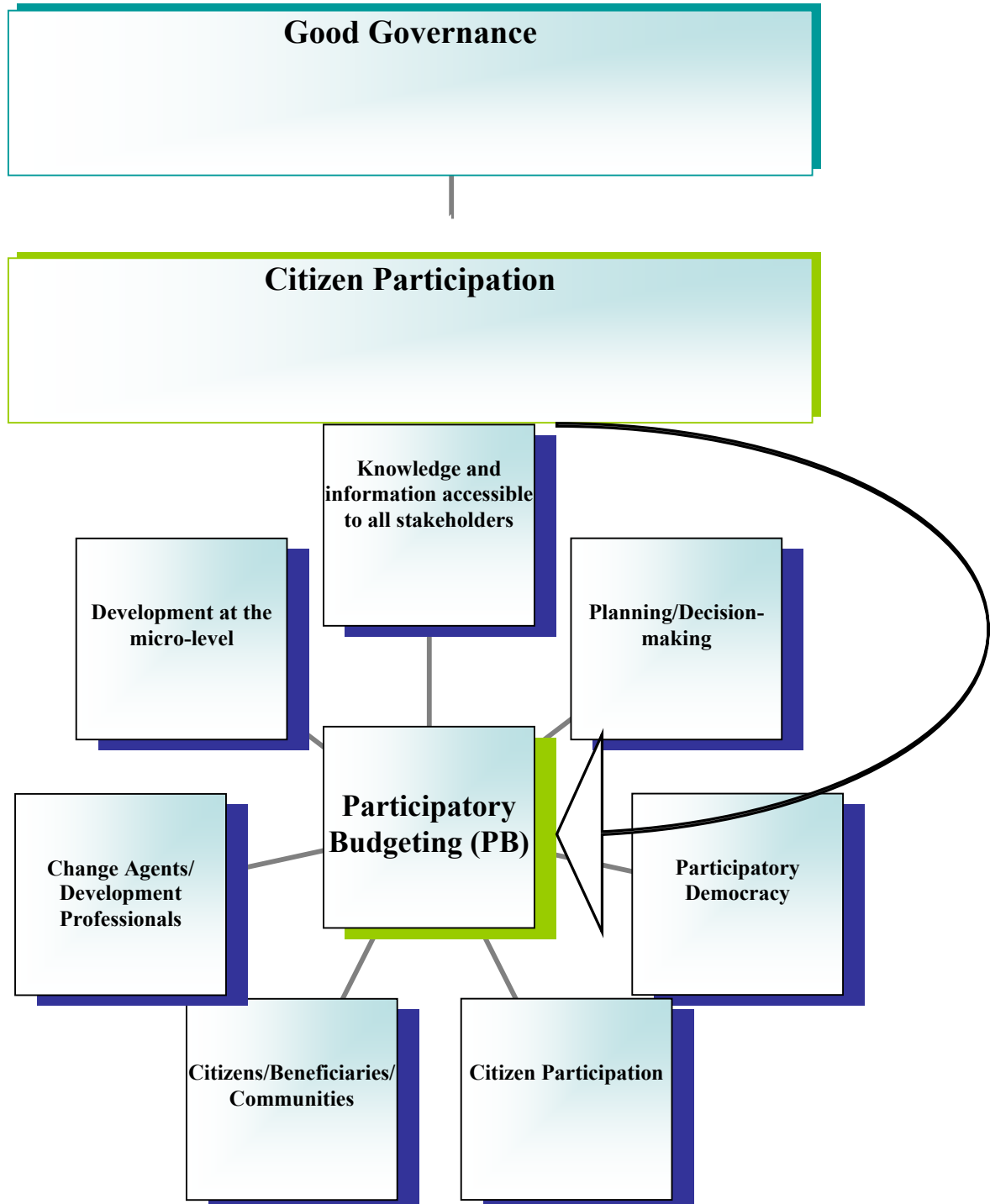
The validation of data in research is very crucial. Therefore, in editing unstructured interview notes, the researcher needs to be very accurate (Kumar 2005:222). The data collected through in-depth interviews and focus group discussion was edited by repeatedly playing the information on the tape recorder to get rid of any uncertainties. According to Kumar (2005:240), in order to analyse qualitative data, the researcher needs to do content analysis. This is a process that involves analysing the contents of interviews so as to identify

main themes (Mouton 2001:108; Kumar 2005:240). These themes must then be coded and responses be classified under the main themes. The last but most important step is integrating the main themes and responses. Therefore, in this study, all data collected was integrated with the reviewed literature in order to assess the extent of citizen participation in the decision-making processes of the Mantsopa Local Municipality, with focus on the budgeting process. Comparisons with the participatory budgeting framework of Porto Alegre were also made.

1.6 Definition of Key Analytical Concepts

In order to achieve the objectives of this study, it is important to begin by providing definitions of the key concepts (Figure 1.1). These definitions provide the meaning of key analytical concepts that are central to understanding the purpose and importance of participatory budgeting.

Figure 1.1: Key Analytical Concepts (see definitions below)



Beneficiaries/Citizens – are local communities or clients of development (Theron 2008:221).

Budget – is a document which deals with allocating funds and is generated during the planning phase by the local authority or any other entity. In local government context, this document is considered as a vital part of the IDP planning process. This is a financial plan specifying how objectives set in the plan will be achieved (Van der Waldt 2007:187). Davids (2006:25) indicates that a municipal budget is part of the planning process that is undertaken on an annual basis and includes planning based on the IDP, implementation of the budget and performance management.

Change Agents – are “people in government/private sector/development institutions/Non-governmental organisations (NGOs), who, as ‘outsiders’, engage or ‘intervene’ in a development process” (Burkey in Theron 2008:11). Alternatively, change agents are considered as “mediators” between two sets of knowledge – outsider technical knowledge and insider social knowledge (social capital or Indigenous Knowledge System - IKS) (Olivier de Sardan in Theron 2008:12).

Development at the micro-level – means a development process that takes place at sub-national level, usually at community level.

Good governance – a new process of governing, a transformed, well-organized and efficient method of governing the society. Governance can be expressed by interdependency and networking of all sectors, that have a stake in development issues, such as the government, public and other community based organisations (Rhodes 2001:6).

Participatory Budgeting (PB) – “is a process of [civic] deliberation on the allocation of budget resources” (Avritzer 2000a:9), which was first introduced by the Workers’ Party in Porto Alegre, Brazil. Wampler (2000) defines PB as a process that improves the quality of democracy by supporting open citizen participation and debates on budgetary allocations, thus assisting in strengthening people’s knowledge of civic affairs.

Participatory Democracy – is a process that “enables citizens to discuss political options and to take part in the construction of the common good” (Gret & Sintomer 2005:18).

Citizen Participation – there are different meanings attached to this concept, depending on who defines it. To Meyer, Cupido & Theron, (2002:59) it is “an active involvement by [citizens] who have a sense of belonging to the policy processes and who have an active role in determining the outputs of governments”. The Draft National Policy Framework for Public Participation (2005:1) defines citizen participation as “an open, accountable process through which individuals and groups within selected communities can exchange views and influence decision-making”. According to Arnstein (1969), the degree of citizen involvement can take many forms, ranging from decentralized centralism, where participation is mere pretence and popular contributions are only used to further the agenda of elite groups to independent citizen (sic) control (see Appendix 1).

Collaborative Decision-making (Planning) – “is the process whereby, during policy formulation, attention is paid to the identification and coordination of long-term goals and as part of the process, to determine short-term objectives.... Planning is future-oriented, interdisciplinary and comprises the task of coordinating expertise and focusing on mutual problems in order to reach long-term objectives effectively” (Theron 2008:46).

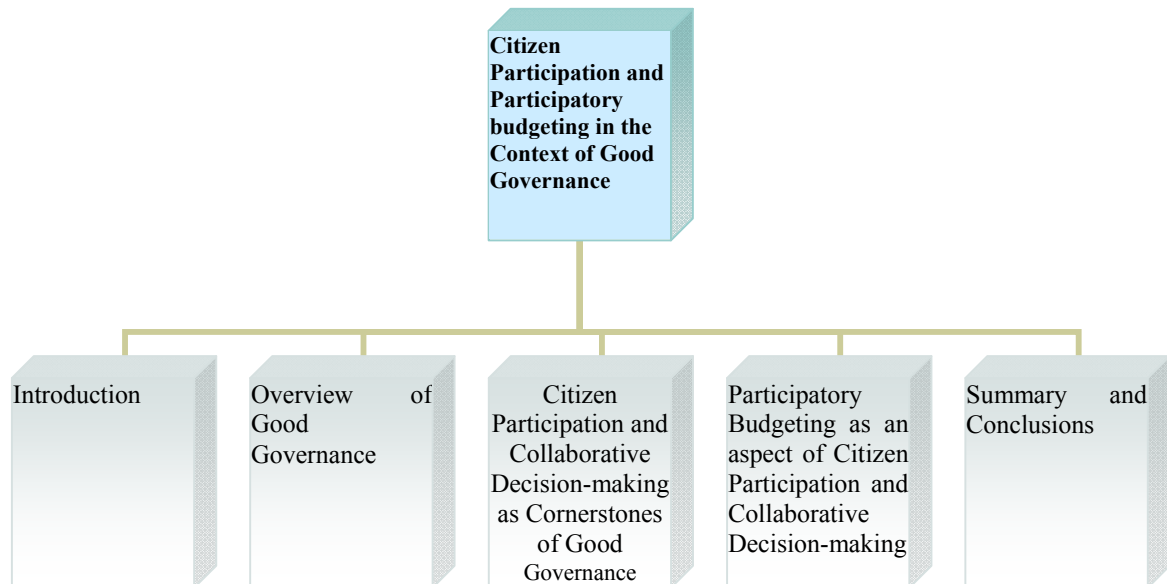
1.7 Organisation of the Thesis

The thesis consists of five chapters. Chapter One is this chapter, which sets up the foundation for the thesis. The background to the study has been indicated and the research problem, premise, objectives and the research question have been spelt out. Research objectives and questions serve as the direction of inquiry into the degree of citizen participation in the local government decision-making processes.

Chapter Two consists of an in-depth literature review of citizen participation and participatory budgeting in the context of good governance. In Chapter Three, the literature on the framework for participatory budgeting in Porto Alegre, Brazil and South Africa are reviewed and compared. Chapter Four discusses participatory budgeting in the South African local government context, focusing on the Mantsopa Local Municipality in the Free State Province as case study. It describes the structure of local government in the Free State

Province in general and that of the Mantsopa Local Municipality in particular. Citizens' experiences with and perceptions of participatory budgeting in the Municipality are also presented and discussed. Chapter five discusses the main findings of the research against research objectives and questions and tests the research hypothesis. Policy implications are also highlighted and recommendations made. The chapter concludes by suggesting areas for further research.

CHAPTER TWO: Citizen Participation and Participatory Budgeting in the Context of Good Governance



2.1 Introduction

This chapter has three principal aims. The first is to discuss the concept of good governance as a framework within which to situate citizen participation and collaborative decision-making processes. The second is to discuss citizen participation and collaborative decision-making as cornerstones of good governance. The third is to discuss participatory budgeting as an illustrative example of citizen participation and collaborative decision-making. This is necessary because citizen participation and collaborative decision-making are very broad concepts that can be examined from different perspectives.

This chapter is divided into five main sections, including this section, which introduces the aims of the chapter. Section 2.2 provides an overview of the concept of good governance. As indicated above, this overview is important because governance provides an appropriate benchmark against which to measure and analyse citizen participation, collaborative decision-making and participatory budgeting. In section 2.3, the concepts of citizen participation and collaborative decision-making are discussed, thereby paving the way for the discussion of participatory budgeting in Section 2.4. As indicated in Chapter One, the

concept and practice of participatory budgeting constitute the main focus of the study and are, therefore, reviewed in some detail in this section. Section 2.5 summarises the most salient issues relating to citizen participation, collaborative decision-making and participatory budgeting and concludes the chapter.

2.2 An Overview of Good Governance

Debates on good governance have been intense, as have been the multiplicity of definitions of the concept. Good governance is a broad and controversial concept that has different meanings depending on the field of study and most researchers seem to begin by acknowledging this reality. Due to its many meanings and applications, some scholars label good governance as *minimal state*. Others equate it with *corporate governance* or the *new public management*. To some, it is self-organising networks or system governance, whilst others see it as radical governance (Bevir 2006; Rhodes 1996). These numerous interpretations of good governance are possible because there are different perspectives from which governance may be analysed (Bevir & Rhodes 2001:6-7).

On the one hand, there are neo-liberal perspectives, which view governance as a process that is intended to bring about changes in the public service and promote efficiency through measures such as marketisation, contracting-out, implementation of the new public management approaches and operating under strict budgets (see also Rhodes 1996). Neo-liberalism appears to be devoted to the principles of decisions being made by the State alone without engaging citizens. On the other hand, there are rational choice theorists, who view governance as transformation of traditional authoritarian government as supported by neo-liberals, to a new approach that engages citizens in every aspect of policy-making (Bevir & Rhodes 2001:6-7). It is the rational choice approach that has inspired this study and consequently, it is the debates that support this latter perspective that are reviewed in this chapter.

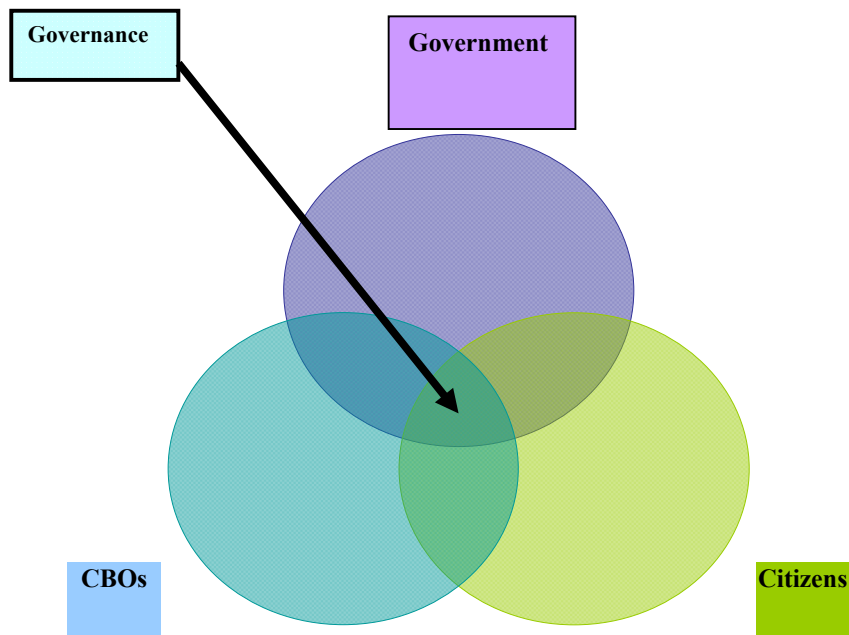
According to Wohlmuth (1998:7), governance includes the following four main attributes:

- ❖ the way in which government exercises political power and institutions and structures that are used for exercising such power;
- ❖ consideration of all relevant public decision-making processes;
- ❖ consideration of the implementation capacity for government and;
- ❖ relationships between the government and the public.

Fuhr (2000:64) maintains that the development of the culture of ‘good’ governance, as the World Bank calls it (see World Bank in Ginther, Denters & de Waart, 1995:107), requires collaboration between government (be it at the local, provincial or national level) and citizens. This, it is argued will, stimulate citizens’ capability in making decisions, improve government accountability, promote holism and interaction between government and citizens, as well as encouraging social networking. To Rhodes (2001:6), governance can be expressed in terms of ‘interdependencies’ and ‘networks’ between all sectors that have a stake in development issues, such as the government, citizens and community-based organisations, a process that Rhodes (2001:7) describes as ‘network governance’ (see also Newman, Barnes, Sullivan, & Knops 2004). Therefore, this new approach of governing society appears to be a challenge to governments because it demands increased levels of citizen participation in decision-making processes. Most proponents of governance would also seem to argue that democracy and sustainable development cannot be achieved in the absence of good governance (Okoth-Ogendo in Ginther, Denters & de Waart 1995:107; Hyden & Bratton 1992:7).

These various definitions underscore one central point: the promotion of governance through participation. It is, therefore, obvious that governance is not government, as the former implies that power is ubiquitous, it is present both inside and outside formal structures and institutions of government. That is, governance supports the existence of influence in the three sectors that have a stake in government (see Figure 2.1), and that governance is found where these three spheres of influence overlap. Figure 2.1 also implies that governance entails partnerships between the different actors in development.

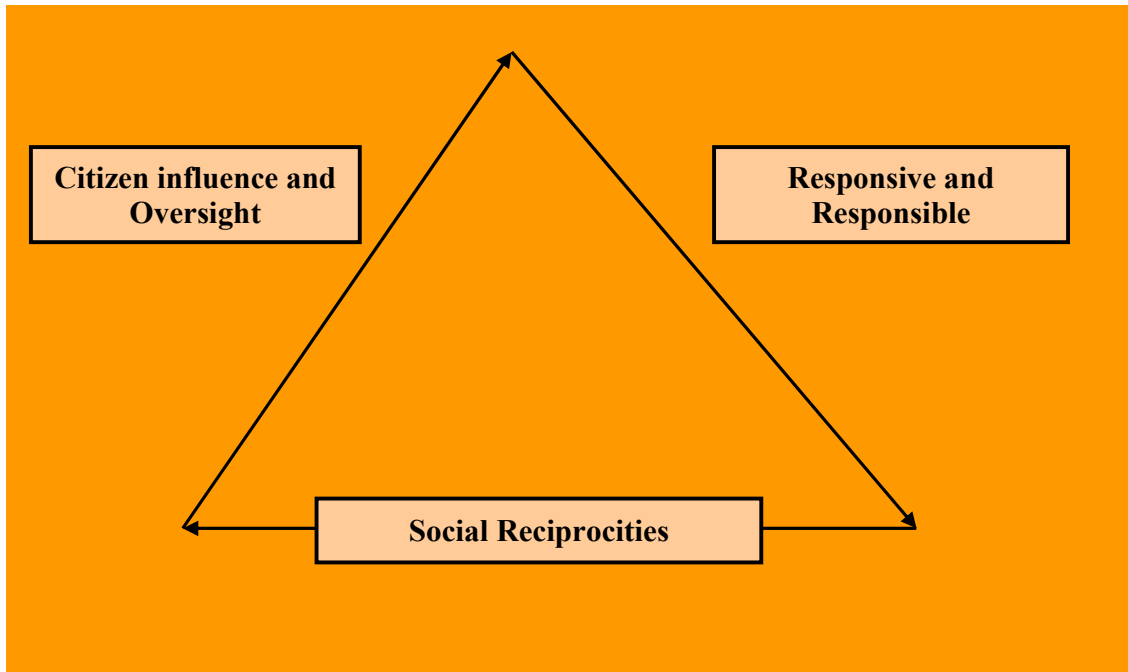
Figure 2.1 Power Sharing between Sectors with Stake in Government



Source: Hyden & Bratton (Eds) (1992:7), *Governance and Politics in Africa*. London: Lynne Rienner

Most proponents of good governance regard it as a new process of governing, a transformed, well-organized and efficient method of governing society. Ismail, Bayat & Meyer (1997:3) view it as the act of governing that recognises that citizens ought to be empowered for equal control over government. Good governance is also popularly seen to be associated with decentralisation, devolution and autonomy, openness and transparency, adherence to the rule of law and engagement of all stakeholders in policy and decision-making (Jonker, 2001:65; Omenya, 2003). Hossain, in Ginther, Denters & de Waart (1995:22), similarly argues that lack of transparency and accountability in public management may result in large-scale corruption within government systems (see also Durose & Rummery 2006:318). Furthermore, Hyden & Bratton (1992:15-16) show that in analysing governance, certain conditions, such as civic influence and oversight, responsive and responsible leadership, as well social reciprocities are crucial (see Figure 2.2).

Figure 2.2 The Three Empirical Dimension of Governance



Source: Hyden & Bratton (Eds). (1992:15), *Governance and Politics in Africa*. London: Lynne Rienner

By *citizen influence and oversight*, Hyden & Bratton (1992:15-16) refer to the channel through which citizens participate in policy-making and by so doing are able to state their priorities. Citizens are able to point out how their needs and priorities can be put together for effective policy-making and can state appropriate approaches that will ensure that government officials are accountable for their decisions and actions. *Responsive and responsible leadership* means the manner in which political leaders conduct themselves in their position as citizens' trustees. This involves their willingness to account and be transparent, as well as abiding by the law governing them. Responsive and responsible leadership, therefore, means increased degree of respect for citizens, openness of political leaders on all issues pertaining to policies, as well as obeying the law. *Social reciprocities* entail the degree to which citizens as groups tolerate, regard and treat each other equally. These viewpoints, therefore, contribute to the notion that governance is promoted by the

State's willingness to promote partnership with citizens, as well as encouraging them to contribute and influence decision-making - a government that is open, flexible, approachable and accountable.

The UN-HABITAT (2002:7) looks at governance at municipal levels as 'good urban governance'. Good urban governance is governance that is carried out through inclusive strategic planning and decision-making processes in a well-managed and inclusive city. Good urban governance is thus characterised by five strategies: decentralisation of responsibilities and resources; encouragement of participation by citizens in decision-making; promotion of partnerships; building capacity of actors with stake to participate in decision-making and urban development processes; facilitation of networks at all levels and using information and communication technologies to support good governance and sustainable development. In its campaign for good urban governance, the UN-HABITAT proposes eight interdependent and mutually reinforcing principles that are said to be vital in the promotion of good urban governance. These are: sustainability; subsidiarity; equity; efficiency; transparency and accountability; civic engagement and citizenship, and security (UN-HABITAT 2002:19-25). Current discussions emphasise that good urban governance is now a *sine qua non* of sustainable urban development. Therefore, inclusive cities that work in collaboration with major partner groups and key stakeholders in development are recommended.

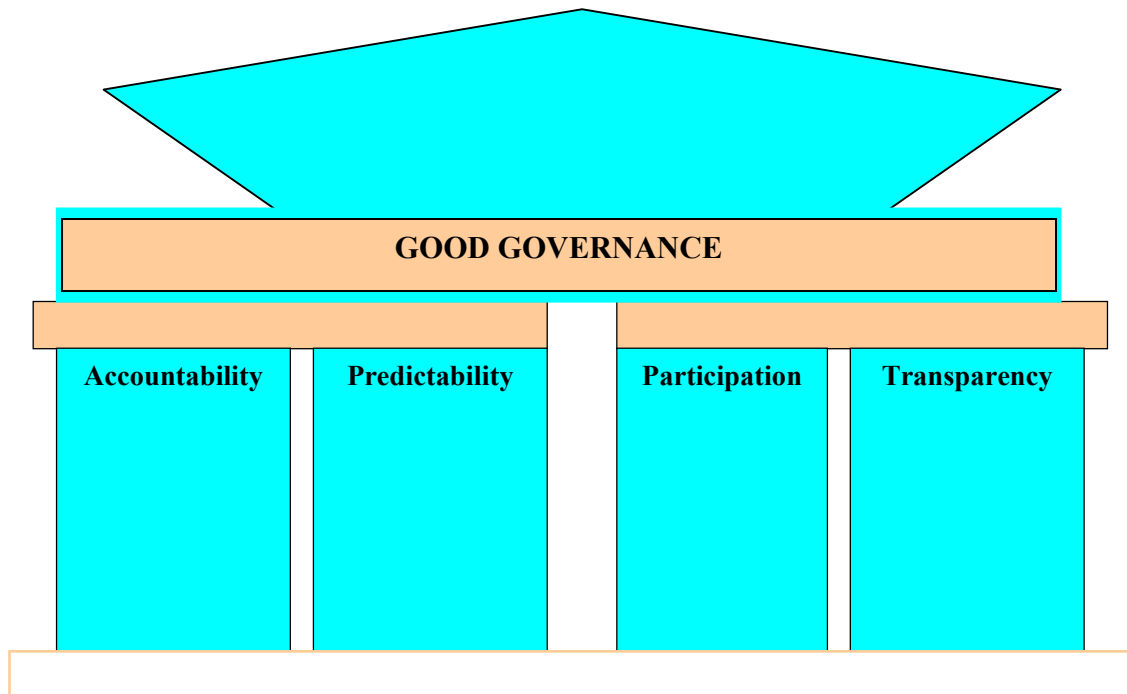
Similarly, the White Paper for Transforming Public Service Delivery in South Africa put emphasis on providing good services to citizens. Change agents are expected to comply with the eight Batho Pele 'People First' Principles. These include Consultation, Service Standards, Courtesy, Access, Information, Openness and Transparency, Dealing with complaints and Giving Best Value.

The first principle (consultation), talks about enquiring from citizens what their needs are and how best to meet them. Not only should change agents consult citizens, but also engage them in every stage of the decision-making process. The second is providing service standards. This implies improved service delivery and keeping the promise of delivering on

time. Therefore, there must be realistic and measurable standards set. The third is providing easy access to services, especially to those previously disadvantaged groups. Courtesy is the fourth principle, which talks about change agents being polite and friendly to citizens, as well as treating everyone with dignity and respect. The fifth principle puts emphasis on change agents to disseminate information regarding policy- and decision-making to citizens. Sixth is for change agents to be open and transparent. The seventh principle, (redress), talks about allowing citizens to air their views freely regarding decisions and services provided. Change agents are expected to provide best services to citizens and this also includes forming change agent-citizen partnerships. Collaborative decision-making and implementation for added value and better service delivery is what this principle emphasises. Therefore, in general, the Batho Pele Principles underscore the significance of citizen participation in the decision-making processes.

In summary, the foregoing discussion points to what one might call the four building blocks of good governance (see Figure 2.3). The first and central part is *accountability*, in which government is held liable for its deeds. The second is *predictability*, which relates to the legal processes through which governments operates. *Participation* is an intrinsic pillar and true reflection of good governance. It is that process that allows citizens to take part in decision-making. The last is *transparency*, which means openness in decision-making processes and disclosure of information, as well as easy accessibility of this information by stakeholders (Fuhr 2000:64-66; Sabela & Reddy 1996).

Figure 2.3: Building Block of Good Governance



Source: Fuhr, H. (2000:65-67), Developing a Culture of Good Governance. In Theron, F. (Ed.). Good Governance for People: Policy and Management. Goodwood: University of Stellenbosch.

Governance is further seen as an approach that allows for inter-dependency and collective action between the State and stakeholders. Ansell & Gash (2007:1) call this collaborative governance “a governing arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision-making process that is formal, consensus-oriented, and deliberative and that aims to make or implement [civic] policy or manage [civic] programs or assets”.

According to Ansell & Gash (2007:7), collaborative governance comprises of three main variables: the *starting conditions*, which levels the ground for mutual trust; social capital, institutional design, *setting the ground rules* for collaborative planning and leadership as a means of providing intervention; and *facilitation* of the collaborative process. It is indeed within the context of budgeting and development that one begins to understand the importance of collaborative decision-making.

Despite strong support by most scholars, there are those who argue that not all is well with 'governance'. For instance, governance is argued to be concerned with efficiency and effectiveness of outputs, but says little about the quality of the input part of the process (Walti, Kübler & Papadopoulos 2004). Moreover, governance seems to consider decisions that are arrived at through civic deliberation as the only decisions that are legitimate rather than those that might have been arrived at through other means (Walti, Kübler & Papadopoulos (2004:84). Others have argued that governance is an abstract descriptive framework, with most of its prescriptions difficult to put into practice. For example, on participation, which is one of the crucial pillars of governance, Walti, Kübler & Papadopoulos (2004:99) assert that "...unmediated participation might favour individualistic and particularistic requests...." It is, therefore, indicated that in order to encourage rational deliberation, participation that takes consideration of the minorities and encourages majority decisions is called for. The forthcoming section discusses citizen participation in some detail.

2.3 Citizen Participation and Collaborative Decision-Making as Cornerstones of Good Governance

2.3.1 Citizen Participation

Similar to governance, participation also has different meanings. One of the current definitions of participation implies that it is the inclusion of citizens in decision-making relating to their well-being and in the implementation of those decisions and not the commonly practiced form of participation that only informs them (Bekker 1996:40; Meyer, Cupido & Theron 2002:59; Mosse in Cooke & Kothari 2001:21; Theron 2008:14). Brynard, in Meyer, Cupido & Theron (2002:59), perceives participation as "an activity undertaken by one or more individuals previously excluded from the decision-making process". Omenya (2003) views participation as a means of accessing resources, through broader collaboration of stakeholders and further posits that for participation to succeed, vertical hierarchies linked to the government bureaucracy need to be merged with horizontal relationships existing in community-based structures.

Andrews & Shah (2002) concede to the above definitions and propose ‘voice’ in good governance. Thus, to Andrews & Shah (2002:36) participation is “the degree to which [citizens] can influence the final outcome of a service through some form of participation or articulation of protest/feedback”. In general, most avid advocates of participation (see for example Andrews & Shah 2002; Bekker 1996; Burkey 1993; Chambers 1997; Theron 2008) seem to argue that citizens’ ‘voice’ plays a significant role in decision-making processes, such as budgeting and planning. Emerging literature also seems to emphasise and celebrate success stories, in which participation has succeeded because the State has deliberately created space for the grassroots ‘voice’ (Andrews & Shah 2002). The closest example is Brazil, which is discussed in some detail in Chapter Three.

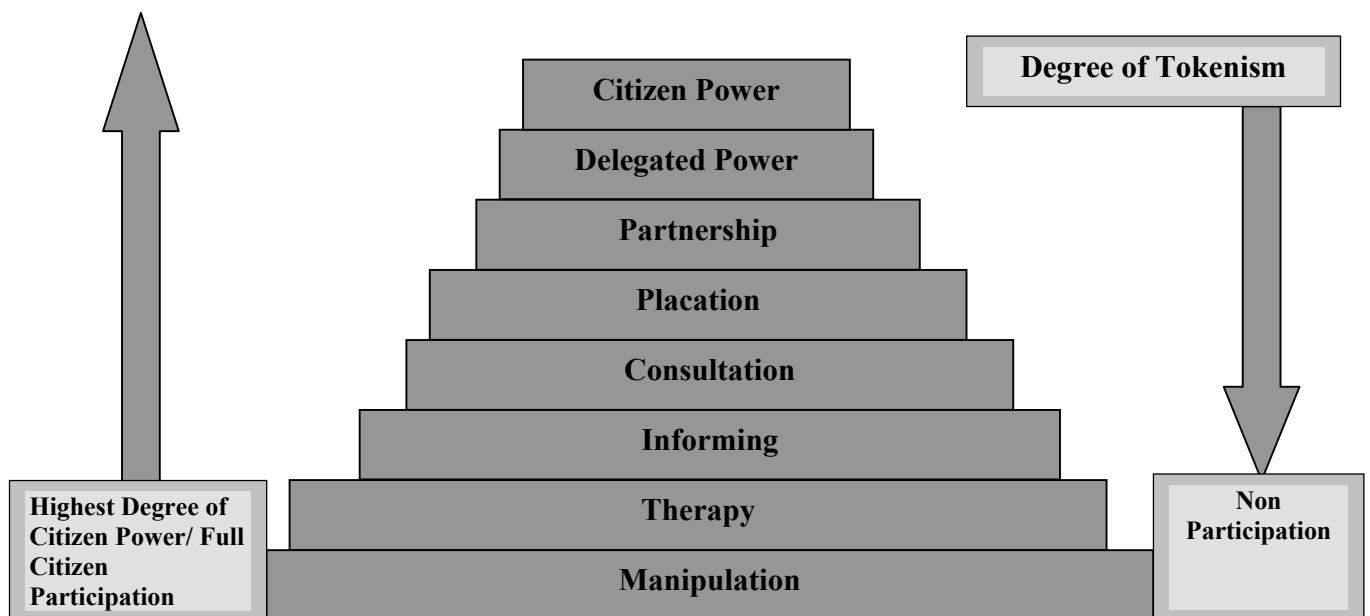
One of the earliest and widely celebrated models of participation was developed by Arnstein (1969), who conceived the notion of the ‘ladder of participation’ (Figure 2.4). Arnstein (1969) construed participation as ranging from manipulation, which represented the ‘worst form of tokenism’ in which citizens are highly controlled and their inputs are demanded only for the elites’ advantage, to citizen power, in which citizens are able to self-govern and make their own demands and decisions.

Amongst many supporters of participation, Arnstein (1969), Durose & Rummery (2006:320) and Irvin & Stansbury (2004:56) argue for a process that goes beyond manipulating, informing or consulting citizens, to partnerships between the State and citizens and the delegation of power to citizens. In terms of partnership, the underlying principle is that government or those currently in control should shift power to the actors and beneficiaries of development. This new perception of participation is important to many countries around the globe that are genuinely determined to transform their governance approaches.

In terms of illustrating how effective citizen participation can be achieved and how citizens can actually take part in the decision-making, Bekker (1996:42) argues that there must be some form of bargaining, either explicit or subtle over a certain issue to be discussed and

decided upon. An appropriate strategy and vehicle for effective participatory decision-making can therefore, be through collaborative decision-making, advocacy and the promotion of social solidarity practices (Durose & Rummery 2006:319; Day 1997:246). For example, collaboration as the basis of participation has been successfully implemented in the Porto Alegre’s participatory budgeting process (see for example Souza 2001).

Figure 2.4: Ladder of Participation



Source: Arnstein (1969), A ladder of community participation. American Institute of Planners Journal, 35(4): 216-224

Hickey (2002:842) posits that the best approach to participation should be one that moves more towards the political view of ‘citizenship participation’ and converts social practices into self-governing activities. This means an approach that pays attention to improving citizen participation, particularly that of marginalised groups and ensuring that civil society actively takes part in political discussions and decision-making (Walti, Kübler & Papadopoulos 2004:99; Fung & Wright 2003:260). Hickey (2002:843) points out that the capacity of the local poor to actively participate in development lies in an enhanced partnership between government and citizens that entails improved citizenship status and

advances the right-based approach to development. Based on these arguments, Hickey (2002:843) posits that participation should be more than just empowerment and capacity-building, but also activist struggle for development as a right.

Participation is further alluded to by most of its supporters as a process that brings the poor closer to the decision-making table and is claimed to empower citizens through the adoption of action research methodologies, such as Participatory Rural Appraisal (PRA)/Participatory Learning and Action (PLA)/Participatory Action research (PAR), which also bring change agents "...closer to the realities of beneficiaries of development" (Theron 2008:44). Participation is said to be a process that should set in motion enhanced partnership between government and stakeholders in development, but this can sometimes be a challenging task to execute as there may be a history of long-term divisions within societies. Ansell & Gash (2007:10-11) also highlight the issue of the provision of financial incentives for citizens to encourage them to participate in the decision-making processes.

Although participation has strong proponents, including this researcher, it also has its detractors. Arguably, the best collection of such detractors appear in the book edited by Cooke & Kothari (2001), under the heading of 'Participation: the new tyranny' (London: Zed Books). Four decisive critiques emerge from the various contributions in this volume. First, the editors seem to argue that as an approach to transforming societies, there is little evidence that participation improves the well-being of vulnerable groups in sustainable terms. For instance Walti, Kübler & Papadopoulos (2004:99) indicate that "...less-educated groups lack cultural resources to engage in deliberations and are as a result unable to voice claims...." Evidence concerning citizen empowerment and sustainability is, therefore, limited and weak, and depends on claims concerning the appropriateness of the approach instead of the results of the approach and process.

Second, proponents of participation also admit that the top-down donor-led type of participation is still in existence, particularly within the local government sphere due to some change agents who are still holding on to power. On this, Craig & Porter (2001:104)

argue that the control of participation processes by the elites merely bestows more power on them. They further argue that the implementation of participation by those who do not respect and are not interested in changing citizens' lives is another major problem.

Third, advocates of participation are critiqued for assuming that communities are homogenous groups of people who share similar interests and, therefore, are capable of being targeted as such. However, in real life this is usually not the case, because even if racial and other social schisms are assumed away, citizens or communities rarely form coherent or homogenous groups with similar interests. Therefore, considering them as such might lead to unsuccessful interventions. For example, Sihlongonyane (2001:38) demonstrates the problem of assuming that communities are a homogenous group with a 'community of interest' in the case of the Mohlakeng community in the West Rand, South Africa, where in 1990, the government established the Independent Development Trust (IDT) to provide poor people with housing. The IDT assumed homogeneity and mutual norms and values amongst the community, but the truth was, there were hidden conflicts that existed amongst people in this township.

Fourth, proponents of participation are silent on evaluation frameworks and measures of participation. However, an evaluation of the extent to which citizens actually take part in the decision-making processes would be very important. Literature shows that often the so-called 'democratic and decentralised' initiatives have not always been effective and that citizens' preferences have in most cases not been included in the final decisions. For example, an evaluation of the effectiveness of the Western Cape municipalities in terms of engaging citizens in IDPs and the budget processes by the Foundation for Contemporary Research (FCR) and the Provincial Government of the Western Cape (PGWC), South Africa indicates that the majority of residents in Western Cape Province had no knowledge of the IDP and no understanding of the budgeting processes. They were also not aware that they had the constitutional right to participate in drawing up the IDP and the budget (FCR 2007:5-6; Mansuri & Rao 2004). Last, the proponents of citizen participation seem not to

take incentives for participation seriously, especially by the poor, who very often lack the resources (time and money) to spend in the participatory processes.

Nevertheless, in the opinion of this researcher, the pitfalls identified above are not necessarily fatal weaknesses in participatory approaches to development, but point to areas in participation that require concerted attention and improvement. Efforts to do so have already emerged, such as approaches focussing on citizen participation, often under the umbrella of collaborative decision-making or consensus-building, especially in the field of city or metropolitan planning. The basic tenets of this approach are discussed in the ensuing section.

2.3.2 Collaborative Decision-making

Over the past twenty years, collaborative decision-making has been used as a new participation strategy, especially in the area of metropolitan planning. In this form of participation, governments focus on stakeholders to take part in civic forums with the aim of building consensus on issues at stake. Proponents of this approach argue that this concept came up as a reaction to the failure of most governments' earlier citizen participation initiatives. Others, such as Ansell & Gash (2007), argue that collaborative decision-making has transpired as a way of solving problems of policy implementation and high levels of political control. "It has developed as an alternative to the adversarialism of interest group pluralism and to the accountability failures of managerialism (especially as the authority of experts is challenged)". Ansell & Gash (2007:4) argue that during collaborative decision-making, government institutions must set up civic meetings, organise them formally and ensure that non-State actors participate in these forums. Therefore, collaborative decision-making means a more direct engagement of stakeholders in a collective manner in all stages of decision-making and not just merely 'consulting' (Ansell & Gash 2007:2-3).

Proponents of collaborative decision-making see it as an all-inclusive and discursive process of making decisions based on agreement between the government and social groups with interest in or concern over issues at stake (Cooke & Kothari 2001; Ginther, Denters & de Waart 1995; Healey 1997; North 2000; Ansell & Gash 2007). The aim of collaboration is

consensus among those concerned, that is, the stakeholders who have to live with the consequences of the decisions made. Consensus is a term referring to the ability of government and citizens to formally gather together with one intention that will at the end come to an agreement, or at least, make an effort to find possible areas of agreement (Margerum 1999:182; 2000:42).

According to North (2000:1267-1268), collaboration or a truly democratic debate should exhibit the following basic principles:

- ❖ The debate should be 'general' in that no party affected by a decision should be excluded from discussion about it;
- ❖ All parties should be autonomous actors and be able to present claims and counter-claims on an equal basis;
- ❖ Power relations between the stakeholders should not adversely affect the creation of consensus;
- ❖ All stakeholders should argue openly and honestly, without hidden agendas or strategic neutralisation of opponents (North 2000:1267-68).

Another strong proponent of collaborative decision-making is Healey (1997), who has been concerned with the type of institutional frameworks that would be conducive to open debates and effective decision-making. She suggests that inclusive arenas for collaboration and communication should be in place, with inclusive here meaning that such arenas should be accessible to all those with a stake in the issue being considered. However, Healey does not specify who should design such arenas, but presumably it is the role of change agents to do so, as suggested by, amongst others, Burkey (1993) and Theron (2008). Secondly, she suggests that decisional power should be shifted to beneficiaries, that is, those for whom the interventions are meant. Thirdly, that discussions should be guided in such a way that the different views of diverse stakeholders are expressed and those that are hidden are brought into the open. Therefore, collaborative decision-making should be considered as a process that incorporates all stakeholders' points of view, equalising information amongst them and

creating conducive conditions amongst citizens so that the force of argument can be a deciding factor rather than the power of an individual.

Margerum (2000:42) articulates collaborative decision-making in terms of two action phases (see also Ansell & Gash 2007). The *first phase* consists of consensus-building, which involves the identification of the problem, the convenor, beneficiaries, stakeholders and setting the process of collaboration in motion. This also has specific attributes associated with it, that is, engagement of all stakeholders and beneficiaries in decision-making and jointly searching for information and inventing new options, ensuring and supporting process facilitation, organising the process in terms of ground rules and agendas, as well as developing a joint plan or structure of implementation. *Phase two* is where the actual implementation occurs, which involves collaborating in effectuating decisions made through consensus. This phase is concerned with outcomes, which Margerum (2000:44-45) argues should take three forms:

- ❖ *First Order Effects* – these are direct outcomes of collaboration, such as trust, shared understanding of information and collective agreements and strategies (see also De Beer & Swanepoel 1998).
- ❖ *Second Order Effects* – these are indirect outcomes following from immediate decision-making and implementation, such as transformation in institutional organisation and change agents' perceptions.
- ❖ *Third Order Effects* – are also indirect outcomes that occur later during implementation, such as new institutional arrangements, new forums and opportunities for collaboration and discourse, as well as tangible outcomes or change on the ground, resulting from first and second order effects (Margerum 2000:45).

Even though the role of change agents in civic institutions is basically to initiate the collaborative decision-making process, the description provided above shows that this is a process that entails participation by all stakeholders. A comprehensive literature on collaborative decision-making emphasises partnerships to show the required linkage between government and citizens. Smith, in Ansell & Gash (2007:4), for instance, argues

that partnership involves “representation by key interest groups” or “representatives of all relevant interests”. Collaborative decision-making is also seen as an approach to solving problems collectively by change agents and the concerned citizens and including citizens as individuals or groups.

Advocates of collaborative decision-making, therefore, argue that approaches based on beneficiary and other stakeholders participation are more likely to achieve desired objectives, because stakeholders will consider the goals as theirs and, therefore, acceptable. Still, the idea is strong that collaborative decision-making in development processes generates new ideas, creative solutions, trust, mutual respect, shared understanding and commitment. It is further argued that strategies arising from collaborative decisions are likely to be richly informed by the diversity of those with stakes, with their diverse understandings and meanings (Ansell & Gash 2007:4; Healey, 1997:31-32).

However, collaborative decision-making can be challenged on a number of fronts. Twedwr-Jones & Allmendinger (1998:1981) question the legitimacy of consensus as the basic assumption of collaborative decision-making. They argue that it is not in all cases that in real life consensus can be reached or even whether consensus should always be the ultimate goal that guides open discourses. Collaborative decision-making theory is also silent on what to do when consensus becomes impossible to reach. It is further argued that pursuing consensus at all costs runs the risk of silencing certain groups in society rather giving them voice (see also Watson 1998).

Critics such as Fainstein (2000) and Twedwr-Jones & Allmendinger (1998) neither agree that useful outcomes are only those resulting from collaborative decision-making, nor do they agree that collaborative decision-making will always produce desirable outcomes. Their point seems to be that proponents of collaborative decision-making do not actually tell us “...what to do when open processes [of dialogue] produce unjust results” (Fainstein 2000:457), as much as they seem never inclined to accept that it is possible for ‘top-down’ and ‘bureaucratic’ modes of decision-making to also produce desirable outcomes (Fainstein

2000:457). This point shows that collaborationists emphasise 'process at the expense of outcomes', so that in majority of cases, the outcomes of collaborative decision-making are rarely evaluated.

Collaborative decision-making theory also erroneously assumes that stakeholders will always negotiate in good faith, in fact collaborative theorists actually encourage them to do so, without spelling out what to do if or how to realise when some stakeholders fail to negotiate in good faith. Three points emerge from this observation. First, there is nothing to stop any stakeholder or group of stakeholders from intentionally using tactics or communicative skills in order to achieve selfish aims. Second, members of any group can conspire to press home their point of view in collaborative meetings even if they agree to open and honest debates (Twedwr-Jones & Allimendiger 1998:1981). Third, collaborative theorists maintain that the force of argument should be the determining factor in negotiations and not the personality or power of individuals or group of stakeholders making the argument. This argument seems to suggest that it is possible to separate personality and power of stakeholders from the force and influence of their arguments. However, this might not always be the case (Fainstein 2000:457; also Twedwr-Jones & Allmendinger 1998).

Critics also argue that the literature on collaborative decision-making tends to celebrate success stories, but not the weaknesses and costs associated with such approaches (Helling 1998). Citing examples from the United States of America (USA), as well as experiences with negotiated policy-making in South Africa, Fainstein(2000) argues that decisions emerging from open dialogue face serious problems of "...implementation and the dominance of the already powerful... [as well as a wide] gap between rhetoric and action". Other practical problems relate to the time (often long) required for open dialogue, often resulting in stakeholder fatigue and disillusionment (Fainstein 2000:458; Helling 1998; Watson 1998). For example, in the case of the Cape Metropolitan Planning Forum in South Africa, Watson (1998) shows that stakeholders in the form of trade unions and other workers' groups, including those from informal settlements of the Cape Town Metropolitan Area, over time became tired of attending the Cape Forum meetings, which they eventually

labelled as 'useless talk shops'. This example shows that it is necessary to focus on incentives in order to encourage citizens to participate (Ansell & Gash 2007).

2.4 Participatory Budgeting as an Aspect of Participation and Collaborative Decision-making

In order to understand the concept of participatory budgeting, the description and meaning of a municipal budget is essential. According to Van der Waldt (2007:187), a budget is “a financial plan for [a] specific period, in which specific amounts [of money] are allocated for specific purposes....” In any organisation, private or civic, there is a planning phase in which estimates of expected costs and planning for the use of resources is made. Within the municipal environment, this phase exists and is an integral part of the planning process. This is where money is allocated to civic services and other municipal interventions.

In the past, the poorest of the poor and some of the political actors were excluded from the policy-making processes in most parts of the world. Today, there are new mechanisms employed in policy-making processes, which include the engagement of citizens in civic activities, such as resource allocation, development of broad social policies, and in monitoring of civic resources expenditure. Participatory budgeting is currently one of the best mechanisms used in promoting social learning, active citizenship, ownership, improvement of civic policies and better resources allocation (Wampler 2000:2). Participatory budgeting as a focus of this study is an open system that entails a participative democratic approach (Theron 2008:16). This is a process that is intended to increase the level of civic impact on policy making as the International Association for Public Participation (IAP2) participatory framework highlights (IAP2 Participation Spectrum, cited by Thompson 2006:174).

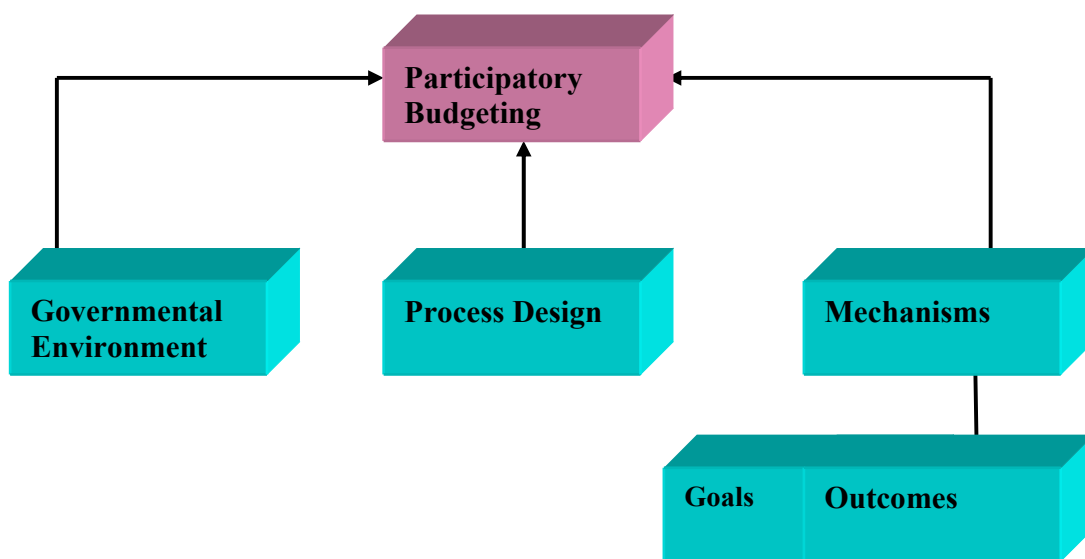
Participatory budgeting emerges as a modern urban management initiative that is intended to promote good governance. The support and spread of democracy in Latin America and Eastern Europe has now taken routes that are resulting in different experiences. Although achievements and problems may differ from country to country, they all share the same agenda, that is support and promotion of good governance through the use of various

participatory development strategies, such as participatory budgeting (Souza 2001:159). Participatory budgeting asserts to governments closing the gap between themselves and citizens, and requires bureaucratic elites to shift closer to citizens and engage them in all stages of decision-making and implementation. Participatory budgeting came up as a reaction to realising a problem of bureaucratic elites continuing to isolate themselves from citizens and in the name of participation only informing them of the decisions already made. Participatory budgeting has, therefore, been established in order to overcome authoritarianism and improve democratisation in Brazil. To Wampler (2003:3) participatory budgeting has been an experiment and a turning point intended to build bridges between States and citizens and increase participation in budget decisions.

According to the United Nations Human Settlements Programme (UN-HABITAT 2008:2) participatory budgeting is “a process through which the population decides on or contributes to decisions made on the destination of all or part of the available public resources”. Wampler, in Shah (2007:21-22), shows that it is "a policy process that focuses on the distribution of resources and a democratic institution that enhances accountability, transfers decision-making authority to citizens, and empowers citizens”. Fair Share, in UN-HABITAT (2008:3), sees participatory budgeting as “a process whereby communities work together with elected and unelected officials to develop policies and budgets for the community”. Acioly & Herzog et al. in UN-HABITAT (2008:3), see it as a collaborative decision-making process which urges for citizen inclusion through local community representatives and change agents in deciding on the allocation of civic resources on annual basis. To Allegretti, in UN-HABITAT (2004:3) and Healey (1997:36), participatory budgeting is a “continuous, open and inclusive” process that involves allowing citizens to make decisions on the budget that is intended to improve their well-being and establishing arenas wherein citizens can openly talk about their needs, prioritise them, and also take part during the implementation, monitoring and evaluation of the budget processes. In brief, participatory budgeting entails democratic debates and decisions made collectively with citizens regarding the budget (UN-HABITAT 2004:3).

Having provided the above definitions of participatory budgeting, two questions arise. First, do municipal change agents understand what citizen participation in the budget process means? Second, what are the existing gaps between theory and practice? Answers to these questions will be given in later chapters, suffice here to indicate that the literature on participatory budgeting shows that there are four key factors that are necessary for improving participatory budgeting (see Figure 2.5).

Figure 2.5 Key Factors of Citizen Participation in Budgeting Process



Source: Ebdon & Franklin (2006:438) Citizen Participation in Budgeting Theory. Public Administration Review, 66(3): 437-447

The first factor is the existence of a governmental environment consisting of appropriate structures of local authorities, a positive political culture that acknowledges civic inputs, a flexible and suitable legal framework for local government budgeting processes and the size and heterogeneity of the population. The second important aspect is the process design, which involves the timing, the type of resource allocation and allowance for citizens as key participants to make inputs in the budget process. The third is the mechanisms employed in advancing participatory budgeting, such as civic meetings, focus group simulations and committee meetings (Ebdon & Franklin 2006:440; Gret & Sintomer 2005:37-39). The last is the consideration of goals and outcomes of citizen participation in the budgeting processes.

These four key factors imply that it is the responsibility of local government change agents to set goals at the beginning of the participatory budgeting process. These goals include, amongst many, informing citizens of issues on which decisions have to be made, training citizens on the budget, getting support from central government for budget proposals, developing trust and building a feel of ownership amongst citizens. This implies that timing is very important, and that is to say, invitation of civic inputs from the onset of the budget process, which Ebdon & Franklin (2005) argue to be rare. They maintain that the engagement of citizens in the early stages of municipal budgeting is likely to be more effective in influencing decisions, empowering citizens, building trust and decreasing cynicism about municipalities (Ebdon & Franklin 2004:33; Franklin & Ebdon 2005:168 Bekker 1996; Burkey 1993; Chambers 1997; Theron 2008). Ebdon & Franklin (2006:438-441) emphasise that outcomes should be assessed in the light of specified goals. Gret & Sintomer (2005:100) also argue that participatory budgeting cannot be a self-managed civic process, rather it should be a joint effort between local government change agents and citizens, with citizen voice regarded as core in the process.

Much research on issues of participation and governance consider participatory budgeting as a vital aspect that governments should practice and promote in their efforts to achieve good governance. The new catchphrase is 'stakeholder' and the concern now is the inclusion of those who stand to gain (or loose) from development in policy and decision-making. Commentators, such as Ebdon & Franklin (2006:437) and Gret & Sintomer (2005:98), argue that governments are particularly struggling with how to engage citizens in budgetary decisions. To Ebdon & Franklin (2006:438), change agents are still caught in a prescriptive no-win situation that lays down to citizens the route to be taken. Change agents seem unable to understand process and to program citizens' needs and preferences, as well as provide civic training on economic, efficient and effective ways of prioritising their needs.

Although advocates of collaborative decision-making call for the implementation of participatory budgeting as one of the strategies for good governance, there are shortcomings

to the process around the globe. The first critique relates to whether change agents are actually concerned with including citizens' preferences, particularly those of the poor and marginalised, in final decisions. For instance, Souza (2001:177) points out that most supporters of participatory budgeting are of the opinion that this process strengthens the capacity of marginalised groups to make constructive contributions in decision-making and that they utilise their rights and have access to basic services, but in reality this has not always been the case.

Another important issue that is still in question is the degree of legitimacy among citizens, particularly of poorest of the poor. Given that the participatory budgeting process entails the election of civic representatives, the point under debate is whether every citizen is given a fair chance and has the legitimacy to vote for those people that will represent him or her and be able to present every citizen's preferences in the municipal budget. It is, therefore, necessary for local government change agents to develop new approaches that will ensure that all citizens are fairly represented and that they try to close the gap that is currently separating the poorest and non-organised groups from the bureaucratic elites (Andrews & De Vries 2005:8). Furthermore, participatory budgeting often occurs only with respect to capital budgets and rarely with recurrent or operational expenses, such as salaries, debt repayments, revenue generation and maintenance of existing services. As a result, often the budgets which are open for civic debate rarely exceed 15 percent of total municipal budgets (Brautigam 2004:659).

Notwithstanding claims to successfully being able to overcome authoritarian decisions through participatory budgeting and that through it the bridge between governments and citizens is built, supporters of this principle also tend to adopt a restricted view by focusing on effectively carrying out the participatory budgeting process but ignoring to evaluate the outcomes (Ebdon & Franklin 2006:441).

2.5 Summary and Conclusions

This chapter had three key objectives. The first was to discuss good governance as a context in which to articulate participation, collaborative decision-making and participatory

budgeting. Second, it was to discuss citizen participation and collaborative decision-making as cornerstones of good governance. Third, it was to consider participatory budgeting as a component of citizen participation, which has been specifically chosen for this study as an indicator or measure of participation. A synopsis of good governance as a broad term and compass for promoters and supporters of collaborative decision-making was presented in Section 2.2. It was noted that, although there is no single all-encompassing definition of good governance, the term is associated with decentralisation, devolution of power, autonomy, openness, transparency, adherence to the rule of law and the engagement of all stakeholders in policy- and decision-making. At local levels, good governance is concerned with the enhancement of collaboration between local authorities and every citizen.

In Section 2.3 the concept and practise of citizen participation were presented and discussed. In the main, it is shown that increased levels of citizen participation mean a move towards collaborative and democratic governance. Supporters of citizen participation posit that it is an exercise of power by those with stakes in issues on the table and the inclusion of citizens in decision-making. The centrality of citizen's 'voice', the inclusion of associations and civil society groups in decision-making and appreciation of citizens' rights in development are shown to be equally important. In addition, collaborative planning, which occurs through debate and consensus-building with all concerned stakeholders is another fundamental component of participation, a process that incorporates inputs of stakeholders in decision-making, sharing of information regarding decisions to be made, as well as reaching consensus and agreeing on decisions. It is also noted in section 2.3 that improved participation represents a shift towards a new mode of decision-making, which is collaborative decision-making. The strongest point that arose here is that one of the attributes of citizen participation and so far the best strategy for collaborative decision-making is participatory budgeting, which facilitates direct engagement in and increased civic control of budgetary resources. In Section 2.4, therefore, participatory budgeting is discussed in the context of participation and collaborative decision-making. This section shows the importance of participatory budgeting in enhancing governance through

participatory strategies favouring the inclusion of all stakeholders in decisions concerning the allocation of resources.

However, governance and the variants of participation that have been discussed here have also been criticised. In the main, governance has been critiqued for being too general and theoretical. At a more general level, participation is critiqued for failing to ensure empowerment. Furthermore, there is little evidence that participation actually improves the well-being of vulnerable groups. Advocates of participation are also critiqued for assuming that societies are homogenous and undivided along political, economic, ethnic and other lines. Participation also lacks evaluation frameworks and incentives for participation are rarely emphasised, as elaborated below.

In real life, participation can be expensive and time-consuming. First, in order to meaningfully participate in decisions, adequate incentives to participate have to be provided, especially to the poorer citizens who are forced by circumstances to spend most if not all their time in income-generating activities, such as street trading, rather than attending meetings in the town hall. Second, meaningful participation requires that citizens are truly empowered, which might mean not only opportunity to participate, but also provision of and explanation of technical information to lay citizens. This means that time to explain technical data to citizens should be planned for. Similarly, change agents too have to learn and understand local conditions, including how and why things are done the way they are - local knowledge systems. This could equally be a time-consuming process that most change agents often overlook given their desire for quick results.

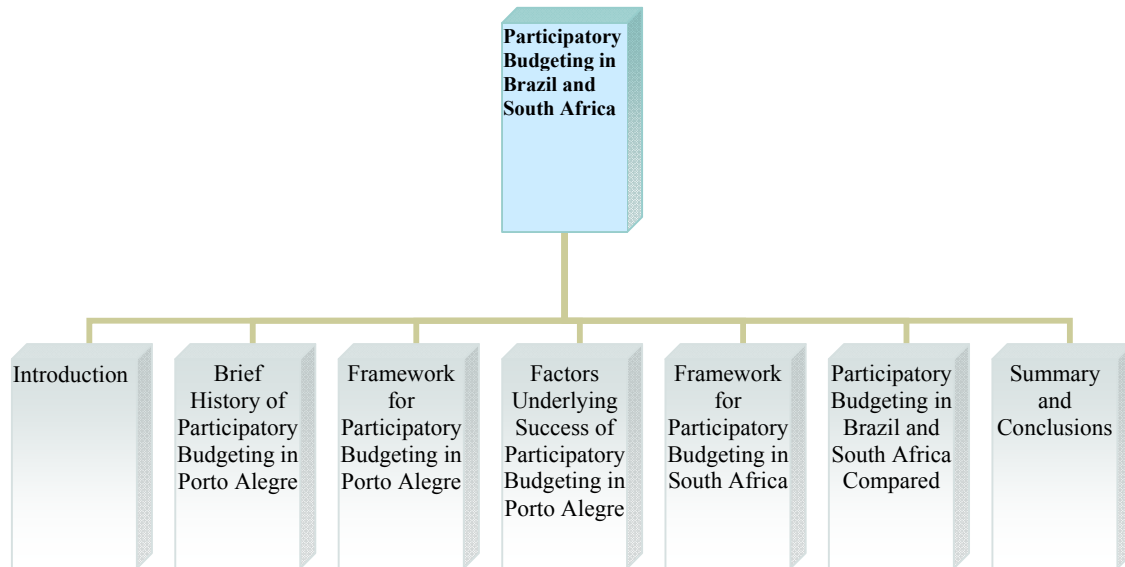
True citizen participation also requires political will and sacrifice that most central government regimes are not prepared to make, especially the decentralisation of financial decisions. Moreover, designing citizens participation programs can also be a difficult task. Review of citizen participatory programs (see in particular the IDP process in South Africa as discussed in Chapter 3 and 4), suggests that it is difficult to identify issues over which citizens are likely to take active and sustained interest. Often people participate in issues

over which they stand to gain immediate benefits or where their welfare is threatened. Citizens will also often participate in matters at neighbourhood levels, but rarely so on city or metropolitan-wide issues.

The strongest pitfalls with collaborative decision-making revolve around the issue of the legitimacy of consensus as the basic aim of collaborative decision-making, in that it is not in all cases that in real life consensus might be reached or even whether it should always be the ultimate goal that guides open discourses. Collaborative decision-making theory is equally silent on what to do when consensus becomes impossible to reach. Central to collaborative decision-making is the issue of process, contexts of decisions and outcomes of decisions made, but which are all assumed to be unproblematic. Critics also argue that decisions emerging from open dialogue often face problems of domination by the already powerful. As alluded to above, other practical problems relate to the length of time taken in participatory processes, often resulting in stakeholder fatigue and disillusionment.

The main concern with participatory budgeting is that it is confined to capital budgets only, and not recurrent or operational budgets and revenue generation. Another concern is that there is limited evaluation of outcomes of participatory budgeting processes. However, while some of these concerns might be valid, the researcher avers that these shortcomings should be taken as indicators of critical areas that require improvement rather than fatal flaws in the approaches discussed so far.

CHAPTER THREE: Participatory Budgeting in Brazil and South Africa



3.1 Introduction

This chapter presents participatory budgeting in the Brazilian and South African contexts. It explores the practical understanding of participatory budgeting and analyses the role of citizens in government decision-making. The chapter is divided into seven main sections. Section 3.1 is this introductory section, which spells out the key purpose and organisation of the chapter. A brief history of participatory budgeting in Porto Alegre, Brazil is provided in Section 3.2. The review of the participatory budgeting framework in Porto Alegre is made in Section 3.3. Section 3.4 discusses factors responsible for the success of participatory budgeting in Porto Alegre. In Section 3.5 the framework for participatory budgeting in South Africa is outlined. In section 3.6, the rationale for comparing Brazil with South Africa is outlined first, followed by the discussion of key issues on which participatory budgeting in the two countries has been made. Section 3.7 summarises the chapter and draws conclusions.

3.2 Brief History of Participatory Budgeting in Porto Alegre

During the twentieth century, Brazil was under authoritarian rule. From the 1900s to 1930s, Brazil was ruled under a semi-oligarchic form of electoral democracy, in which periodic

elections were held but only a few people allowed to vote. From 1930 to about 1945, Brazilian politics vacillated between authoritarianism and democratic populism. Between 1945 and 1964, there was popular democracy, albeit an unstable one because all presidential directives were still given in an authoritarian manner. From 1964 up to the mid-1980s, Brazil experienced its worst authoritarian rule. For example, Congress was closed twice in 1968 and 1977, and presidential elections suspended in 1968 (Avritzer 2000a:2-3).

Therefore, until the late 1980s, Brazil was under authoritarian rule that favoured what Avritzer (2000a: 3) calls 'clientelist practices and the ideology of modernisation'. Indeed, Brazil fell within the top ten of the world's largest industrialised countries, with significant increase in industrial labour force and a significant decline in the labour force working in agricultural and mineral sectors. However, in spite of benefits that modernisation brought about in Brazil, there was also a downside resulting from the pursuit of this ideology. In particular, there were high levels of economic and political inequalities and heightened urbanisation that was characterised by chronic shortfalls in urban services. At the same time, Brazilian urban society was weakly organised, which allowed the ruling party to continue its clientelist policies that were characterised by corruption and authoritarian decisions (Avritzer 2000a:3).

Thus, corruption and exclusionary policy-making in Brazil led many NGOs, social movements and political parties to work for the introduction of participatory democracy. Wampler (2000:3) indicates that Brazil began experiencing change in the governance system in 1988. In its campaign for the 1989 Mayoral elections, a progressive party known as the Workers' Party (Partido dos Trabalhadores – PT) emphasised the need for transformation from authoritarianism, vote-for-money budgeting and a clientelistic approach that was only interested in mobilising civic support for own political recognition to citizen participation in local government budgeting. The PT emphasised bringing about accountability and citizens' voice, as well as change in civic resources spending, because it was at some stage discovered that there was corruption in the use of civic funds which amounted to 64 percent of the total budget (Wampler 2000:3). Having won the Mayoral elections of 1989 in Porto

Alegre, the capital city of Brazil's southern-most state of Rio Grande do Sul, the Workers' Party embarked on the development of a new constitution that would facilitate participatory democracy (Avritzer 2000a:9-10; Gret & Sintomer 2005:15; Menegat 2002:181; Wampler 2000: 2-3).

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 civic resources. During this formative period, the level of citizen 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 beginning of the third phase was marked by the broadening of participatory budgeting to cities in other countries. As a result, it is indicated that several cities around the globe are currently experimenting with participatory budgeting of one form or another (Cabannes 2004; UN-HABITAT 2008; Fung & Wright 2003). This shows that both governments and the grassroots in and outside Brazil have realised the importance of participatory budgeting and have started to favour this radical transformation.

3.3 Framework for Participatory Budgeting in Porto Alegre

Theoretically, the process of citizen participation in the budget can either be direct or indirect. 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 citizens elect their representatives, who then meet to debate issues relating to development of their areas and submit these needs to decision-makers (Brautigam 2004:654; Gret & Sintomer 2005:26). The Workers' Party developed a Constitution in 1988 that put more emphasis on the promotion of citizen participation in the budgeting process. The two new components of participatory budgeting process, namely, the institutional framework and participatory budget cycle were introduced in Porto Alegre

(Avritzer 2000a:10). Each of these components has very specific characteristics that make Porto Alegre experiments unique and will be discussed in the following sections.

3.3.1 The Institutional Framework

In efforts to build new democratic institutions which are intended to improve civic access to government, strengthen accountability, as well as democratising and decentralising political and financial administration to the local level, the Workers' Party introduced participatory budgeting in Porto Alegre in 1990, as a strategy that would ensure the achievement of decentralisation and democratisation (Souza 2001:159). From its inception, participatory budgeting in Porto Alegre involved 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 previously been excluded from the local government decision-making processes (Souza 2001: 159).

The institutional framework for participatory budgeting introduced in Porto Alegre involves an integration of four different groups, the executive, legislature, civil society, which includes social actors, neighbourhood association members and the citizens, as well as the other specific sphere of the participatory budgeting structure known as the participatory pyramid. This fourth sphere of participatory structure lies between the executive and civil society spheres (Gret & Sintomer 2005:27).

The executive is made up of the elected Mayor and deputy Mayor, city departments and supporting staff and the directors of the city departments. 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 civic need. It is again the role of the executive to ensure that there is an interdisciplinary approach to city budgeting, hence the formation of a planning office known as GAPLAN, whose main duty is to ensure that there is coordination between city departments and citizens who participate in the budget (Gret & Sintomer 2005:27). There is also the Community Relations Coordination (CRC), which is responsible for communication

with citizens' representatives. This unit is made up of coordinators from eight local administrative centres who assist in the preparation and implementation of the budget at the local level, sixteen Participatory Budget Area Coordinators who also facilitate participatory budgeting and monitoring of progress at the local level and arrange for civic meetings; and six thematic coordinators who coordinate regional thematic meetings (Gret & Sintomer 2005:27).

The second sphere is the legislature, which consists of members who are publicly elected through proportional representation. However, the participatory setting is very restricted in that members of the legislature are only allowed to have an indirect influence at budget meetings. The third sphere in participatory budgeting in Porto Alegre is the civil society (Gret & Sintomer 2005:30). As indicated earlier, civil society may be represented as individuals or as neighbourhood associations. In Porto Alegre, neighbourhood associations have so far played the leading role in ensuring citizen participation in the city budget.

Gret & Sintomer (2005:30) indicate that the fourth sphere of the participatory budgeting structure lies between the executive and civil society, although its distinction from the latter is very thin. 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, namely, at the micro-local, district and the Participatory Budget Council (PBC) and second, specific development issues (such as discussing health or environmental issues). At the micro-level citizens are 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 citizens' preferences and priorities made at this level. The third level involves gathering needs from different regions in the PBC and this is also where specific theme discussions take place based on priorities according to themes as indicated from the grassroots (Gret & Sintomer 2005:31). This arrangement of participatory budgeting in Porto Alegre works very well because all sectors of the community are represented and budget discussions start at the lowest level of society and in small groups, allowing everyone to contribute.

3.3.2 Regional Assemblies in the Participatory Budgeting Process

The participatory budgeting process involving collaborative consideration of the four different spheres discussed above, takes place through two phases. First, it is through a participatory stage in which there is direct and open participation by any citizen. Second, it is the representative stage in which participation takes place through elected civic representatives or councillors (Avritzer 2000a:10; Menegat 2002:185; Wampler 2000:6). There are two rounds of regional assemblies involved in the process. In the First Round, which is the participatory stage and which takes place in April, every citizen is free to attend these meetings at the regional level. It is at the end of this first round of regional meetings that representatives are elected. There are two criteria used in electing representatives. First, the election depends on the total number of people attending in each assembly. This implies that citizen participation in assemblies is considered the most important element used in electing councillors. The formula used is as follows: for each 1 to 100 attendants 1 delegate must be elected for every 10th person; from 101 to 250 it is 1 delegate for every 20th person; from 251 to 400 it is 1 delegate for every 30th person; from 401 people and above it is 1 delegate for every 40th person. The election criterion takes into account the number of people registered by each of the regional groups (Avritzer 2000a:11). Between the first and the second rounds, there are additional preparatory meetings held at the 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 2000:166; Menegat 2002:189).

The Second Round takes place in June and this is where each region elects its representatives to the Participatory Budgeting Council (PBC). The Council is composed of 2 councillors from each of the 16 regions making up 32 representatives in all, but there are also 2 substitutes elected from each of the regions (Avritzer 2000b:4; Wampler 2000:8-11). From each of the five thematic meetings, 2 representatives are elected, thereby making 10 representatives from the thematic meetings. The Union of Porto Alegre Residents' Associations (UAMPA) sends 1 representative. There is also 1 representative from civil servant's trade union. All in all, the PBC consists of 44 members and are inaugurated each

year in July (Avritzer 2000a:12-13). The Council's responsibilities include amongst others, explaining the budget proposal based on the priorities given from the regions, revising the final budget proposal as detailed by the GAPLAN (a planning body responsible for the formulation of the budget and mainly connected to the Mayor's cabinet) and throughout the year monitoring the implementation of projects decided upon with the assistance of municipal change agents (Avritzer 2000a:13-14).

There is again one round of intermediary meetings in each region which involves putting thematic needs in order of preference. Amongst the twelve usually identified types of civic works, that is, 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, any five may be chosen as priorities. This is also where the previous year's citizens' access to services is evaluated. Further, the discussions on civic works to be executed are also done during these intermediary meetings (Avritzer 2000a: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 year's expenditure to citizens (Menegat 2002:186-187).

3.3.3 The Budget Cycle

The budget cycle is, as illustrated in Figure 3.1, a process that is carried out in rounds. Each round of the cycle is explained and its purpose discussed. First, from its inception, the Porto Alegre budget involved an alliance of progressive political parties, civic organisations and the society. Citizens 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 programs and projects. Wampler (2000:6) points out that although there is no lowest level of citizen participation set, generally, successful and sustainable development programs come from those local authorities that work in partnership with civic organisations and citizens. Thus, as outlined above, in Porto Alegre, communities are arranged in districts and citizens participate in the assemblies as planned and sorted out

according to the districts and departmental themes to decide on civic needs (Menegat 2002:185; Wampler 2000:6).

The Porto Alegre budget consists of two regional rounds and the last round of tabling the budget in the PBC meeting. Each district is allocated a budget ceiling proportionate to the number of inhabitants in the area. 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 of infrastructure in each locality. Citizens indicate 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 change agents present the previous year's budget and expenditure to citizens, review approaches used in its implementation and discuss the way forward.

The regional and thematic representatives meet monthly to provide support to the PBC and to oversee general management. These representatives are thus responsible for developing and compiling civic needs and priorities and assist in preparing the final budget proposal to be presented to municipal councillors on September 30 of each year. The representatives elected to the PBC are expected to report back after three months and to table the coming year's regional budget proposals to the second plenary meeting (Wampler 2000:11; Fung & Wright 2003:12; Menegat 2002:189).

According to Wampler (2000:11), policies and plans of programs and projects for the coming financial years are outlined during the second phase of the budget. It is anticipated that citizens will have had all the information required for effective citizen participation in decision-making at the regional budget meetings. This second round of regional assemblies takes place from June to September, and entails drawing up of actual budget proposals. All participating stakeholders in the forums take part in approving these proposals. This phase also involves coordination of activities by the PBC (Menegat 2002:188-189).

The Mayor's responsibility 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-thirds majority (See Figure 3.1 for the Participatory Budgeting or Orçamento Participativo [OP] Cycle in Porto Alegre) (Wampler 2000:8-9; Baiocchi 2003:48; Menegat 2002:190; Avritzer, 2000b). Factors underlying success of participatory budgeting in Porto Alegre are discussed in the following section, Section 3.4.

Baiocchi 2003:48; Gret & Sintomer 2005:129-133; Souza 2001:175-176; UN-HABITAT 2008:8; Wampler 2000:7).

3.4.1 Change in Political Leadership and Institutional Design

The first factor involves change in leadership and reformed institutions which have led to a noticeable commitment of government in promoting democracy through participatory budgeting. The Workers' Party was more responsive to grassroots demands and therefore, encouraged citizens to participate in local government decision-making and indeed the transformation in leadership resulted in increased levels of participation. City-wide systems that were established in Porto Alegre also contributed to increased levels of participation. Souza (2001:175) shows that Porto Alegre has managed to hand over control to citizens and these citizens were now more willing to participate in decision-making processes. For instance, Avritzer (2000a:20) indicates that neighborhood assemblies in Porto Alegre used to gather around 80 people only, but the transformation in leadership resulted in increased number of people gathering in these neighborhood assemblies. The new policies developed by the Workers' Party specifically targeted at reversing the political and economic inequalities that previously existed, allowing for equal rights amongst the people and access to information regarding civic goods, which was previously considered private and confidential. Furthermore, citizens used to claim goods and services through political mediators, but now things have changed, there is a practice of civic voice. People air their views and contribute freely in decision-making through their societal groups (Avritzer 2000a:21). Unlike the traditional approach in which outcomes were determined by those in control and depending on the political mediators' interests, participatory budgeting has become a strategy used to allocate civic resources in a fair manner and private and civic needs are now drawn together and democratic local governance is enhanced (Avritzer, 2000a:26; Souza 2001:174).

The Workers' Party has made every effort to transform government from clientelism to empowered participatory governance using the participatory budgeting process. It began with what Baiocchi (2003) calls the "virtuous cycle" by responding to citizens' protests and their associations through institutional reorganization and adoption of participatory

budgeting process. The establishment of the institutional framework and design helped in many ways, such as addressing civic grievances and building strong civil society and networks. Through the new institutional design, the Workers' Party showed an appreciation of the importance of networking and formation of strong neighbourhood associations and non-governmental organisations to democracy. Therefore, rearrangements of the traditional, formal government institutions into government institutions that accommodate citizens and neighbourhood associations in decision-making processes promoted democracy (Fung & Wright 2003:20). The new institutional framework and design in Porto Alegre resulted in the legitimisation of the administrative system.

Enhanced legitimacy of government administrative systems played an important part in the implementation of the participatory budgeting process. For example, the participatory budgeting first year's budget had to get legal backing from the municipal legislative arm. The Workers' Party also developed civic support by increasing rates and taxes as a way of generating more revenue. Citizens complied with the law and that therefore, became a huge success. One can, therefore, conclude that the success of Porto Alegre in implementing participatory budgeting comes from its legitimacy enhancement.

3.4.2 Government Focus on Citizens' Preferences and Empowerment

In Porto Alegre, devolution of power to neighbourhood associations has been one of the major successes. For example, Fung & Wright (2003:21) point out that through the participatory budgeting process, citizens and neighbourhood associations get invited into direct participation in the implementation and monitoring of their identified projects rather than just allocating money and personnel to execute work. This is one way of creating direct deliberation between citizens and the micro-level local settings.

Participatory budgeting has been an effective, equitable and fair process that has found the importance of including disadvantaged people who were previously excluded in decision-making processes and now have a significant contribution in city development. Citizens are now allowed to voice their thoughts, thus increasing participation. There is also a conventional way used in Porto Alegre to increase participation, that is, through voting and

encouraging the formation of associations (Baiocchi 2003:27). There is a deliberate planning body (GAPLAN) of participatory budgeting in Porto Alegre, with a wide scope, but nonetheless, as a way of instituting ‘direct democracy’, citizens are still allowed to take part in the decision-making process (Baiocchi 2003:28).

Through participation in local government decision-making, citizens are able to get engaged in problem-solving, implementation and monitoring. Micro-level units work holistically with government agencies and NGOs, forming a ‘laissez faire’ relationship between all the stakeholders, with administrative support from regional committees. There is a combination of both direct and representative democracy in Porto Alegre. The PBC brings together representatives from regions who deliberate the rules of the participatory budgeting process and citizens’ priorities. Regional representatives also act as intermediaries between the municipal government and regional committees. Good governance has always been central to the Workers’ Party’s campaigning agenda, therefore, because of this commitment, there has been a signification resource allocation for participatory budgeting (Baiocchi 2003:48).

3.4.3 Societal Change

Societal change is a process of enabling participatory forms of democracy. In Porto Alegre neighbourhood associations and the ordinary citizens mobilised the government to transform to participatory democracy. Other factors behind Porto Alegre’s success include the societal changes that have even taken shifts in gender roles, the creation of the state that prioritises societal well-being, improvement in the standard of education and better integration of science and industry.

3.4.4 Increase in Neighborhood Associations

Another noticeable change in Porto Alegre has been an increase in popular activism by way of increased numbers of civil society associations. Participatory governance in Porto Alegre has ‘scaled up’ activism from neighbourhoods to regional and municipal levels. One of the most obvious transformations of civil society has been the development of new associations throughout Porto Alegre (See Table 3.1 below for estimated figures of these associations by year). This increase in neighbourhood associations shows organisation of the society, more

activism and, therefore, increased levels of participation, resulting in increased levels of good governance (Baiocchi 2003:59).

Table 3.1: The Development of Civil Society in Porto Alegre, 1986-98

Year	Functioning 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)

The participatory budgeting process also recruits activists into associations of civil society as an incentive and provides political education for the new activists. As another way of providing indirect incentive, participatory budgeting provides regional assemblies in which activists meet with each other and share information and ideas. This is a good way of “... [Establishing] a frequent network of conversations...” (Baiocchi 2003:63).

3.4.5 Good Environment for Citizens’ Views

Gret & Sintomer (2005:132-134) show that the existence of a strong political culture in Porto Alegre’s civil society and strong political will in government has resulted in the success of the participatory budgeting process. There has also been a strong measure of practicality in the participatory budgeting implementation. These are obviously success stories that other countries like South Africa can learn from. Porto Alegre has created an environment that allows for civic views and has also shown that in order to have a democratic local government, participation is the core issue. Porto Alegre has also institutionalized the process of arranging civic deliberation and how citizens contribute in decision-making. The city also uses working manuals that consist of guidelines for decision-

making and implementation. Citizens' engagement in decision-making has overtime empowered communities and the quality of discussions has improved. To ensure effective citizen participation and contribution, the Porto Alegre government has increased the number of grassroots meetings in conjunction with the general assemblies and through thematic and city assemblies (Gret & Sintomer 2005:129-133).

3.5 Framework for Participatory Budgeting in South Africa

The purpose of this section is to discuss the framework for participatory budgeting in South Africa, which is build up of the legal and institutional frameworks, as well as the budget cycle. The legal and institutional frameworks are discussed because they are considered as the sources of the participatory framework in South Africa.

3.5.1 The Legal Framework

In South Africa, participatory budgeting is provided for in the following pieces of legislation: the Constitution (Act No. 108 of 1996); the White Paper on Local Government of 1998; the Municipal Structures Act (Act No. 117 of 1998); the Municipal Systems Act (Act No. 32 of 2000); the Municipal Finance Management Act (Act No. 56 of 2003) and the Municipal Property Rates Act (Act No. 6 of 2004). Besides promoting good governance, these Acts also specify the required relationships between local authorities and citizens and the rights of citizens in participating in the budget processes. These sets of rules are meant to ensure that the budgeting processes are effectively and efficiently administered and that they are legitimate.

❖ The Constitution of South Africa (1996)

The Constitution is the principal Act that shapes the other four national Acts in terms of participatory democracy in the operation of local government. The Constitution of 1996 sets up three tiers of government: the national; provincial and local governments, which are "distinctive, interdependent and inter-related" (see section 40.1 of the Constitution). The Constitution stresses unity and collaboration between the three spheres of government, as well as between the local government and communities in all forms of policy and decision-making. Local government is an independent sphere in its own right, with power to make

decisions. The Constitution further requires local authorities to encourage citizen participation in policy-making and other local government activities, such as budgeting. Action must be taken based on citizens' needs and priorities (see sections 151, 152 and 195 of the Constitution).

The Constitution provides that local government is responsible for creating conducive environment for co-operation with citizens in order to establish democratic, socially, environmentally and economically developed communities (Constitution of South Africa, 1996). It is argued in the Constitution that regular communication between local government change agents and citizens creates trust, self-determination and ownership of both political and economic decisions. In order to ensure sustainable service provision, accountability to tax-payers, promotion of social and economic development, as well as citizen participation, the Constitution expects municipalities to arrange and manage their budgeting and planning processes sensibly and openly (Sabela & Reddy 1996:12).

According to Section 159 of the Constitution, the term of each Municipal Council should not exceed five years. Section 160 states that Municipal Councils have a right to assemble and elect a chair, executive committee and other required committees (RSA 1996: Chapter 7). In terms of Section 139 of the Constitution, municipalities must ensure that citizens are informed within 14 days of the revenue and expenditure projections for each month and the service delivery targets and performance indicators that have been set for each quarter in the budget.

❖ **The White Paper on Local Government of 1998**

Based on the White Paper on Local Government (1998), political leaders are obliged to accountability and transparency, as well as operating within defined mandates. The Act proposes a system that is service-and citizen-oriented and allows for civic inputs. The following principles are identified as key in the promotion of citizen participation:

- ❖ Municipalities are expected to perform certain duties but should not leave out the views, needs and aspirations of ordinary citizens in budgeting for such activities;

- ❖ All stakeholders must be included in decision-making processes (budgeting being one) and maximum participation must be ensured;
- ❖ The size of the ward should not be too big so that all can be able to air their views;
- ❖ Councillors must originate from within the wards as that enables citizens to interact well, with full responsibility given to these councillors, who are in turn expected to give feedback on what has been done with civic funds (Sabela & Reddy 1996:12-13; Van Niekerk et al. 2001:65; Reddy et al. 2005:40; The Local Government Municipal Structures Amendment Act, 2000: Section 84[b]).

❖ **The Municipal Structures Act (1998)**

The Municipal Structures Act of 1998 provides for the establishment, operation and management of local authorities. Guidelines for municipal operation, such as the division of powers and the relationship between community councils and local municipalities are all spelt out in this Act. Participatory democracy is encouraged in Section 72, which states that the role of ward committees must be to enhance participatory democracy in local government. The Act further stipulates that municipal councils must meet quarterly and that, councils and municipal change agents must be open and accountable to citizens.

The Act reinforces the need for citizen participation in local government budgeting processes as indicated in the Constitution. In Sections 44(3) and 74, the Act indicates that executive committee members must be elected from their localities representing their wards in council. Municipal executive committees are further expected to ensure citizen participation through the formation and operation of ward committees and to serve as a link between communities and councils. Executive committees are again expected to consult citizens and inform parliament of the outcomes of budget decisions made by councils.

❖ **The Municipal Systems Act (2000)**

This Act provides principal regulations and processes for municipal operation and administration. The key objective of the 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 citizen participation in all municipal processes. Chapter Four of the Act illustrates that citizen participation can be promoted through the development and implementation of Integrated Development Plans (IDPs) and during the assessment of municipal performance. In such processes, the Act indicates that citizen participation is compulsory, inclusive of previously marginalised groups, such as women and people living with disabilities. Citizens are, therefore, encouraged in this Act to participate in the budgeting process. Chapter Four, Section 16(1) of this Act emphasises the importance of holistic and multi-disciplinary approaches to planning and decision-making that also incorporates citizens in these processes. According to section 17(1) of the Act, citizen participation should be facilitated through civic hearings and consultative meetings. Information regarding issues such as the IDP and budget processes is also to be disseminated through local newspapers, radio, as well as municipal notice boards and websites.

❖ **The Municipal Finance Management Act (2003)**

The Municipal Finance Management Act (2003) is intended to assist in the provision of municipal fiscal and financial matters. It regulates and provides efficient and effective municipal expenditure programs. The role of politicians and municipal officials with regard to transparency and accountability are spelt out. All the municipal financial frameworks are indicated, such as mechanisms for solving financial crisis within authorities, as well as borrowing frameworks.

The Act supports citizen participation in municipal budget processes. The budget officer is expected to publicise the annual budget and invite the community to comment on it. The Mayor also looks at the budget, along with the comments from communities and is expected to respond to those comments. According to the Act, the budget implementation plan, which

consists of performance targets and measurable objectives, must be approved within 28 days of the approval of the budget. A civic meeting is held annually to give an annual report to the municipal council, which will then measure actual implementation against specified objectives.

❖ **The Municipal Property Rates Act (2004)**

The Municipal Property Rates Act of 2004 regulates local authorities 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 brief, there exists a legislative framework for citizen participation in all spheres of local government in South Africa. Although it would seem that no single legislation specifically requires municipal authorities to undertake participatory budgeting, the legal framework appears to be flexible enough to allow for a participatory budgeting process. The main issue then is: why is it that despite the legislative framework in South Africa, the degree of citizen participation is still quite low? And how might this problem be overcome?

3.5.2 Institutional Framework

This section examines the evolution of participatory budgeting in South Africa in the post-apartheid era, with specific focus on local government legislative and institutional frameworks, as well as the budget cycle and performance in terms of citizen participation in the formulation of IDPs strategies and municipal budgeting. The post-apartheid government provided for the establishment of a new local government system which is entrenched in the South African Constitution of 1996 (Bekink, 2006:25-26).

As discussed in Section 3.5.1, the Constitution of 1996 and other supporting Acts emphasise the need for citizen participation and use of rights-based approaches to municipal budgeting processes. The Constitution also establishes local government as an independent sphere of government, which is made up of various municipalities divided into categories A, B and C, depending on the size and level of responsibility of each municipality. According to Section 155 of the Constitution, Category A municipalities are those that have exclusive executive

and legislative powers over their own areas of jurisdiction. There are six Category A municipalities. Category B municipalities are those sharing executive and legislative powers with Category C municipalities. This category includes all local municipalities that fall under the district municipalities and there are two hundred and thirty one such municipalities. Category A and B municipalities are divided into wards, which are demarcated according to the number of registered voters in each area. Category C municipalities have executive and legislative authority in areas that include more than one municipality. These are district municipalities that have numerous local municipalities and District Management Areas (DMAs – those district areas that are sparsely populated) under them. There are forty six district municipalities in South Africa. Section 156 of the Constitution shows that municipalities have power to make by-laws for purposes of effective execution of their constitutionally defined civic functions (Constitution, 1996:Chapter 7; Davids 2006:1; Van der Waldt 2007: 54).

According to Section 2 of the Municipal Systems Act of 2000, each municipality comprises of an administration, citizens and the political structure. Administration refers to all members of the municipality serving as civil officials. Citizens include every member of the community, either as individuals or as business, and religious and community groups. A political structure is made up of the municipal council and the executive committee. In the case of a metropolitan municipality there is a metropolitan sub-council and other committees. The entire structure is made up of councillors elected by citizens to represent them in local government. As indicated in Section 159 of the Constitution, councillors are elected after every five years.

There are two types of councillors, namely, the ward councillors representing municipal wards and the proportional representation councillors representing different political parties in council. Therefore, every municipal council consists of ward and proportional representative councillors elected from the grassroots (Davids 2006:4; Constitution, 1996: Chapter 7; Municipal Systems Act of 2000:Section 2). The Constitution further requires municipal councils to have at least four sittings in a year. The size of the municipal council

depends on the type of municipality. For instance, Category A municipalities can have a maximum of 270 councillors, while Category B municipalities can have a maximum of 90 councillors. Category C municipal councillors are determined by the number of local municipalities each district municipality has. According to Chapter 1 of the Municipal Structures Act of 1998, there are different types of municipal council systems that may be adopted, but the most common are the Executive Mayoral System and the Executive Committee System (Davids 2006:4-5).

The main duties of municipal councillors include amongst many, to ensure that civic meetings are held in their localities for citizens to identify their needs, thus ensuring participatory budgeting. It is also the councillors' duty to ensure that municipal officials are present at these meetings to assist citizens in prioritizing their needs. Councillors, as civic representatives, must encourage citizens to participate in decision-making processes, such as in the municipal budget. Councillors are again expected to be part of the municipal decision-making processes on a day-to-day basis (Davids 2006:5).

As previously indicated, there are two commonly used types of municipal council systems, namely the Executive Mayoral and Executive Committee Systems. The two systems need to have a speaker as chair of the council. The responsibilities of the speaker are to ensure that the council meets quarterly, that there is order during meetings and that all councillors comply with the Code of Good Conduct. The former type of council (the Executive Mayoral System) entails the appointment of the Executive Mayor who is then assigned executive powers to ensure that the municipality is operated according to civic preferences. In cases where there are more than 9 members of the council, the Executive Mayor appoints not more than 10 members of the council to form a Mayoral Committee (Mayco) and this committee is expected to assist the Mayor in carrying out everyday executive municipal duties. In this system, it is the Mayor's discretion to appoint members of the Mayco either from other parties with most seats in council or from his or her own party (Davids 2006:6; Van der Waldt 2007:55-57).

The Executive Committee Systems 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 in the whole council. The Executive Committee (Exco) consists of not less than 3 and not more than 10 members. One of members of the committee is elected as a Mayor and his or her duties are mainly ceremonial, but may execute other executive duties as delegated by the Exco or the municipal council. The duties of the Exco are to ensure that the needs of citizens are addressed as identified in the proposals and that services are delivered. It is again the duty of the Exco to ensure that citizens' needs are incorporated in the IDPs and the budgets (Davids 2006:6; Van der Waldt 2007:56).

Within the South African municipal institutional structure, there are also ward committees, consisting of not more than 10 members, one of whom acts as ward committee chair. The main purpose of ward committees is to mobilise, empower citizens in knowing their rights to participate as well as encouraging them to participate in the budgeting and other decision-making processes, thus enhancing participatory democracy (Van der Waldt 2007:58). Sections 73 and 74 of the Municipal Structures Act provides for ward committee members to act as mediators between citizens and the municipal council and through them the needs of citizens are submitted to the council for inclusion in the IDPs and budgets. There are also other committees, such as the portfolio committee and the metropolitan sub-councils that may be established by municipalities.

In chapter 4 of the Municipal Financial Management Act, a municipal budget is a financial part of the broader planning process that must be linked to other planning processes, such as the operational plan known as the IDP. The IDP is regarded as a process that is "meant to arrive at decisions on issues such as municipal budgets, land management, promotion of local economic development and institutional transformation in a consultative, systematic and strategic manner" (Hughes, no date:18; also Gunter, 2005). Hughes (no date:18) adds that IDPs are also meant to redress imbalances of apartheid through the redistribution of resources resulting from a collaborative process by all concerned. The IDP process is also

provided for in Chapter 5, sections 25, 26 and 27 of the Municipal Systems Act 2000. Municipalities are therefore, required to work holistically with citizens at all times, to encourage citizens to take part in the IDP process and to draw up budgets based on the IDP. It is believed that this will be a democratic and legitimate approach to increasing citizen participation in the budgeting process.

3.5.3 The Budget Cycle and its Phases

According to the Municipal Finance Management Act, every municipal Mayor must table the budget to council 90 days before the commencement of each financial year, and the council is expected to approve the budget prior to the start of the financial year. In South Africa, the municipal financial year commences on the 1st of July and ends on the 30th of June of the following year. Municipalities are, therefore, required to implement their budgets in line with their IDPs and that the budget should incorporate both the capital and operational expenditures.

The South African municipal budget cycle is made up of four phases, namely, the preparation of request phase, approval of budget request phase, budget implementation phase and the reporting on actual budget transactions phase. The preparation of request phase consists of a request made by the finance and budget office to other municipal departments to submit their departmental proposals for funding to this finance unit. Section 53 of the Municipal Finance Management Act indicates that the responsibility of the Mayor at this stage is to provide political direction on how the budget process must be carried out based on priorities of citizens and in accordance with the IDP. Section 81 of the Act demands heads of finance units, the CFOs to assist Municipal Managers in the preparation and implementation of approved budgets. The process followed in this phase differs from one municipality to another and depends on the category of each municipality. Category A and C municipalities adopt the executive budget process, whereby the Mayor, Municipal Manager and CFO undertake the 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 Category B municipalities, the CFO collects departmental

requests and reworks them to match municipal income approximations and then submit a compiled request to council for review and approval.

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

The third consists of actual implementation of the budget. According to Van der Waldt (2007:189), goods and services are delivered and invoices are given to the finance department and the CFO will authorise payment for such services once they are delivered. For effective budget implementation, each municipality uses a Service Delivery and Budget Implementation Plan (SDBIP). This is a management tool that is used to ensure that municipal objectives are implemented as set. This management tool is also a form of agreement made between the council, municipal administration and citizens that services will be delivered as planned.

The last phase is the summary reporting on actual budget transactions. This takes place at the end of each financial year. The CFO compiles a financial report that balances the departmental budget with actual spending. The report is then submitted to the auditor-

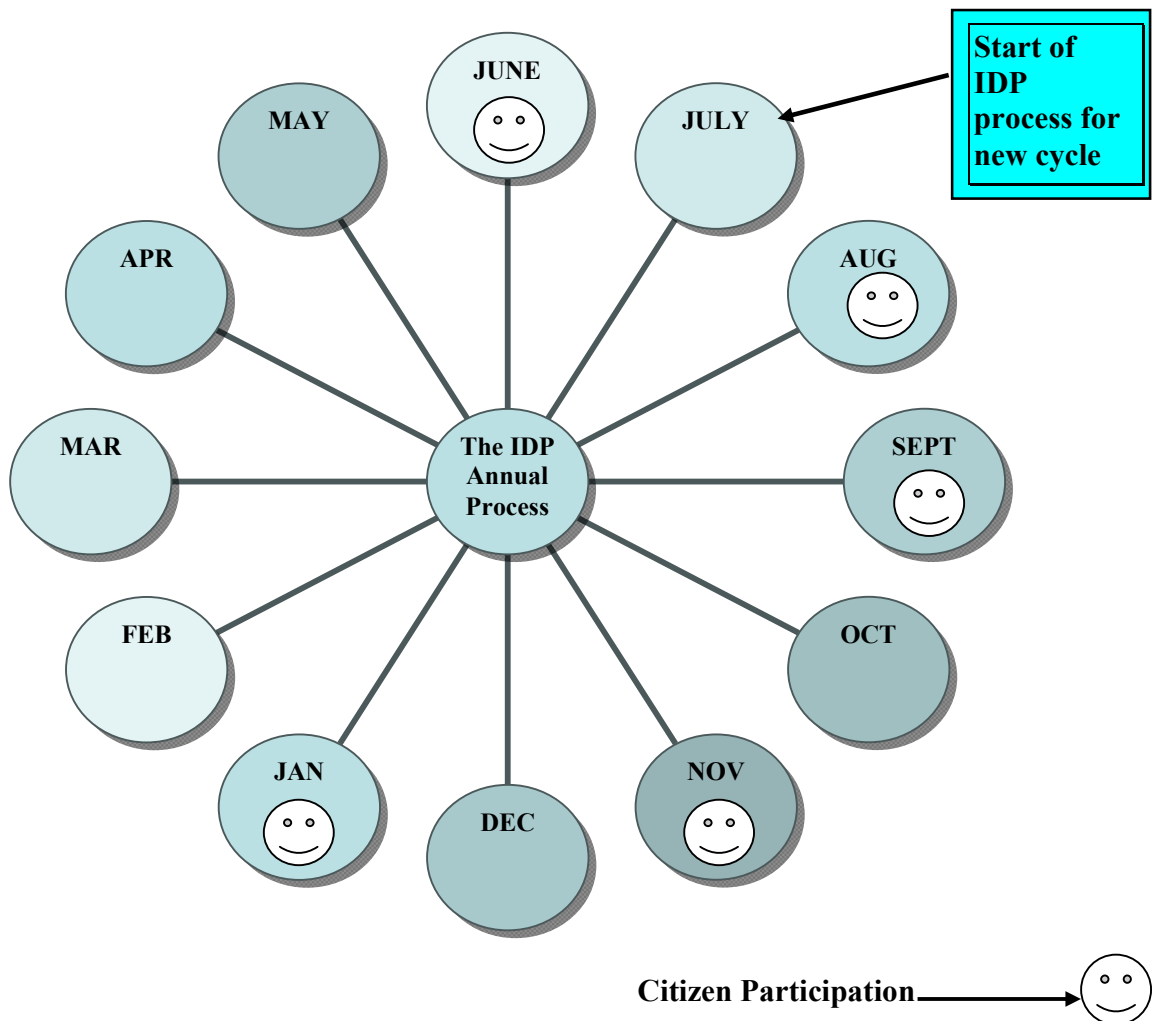
general who will compare what is in the report with the financial transactions made throughout the year. The auditor–general may either grant a positive or negative certification, depending on the accuracy of the report (Van der Waldt 2007:190).

Within the four phases mentioned above, the municipal budget is carried out in 9 steps. During the first step, the municipal Manager and the CFO demand departmental budgets from heads of the departments. This is done in October of every year and there are schedules set for the completion of each department’s budget and approval as well as set limits for each department’s expenditure. The second stage that occurs in November involves preparation of both capital and operational budgets by heads of departments and then submitted to the CFO. It is at this stage that citizens are engaged through the ward committees and other civic meetings to ensure that their needs are included in the budget.

In the third step, which takes place in December, the CFO compiles departmental budgets, and ward committees and councillors’ proposals into a single budget and makes approximations. In the fourth step the CFO, Municipal Manager and heads of departments meet to agree on the budget and make amendments where necessary. The fifth step involves submission of the budget to council for approval. Before final budget approval can be made, citizens are again consulted in January and February through civic meetings in various localities and amendments made before the budget is finally approved. In step six, details of the budget are then put on municipal notice boards and citizens are again invited to make comments. In step seven, the council makes changes in the budget based on comments received from citizens. The eighth step occurs in May and it is where the council makes final approval, followed by submission to the National Treasury. (In some provinces the budget may also be submitted to the Provincial Department of Local Government). The last step, which occurs in June, involves advertising the contents of the budget which include municipal income, tariffs, rates and the total expenditure through newspapers and other forms of media (Van der Waldt 2007:191). See Figure 3.2 and Table 3.2.

The South African budget cycle is intended to promote citizen participation in local government budgeting processes, but the question still remains: who actually participate in the local government decision-making processes? The main issue is that, without empowered and self-confident citizenry, beneficiaries or citizens will have no impact on local government decision-making. In order to allow for a meaningful participatory budgeting process, and giving back the local government decision-making processes to citizens, appropriate approaches and strategies such as empowering, engaging citizens and promoting the State-citizen partnership need to be adopted.

Figure 3.2: South African Annual Integrated Development Planning Process



Source: Meyer, Cupido and Theron (2002: 75)

Table 3.2: Detailed Annual Integrated Development Planning Process

Month	Activity
July	Start of new financial year. Implement budget in accordance with IDP
August and September	Needs assessment; development profiles and civic meetings
October	Spatial development; Economic development analysis
November	Refine strategic priority areas; citizens' inputs.
December	Formulate sectoral development plans: Technical IDP Committee
January and February	Formulate draft budgets
March and April	Prioritisation of budgets against IDP objectives; Prioritisation of budget against Metropolitan financial framework
May	Approval of budget (Council); send to Department of Finance for approval
June	Publish budget overview and newsletter

Source: Meyer, Cupido and Theron (2002: 75)

3.6 Participatory Budgeting in Brazil and South Africa Compared

The purpose of this section is to compare the participatory budgeting practices in Brazil and South Africa. The section begins by articulating the rationale for comparing South Africa with Brazil. This section draws parallels and contrasts in the implementation of participatory budgeting in the two countries. The institutional and legislative frameworks, budget cycle, the ruling party policies and civil society mobilisation form the basis for understanding participatory budgeting in the two countries. Therefore, the similarities and contrasts in Brazil and South Africa will be highlighted. The last part of this section summarises and concludes the discussion.

South Africa cities are divided along racial lines, while in Brazil cities are divided along class lines or socio-economic wealth. In post-apartheid South Africa, the African National Congress (ANC) has continued with an essentially neo-liberal policy of orderly urban development, albeit in a de-racialised context (Huchzermeyer 2004:7; Van Donk et al. 2008:156). In contrast, the Workers' Party or Partido dos Trabalhadores (PT) in Brazil opted for a complete break with policies of the past in favour of progressive governance that enfranchised the grassroots. Therefore, South Africa and Brazil share a similar history of extreme exclusion of disadvantaged social groups. As indicated above, in Brazil, the exclusion was on the basis of socio-economic class, whereas in South Africa exclusion was on the basis of race, which, although officially dropped as policy in 1994, class-based divisions were perpetuated by ANC's neo-liberal market policies (e.g. Growth, Employment and Redistribution (GEAR) and Accelerated and Shared Growth Initiative for South Africa, ASGISA) (Van Donk et al. 2008:154). Huchzermeyer (2004:8) discusses this neo-liberalism in terms of housing and indicates that the informal settlement intervention approach used in the democratic South Africa is still restrictive, and that a more responsive and progressive form of informal settlement intervention is still needed. These are policies that seem to be dividing the ANC now between the pro-Zuma and the pro-Mbeki factions in the post-Polokwane conference period. The Zuma faction is ostensibly fighting for the recentering of the demands of the working class versus the Mbeki group that continues to favour neo-liberal market policies. Media read would seem to show that Zuma in his capacity as president of the ANC and (president-of-South Africa-in-waiting) seems to be unable to reconcile the two positions, saying one thing to private investors and another to the mass movement represented by the Congress of South African Trade Unions (COSATU) and the South African Communist Party (SACP).

Although the Constitution and other legal instruments provide political space for the participation of the common man on the street at all levels of government, the policies that the ANC actually pursue in practice, hence the ideology of the ANC, have arguably to date provided limited space for the grassroots majority to participate in decision-making (see also

Huchzermeyer 2004:8; Theron 2007:32-33; Van Donk et al. 2008:156). In contrast, the Brazilian PT has promoted pro-poor legislation and ensured that in practice space for participation of the grassroots is created. For example, the Brazilian City Statute of 2001, which Fernandes (2007:212) asserts is an expression of constitutional requirements at the municipal level, requires municipalities to integrate urban planning legislation and management to democratise the local decision-making process and thus legitimise a new socially oriented urban-legal order. Fernandes (2007:213) points out that a number of approaches have been adopted to ensure effective participation by citizens as individuals and through their neighbourhood associations in planning and management of cities.

To Van Donk et al. (2008:155), generally, both countries seem to be very determined in promoting good governance and in both cases citizens seem to have shown the capacity to actively take part in local government decision-making processes. Furthermore, both the Brazilian and South African governments are making efforts to overcome the challenge of inequality in resource distribution and social exclusion in decision-making that had for long been a social problem. In both countries, the promotion of good governance has emerged from local political processes and in both cases the legislation is there to ensure that participation actually takes place. Nevertheless, there are major differences between the two countries in terms of experiences with citizen participation in local government decision-making. These differences are briefly outlined below.

The comparison of South Africa with Brazil in terms of participatory budgeting is based on three principal issues. The first is the ruling party policies; the second is the institutional framework and last but not least, is civil society mobilisation. The Brazilian participatory budgeting approach, on the one hand, has stemmed from a technocratic and outwardly and downwardly characterized paradigm towards recognising civic contributions in decision-making as a necessary step towards a democratic participatory development process. 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. Furthermore, an agreement to the decentralisation and devolution of

administrative and decision-making powers and resources to citizens in Brazil, with the establishment of the 1988 Constitution has allowed for transformation and institutional reorganisation for better implementation of participatory budgeting. In contrast, South Africa concentrated more on deracialising the apartheid city rather than devolving power to the grassroots (Huchzermeyer 2004:8; Van Donk et al. 2008: 156).

On the other hand, it can be observed that in terms of promoting citizen participation and good governance, participatory budgeting in South Africa is far from being successfully implemented. Although in its efforts to promote good governance, South Africa through its legislation, emphasises the need for the use of participatory tools, such as participatory budgeting, in many municipalities change agents are still characterised by weak accountability and transparency (Van der Waldt 2007:24). This is because change agents are still shutting citizens out of the budgeting processes. So far little has been done in terms of allowing citizens to gain access to government budget information as much as possible.

The electoral grounds in Brazil were so competitive that civil organisations and some of the citizens forced the then ruling authoritarian government to use participatory development mechanisms. Not only did the Workers' Party use participation as a new approach in strengthening the capacity of neighbourhood associations and other marginalised groups in taking part in local government decision-making, but actually ensured that during its first term in office implementation proceeded. In South Africa, the system is more of a political party-driven system than associational. As a result, there is not much pressure on the electoral authority and the ruling party to work and make decisions collaboratively with citizens. Instead, the government has stressed the need for more control over civic institutions. In contrast, the Brazilian government focused more on participatory reforms as part of its broader strategy of decentralising policy-making, as well as mobilising and strengthening civil society associations (Van Donk et al. 2008:153-154).

In comparative terms, Van Donk et al. (2008:154) indicate that South Africa has, however, done much in terms of building developmental local government. For the past years, through

the new system of local government, the South African government has concentrated more on post-apartheid reorganization and transformation of political and administrative organisation by adopting new forms of planning and resource allocation. So far, much has been on deracialising the apartheid tradition and little on decentralisation and transfer of resources to citizens as has been the case in Brazil. The two countries can, therefore, be compared on three grounds in their institutional arrangements, that is, looking at the institutional, infrastructural and material arrangements.

In institutional terms, the Brazilian State is widely known for its high level of citizen participation encouraged through structures that take into account efficiency, accountability and democracy. Municipalities in Brazil are ruled by all stakeholders and the interests of every member of the community are incorporated in decision-making. Quite the opposite happens in South Africa. Local government officials are still holding on to power and are enjoying control over planning, utilisation of resources and policy-making (Van Donk et al. 2008:156).

Furthermore, Van Donk et al. (2008:156) show that in terms of tax and tariff collection, Brazilian municipalities are very weak. In contrast, South African municipalities have much higher capacity to collect rates and taxes and use powerful strategies to reach communities and do their collections. Municipalities are able to collect as much as 90 percent of their revenue through local property taxes. Furthermore, the South African technical capacities, such as high technology (e.g. Information and Communication Technology - ICT, Geographic Information Systems - GIS) planning expertise, advanced budgeting systems, specialised scientific skills, and many more, somehow show a high degree of bureaucratisation. Lastly, in material terms, Brazil has no specific re-distributive programs, but only poverty alleviation measures are in place. This has, therefore, provided a confined resource base for developmental local government, hence the inefficiency of local developmental government (Van Donk et al. 2008:156).

In contrast, the local government South Africa is much better arranged in material terms than in Brazil. It is able to collect revenue and has the autonomy to carry out this type of

work. However, there are strong political and constitutional directives coming from the provincial and national governments on how the collected revenue should be redistributed. The principal concern of poor citizen participation in policy-making in Brazil has been addressed through rebuilding of effective civic institutions that have had influence on shaping civil society, and developing the capacities of all groups to contribute in shaping the local State. The capacities and strengths of these organised civil society groups resulted in the establishment of participatory budgeting as a strategy for challenging the authoritarian rule and increasing citizen participation in the budget process. The institutional reform and local government efficiency in South Africa are fairly high and the efficiency well developed. However, citizen participation in the local government budget and other planning processes is still very poor (Van Donk et al. 2008:157).

In terms of the mobilisation of civil society associations, the Workers' Party played a major role in ensuring that neighbourhood associations are strengthened and that citizens are allowed to take part in the decision-making processes. The level of participation therefore increased and the participatory budgeting process ensured that participatory contributions are translated into real budgetary outputs. In contrast, the ANC in South Africa saw citizen participation and contribution in policy-making only as a way of complementing its goals. That is why certain structures and processes that were initially presented as giving autonomy to citizens in the development processes, such as the IDPs, were rapidly put under the control of the ANC structures or replaced with more technocratic systems of decision-making (Van Donk et al. 2008:161). The ANC's emphasis was more on fostering new ways of State-public engagement in changing the apartheid practices in development and service delivery and less on actual promotion of development and service delivery. In contrast, the Worker Party's aim was to promote active citizen participation as a way of enhancing democracy and this has been achieved through formation and strengthening of neighbourhood associations and from these associations delegates are elected to the city Participatory Budgeting Council (Van Donk et al. 2008:161).

Thematic assemblies have been formed in Porto Alegre to allow citizens to express their preferences according to specific themes and these are done in an informal manner that

allows all citizens to take part. In contrast, in South Africa the participatory system used is more formally institutionalised and has been given a more formal legislative support (Van Donk et al. 2008:162).

3.7 Summary and Conclusions

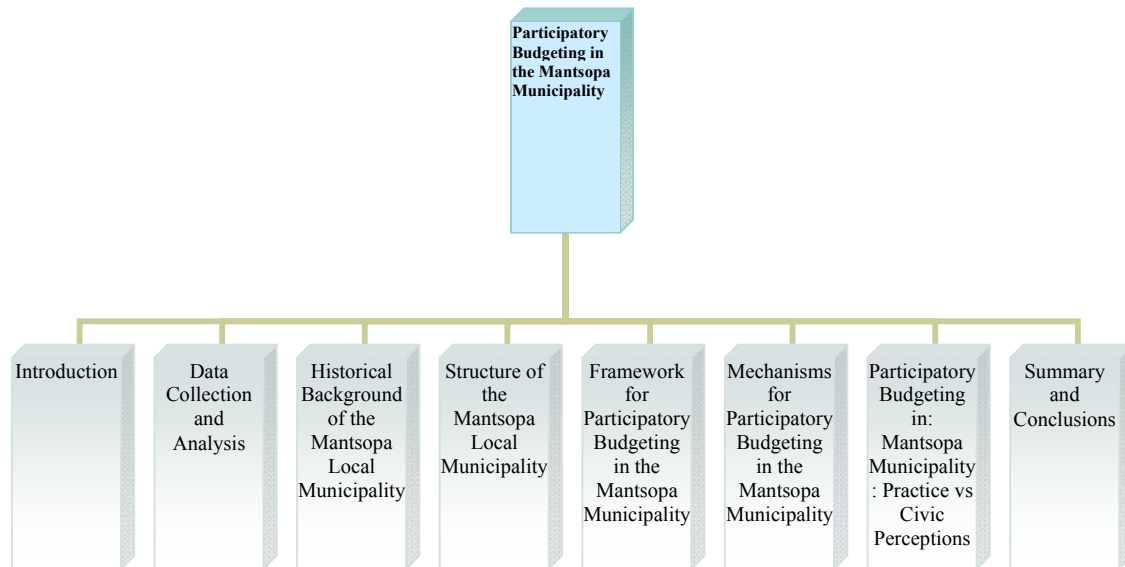
This chapter aimed at accomplishing two key purposes, which were, first, to examine participatory budgeting and its framework in Porto Alegre, Brazil and, second, to examine participatory budgeting in South Africa. The comparison between the two countries was found necessary because of Brazil being widely known as a benchmark in the implementation of participatory budgeting. The chapter has explored and advanced the practical understanding of participatory budgeting and analysed the role of citizens in local government budgeting processes.

In the main, this chapter has shown that participatory budgeting is widely recognised as a significant and fairly successful case of promoting decentralised participatory development. The first salient issue that can be pointed out in this chapter is the importance of institutional design that allows for a more meaningful citizen participation and an increased State-citizen relationship. In Porto Alegre, participatory budgeting has proven to be capable of engaging citizens in city annual budgets. This State-citizen integrated decision-making process has resulted in a simple and transparent budgeting process.

In Porto Alegre, neighbourhood assemblies are supplemented by the thematic meetings at the local level. This has created networking between citizens as individuals and as groups. The bridge between citizens and government has been built, thus a good way of promoting development and increasing democracy. Through the mobilisation of civil society groups, doors have been opened for all stakeholders, including those previously marginalised, such as women, blacks, gays, drug addicts and the homeless. This obviously has created space for deliberation and collaborative decision-making.

The rationale for comparing South Africa with Brazil demonstrates the significance of political will to citizen participation that was discussed in Chapter Two. Although both the ANC and the PT had to re-orient their societies from extreme conditions of social exclusion of majority of 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 the PT directed its transformation agenda at the core problem of social exclusion – the marginalisation of the working class. In order to achieve this, the PT has to develop structures that are truly democratic and to ensure that the structures performed as expected. Therefore, compared to the ANC, the PT has demonstrated far greater commitment of citizen participation in budgetary decisions than the ANC. Supporters of participatory budgeting, such as Van Donk et al. (2008) highlight Porto Alegre as a success story from which South Africa could draw useful lessons. The forthcoming chapter will demonstrate how participatory budgeting in the South African local government context takes place, using the Mantsopa Local Municipality as an example.

CHAPTER FOUR: Participatory Budgeting in the South African Local Government Context: The Case of the Mantsopa Municipality, Free State Province



4.1 Introduction

The previous chapter has discussed the frameworks for participatory budgeting in Brazil and South Africa and compared the two countries in terms of the promotion and practice of participatory budgeting. The purpose of this chapter is to examine the degree of citizen participation in the local government budgeting processes in the Mantsopa Local Municipality in the Free State Province. Participatory budgeting in the Mantsopa Local Municipality is evaluated based on data collected within this municipality over the months of August, September and October 2008. The chapter is divided into eight main sections, including this introduction. Section 4.2 entails data collection and analysis. Section 4.3 provides a brief historical background of local governance in the Mantsopa Local Municipality. A brief description of the structure of the Mantsopa Local Municipality is provided in Section 4.4. Section 4.5 presents the framework for participatory budgeting in the Mantsopa Local Municipality. It is in this section that a general understanding of participatory budgeting within Mantsopa Local Municipality is provided. Mechanisms employed in the implementation of participatory budgeting and how it is addressed and operated in the Mantsopa Local Municipality are discussed in Section 4.6. Citizens'

perceptions and experiences regarding participatory budgeting in the Municipality are outlined in Section 4.7. Section 4.8 summarises the most important issues brought up in the chapter.

4.2 Data Collection and Analysis

4.2.1 Introduction

This section briefly highlights the research methods and techniques that were employed in the collection of data for this study. As indicated in the first chapter, the key aim of the study was to assess the extent of citizen participation in the municipal budgeting process, and for this purpose, a qualitative research methodology was employed. Information gathered focused mainly on citizens' experiences and perceptions regarding the implementation of participatory budgeting. Qualitative data collection was also useful in that it also brought the researcher closer to understanding the real life situation. The researcher began by perusing through local newspapers, articles and municipal reports, followed by in-depth interviews with selected key informants, as well as a focus group discussion with local residents.

As indicated in Chapter One (Section 1.6.3), the Mantsopa Local Municipality was selected as a study area mainly because Ladybrand is the researcher's place of residence. The researcher had intended to undertake four focus groups, two in the peripheral township area and two in the central urban area. However, this was not possible due to time constraints as it needed a lot of time to arrange for such focus groups. Therefore, the researcher had to settle for one focus group in the peripheral township, and a series of individual interviews with residents in the central urban area. In-depth interviews were also carried out with the farming community, the business sector, and other key respondents from the municipality. Participant observations of civic meetings and other municipal processes were also made. This data gathering technique has been very useful in that the researcher was able to learn more about particular patterns and certain practices of communities.

4.3 Historical Background of the Mantsopa Local Municipality

This section provides a brief history of local governance within the Mantsopa Local Municipality from the apartheid to the post-apartheid periods, with special focus on the local government legislative framework and performance in terms of citizen participation in the formulation of IDPs and budgeting strategies.

The apartheid government provided for the establishment of limited local government to non-white communities. As Bekink (2006:23) shows, the pre-1994 racially-based municipalities have left spatially segregated patterns of human settlements and operation of municipalities and the Mantsopa Local Municipality is not an exception in this case. The Municipality was (and remains) divided into three racially segregated suburbs. White communities retained authority over a number of local administrative and technical issues relating to administration of black and coloured townships.

During this era, the Group Areas Act of 1950 (GAA of 1950) ensured that there was separation of human settlements between blacks, coloured and whites. This policy encouraged the separation of settlements and disadvantaged the black and coloured communities in terms of service provision and maintenance and concentrated only on improving white residential areas. The white neighbourhood is in the centre close to the Central Business District (CBD) and the black neighbourhood is located in the eastern part and the coloured neighbourhood in the northern part of the CBD, both about 1 kilometre away from the CBD. There are buffer zones of empty undeveloped land in between the black and coloured neighbourhoods, who have to commute to and from the Ladybrand CBD daily. The GAA of 1950 also controlled the entry of the blacks into predominantly white urban areas by demanding them to produce passes. Blacks and coloureds who were perceived to be too close to the CBD and to the white neighbourhood area of Ladybrand were removed to the 'non-white' settlements known as the Manyatseng and Mauersnek townships.

In 1977 Community Councils were established. These were elected councils although they neither had power to allocate land nor carry out other local government functions. As a result, these councils were only symbolic and their credibility nonexistent. The Community Councils were abolished in 1982 and Black Local Authorities were introduced. However, similar to the Community Councils that they replaced, the BLAs equally had no impact on the development of black communities and were never accepted by any of the non-white communities.

Towards the end of the 1980s, black communities realised that there was a problem and something had to be done. They began to protest against the local government system and boycotted payment of services and council rent. It was only then that the white municipalities began to feel the impact of financial constraints. It was during this period that municipalities that were still administered by white authorities approached the black township representatives for negotiations. The new local government system began in 1994, but the Mantsopa Local Municipality remains spatially separated. Although there are some black people who have purchased some of the formerly white-owned properties in the CBD area, spatial segregation remains, which is largely determined by income. Spatial integration between the hitherto white and black and coloured neighbourhoods has been difficult and the IDP of the Mantsopa Local Municipality makes no mention of how it plans to tackle this continuing problem.

4.4 The Structure of Mantsopa Local Municipality

This section presents the structure of the Mantsopa Local Municipality. It is located in the Eastern Free State and shares borders with Lesotho in the east, the Mangaung Local Municipality in the west, the Naledi Local Municipality in the south and the Masilonyana and Setsoto Local Municipalities in the north. It is a constituent part of the Motheo District Municipality. The Mantsopa Local Municipality contains five important farming townships (See Appendix 5) of Ladybrand, Exelsior, Tweespruit, Hobhouse and Thaba-Phatchoa (Mantsopa Local Municipality IDP – 2006-2011).

The municipality had a population of 68 858 in 2006, 68 percent of which was urban. The majority of the population is of Black African origin and is predominantly Sesotho speakers. The Ladybrand municipal area consists of Manyatseng and Mauresnek, which together house 60 percent of the urban population of the Mantsopa Local Municipality. Ladybrand is, therefore, the most populous area with the highest employment rate (Mantsopa Local Municipality IDP – 2006-2011). Ladybrand also forms an important agricultural town and popular shopping and service center for the population of Maseru, the capital city of Lesotho, which is less than 15 km away. For purposes of administration and management, the Mantsopa Local Municipality is divided into eight wards, namely, Ladybrand, Tweespruit, Excelsior, Hobhouse, Thaba Patchoa, Modderpoort, Marseilles and Kerrissipoort and each ward has its own committee (See the location map, Appendix 5). The Municipal Council consists of 16 elected community representatives.

4.4.1 Mantsopa Local Municipality: Vision, Mission and Values

According to the Mantsopa Local Municipality IDP (2006-2011:17), the municipality's vision states that the Mantsopa Local Municipality "*shall strive to be a leading force to achieve an accessible, integrated sustainable and equitable social and economic development of her community*". Its mission is "*to achieve an accessible, integrated sustainable and equitable social and economic development of the municipality*". To pursue its mission and achieve its vision, the municipality subscribes to five core values, namely, transparency, accountability, responsiveness, self-reliance and partnership. The municipality is committed to work in collaboration with the other two spheres of government. This is accomplished by ensuring the implementation of the Growth and Development Strategy (GDS) of the Free State Province, as well as the National Spatial Development Perspective (NSDP), as these are the provincial and national core priorities. Services provided by the Mantsopa Local Municipality are mainly infrastructural, such as water and storm-water drainage, sanitation, roads and electricity, which is supplied in partnership with Eskom. These infrastructure services are provided in the five Mantsopa Municipality farming townships of Ladybrand, Exelsior, Tweespruit, Hobhouse and Thaba-Phatchoa (Mantsopa Local Municipality IDP – 2006-2011).

4.5 Framework for Participatory Budgeting in Mantsopa Local Municipality

Before the start of the budgeting process, the municipality embarks upon the 5 phases of the IDP. The first phase is called the *Analysis Phase*, in which municipal officers, CDWs and WCMs in collaboration with community representatives and other civil society groups compile a list of challenges facing the municipality in terms of on-going projects and programs. The second phase is the *Strategic Phase*. In this phase, municipal officers and community representatives strategise on identified needs and citizens' preferences as discussed in ward meetings. Where there are challenges, the means for overcoming them are identified. The third phase is the *Project Phase*. This is where prioritisation of citizens' needs is made according to their preferences, and a preliminary budget is drawn. During this stage communities participate through their representatives and elected councillors facilitate the process in the presence of municipal officers. The fourth phase is the *Integration Phase*, in which all stakeholders are called to the Budget Representative Forum to finalise the budget. This includes community representatives, civic society groups and government departments with a stake in identified projects. The last phase is *Tabling of the budget*. The draft budget is tabled in a special council meeting for strategic sessions. The budget will then be approved and submitted to the Member of the Executive Committee and from there to the Provincial Treasury department and the National Treasury.

For purposes of implementation, municipal officers alone and in the absence of the public, develop a Service Delivery and Budget Implementation Plan. The plan is submitted to the Municipal Council who will either approve or reject it. Ward Committees hold monthly meetings to report progress to the electorate and Ward Councillors also meet once a month to discuss progress. A 21 day notice is given to all stakeholders to participate in these meetings. Information is disseminated through the CDWs and Ward Committees, as well as through Local Newspapers (Maluti and Madhouse). Messages are also delivered through church groups members/representatives. Normally the civic meetings take two to three hours.

4.5.1 The Mantsopa Municipal Revenue Sources and Budget Components

The Mantsopa Local Municipality revenue mainly comes from property rates, water tariffs, sanitation, refuse removal charges, interest on municipal investments, rentals, interest earned on outstanding debts, fines, licenses and permits, and grants, such as the Financial Municipal Grant and the Equitable Share. These two grants come from the National Treasury and are intended to assist those citizens that need subsidies and for the general maintenance and improvement of infrastructure in the area. Table 4.1 below shows the 2007/2008 revenue by source.

Table 4.1: 2007/2008 Revenue Collection

Type of Revenue	Amount (R)	%
Property Rates	6 056 356	5.0
Electricity Tariffs	12 398 615	9.1
Water	3 854 723	3.0
Sanitation	8 159 446	6.0
Refuse Collection	4 628 274	4.0
Grants	84 132 932	64.0
Interest on Municipal Investment	420 000	0.3
Rentals	6 402 000	5.0
Interest earned on Outstanding Debts	1 220 000	1.0
Fines	120 000	0.1
Licenses and Permits	300	0.00025
Other Services	1 825 585	2.0
Total Revenue	135 015 932	100.0

Source: Mantsopa Local Municipality: 2007/2008 Revenue Collection

According to Table 4.1, by far the largest proportion of municipal revenue comes from grants, followed by electricity tariffs and property rates. Other revenue sources contribute very little to municipal revenue. It is clear, therefore, that the municipality is heavily dependent on funding from central and provincial governments, a situation that does not allow much room for independence in terms of expenditure priorities and policy-making.

Table 4.2 below provides a summarized municipal budget for the financial year 2008/2009. From this table it is clear that the capital budget is only 26.3 percent of the total municipal budget. The rest of the 73.3 percent goes to operating expenses. According to the IDP Manager and the Budget Officer, citizens are only allowed to participate in decisions on the capital budget.

Table 4.2: 2008/2009 Mantsopa Local Municipality Budget

Budget	Amount (R)	Percentage
Capital	36 110 500	26.3%
Operational	98 905 253	73.3%
Total	135 015 753	100%

Source: Mantsopa Local Municipality 2008/2009 Budget

4.6 Mechanisms for Participatory Budgeting in the Mantsopa Local Municipality

The process of participatory budgeting involves consultative meetings, which are established by law, which also spell out the way the process is carried out. It involves municipal officers, stakeholder associations, ward committees and IDP representatives at the local level. As shown earlier, national legislation requires municipalities to incorporate the needs and priorities of the 'poorest of the poor' in their IDPs. Citizens are expected to participate during the preparation, implementation and monitoring of the IDPs and municipalities are obliged to provide reports on progress to citizens. The implementation of the IDPs is reviewed annually during the IDP and budget conferences.

The participatory budgeting process consists of two main assemblies: the civic meetings consisting of community meetings and major civic occasions and committee assemblies for representatives of organizations such as the IDP Representative Forum and the Ward

Committee Meetings. The process commences annually during the beginning of the financial year in July. During the months of August and September, in each ward, the ward councillors invite all stakeholders, such as the business chamber and local farmers to civic meetings to identify and prioritise their needs for the next financial year. Participation in these ward meetings is vital as it determines what services should be included in the IDP. The council then decides on which programs and projects to include in the IDP. During January and February a draft budget is then formulated by municipal officers and tabled in council by the Mayor. Citizens are invited to submit their comments regarding the budget within 21 days from the tabling of the budget. The council then approves the budget in May and submits it to the municipal finance department. In June the final budget is published and made available to citizens.

4.7 Citizen Participation in Budgeting in Mantsopa Municipality: Practice versus Citizen Perceptions

4.7.1 Office Practice

Regarding the participatory budgeting process within the Mantsopa Local Municipality, key respondents in the in-depth interviews (See Appendix 2c) indicated that the legislation describes citizen participation in local government activities as a right. Therefore, all municipalities in South Africa are required to ensure citizen participation in their budget processes. In a summarised form, the IDP Manager indicated that in the early stages of the planning process, municipal officers, CDWs, WCMs and civil society groups, as well as all other interested citizens review the IDP and compile a new list of projects and programs for the coming year.

The Public Participation Officer (PPO) pointed out that the Mantsopa Municipality was committed to serving its community with excellence. The respondent alluded to excellent service delivery that was provided by municipal officers through their dedication to work, efficiency and effectiveness in providing services to all. Both the IDP Manager and the PPO highlighted the importance of CDWs and the big role they play at the ward level. The two

respondents indicated that the CDWs are responsible for ensuring that citizens understood their rights to participate in municipal activities, particularly in the budget process. The PPO further mentioned that the mobilisation of citizens to take part in municipal activities was the responsibility of the CDWs and, as part of the administration of the municipality, the CDWs were so far doing their work as expected. According to the IDP Manager, the administration of the municipality provided overall leadership on the IDP as provided by the Constitution and other related local government Acts. The IDP Manager further indicated that it was the duty of the IDP Coordinator as his assistant, the PPO and CDWs to provide assistance and advice to citizens and facilitate the budget meetings (Pers. Comm. Ladybrand August 2008).

In an interview with the CFO and the Budget Officer, the two respondents highlighted that the municipality was trying all it could to involve civil society groups at least through their representatives by mobilising and encouraging them to present their needs and take part in community meetings. The municipal officers are said to be consulting citizens in all matters regarding the municipal budget. The Budget Officer indicated that progress reports were always provided to citizens, who were regularly invited to participate in civic forums. The researcher asked whether the business and farming sectors were included in the budget process, and the Budget Officer strongly pointed out that the two sectors were always invited through representatives of the Business Chamber and local farming organisations. The CFO indicated that they invited farmers and business people to contribute, share their ideas and experiences in municipal forums. The CFO also pointed out that these two sectors played a major role by supporting the municipality through tax and rate payments. Both the CFO and the Budget Officer were of the same opinion that citizens participated in ward meetings which discussed the IDP and budget. However, the CFO stated that in most instances, citizens' main concern was always with the rates rather than development projects. The Budget Officer admitted that key stakeholders were generally not participating as expected in the local budgeting processes (Pers. Comm. Ladybrand August 2008). Hughes (no date:9) and Van Donk et al. (2008:326-328) argue that this poor participation of

stakeholders in decision-making processes defeats the central purpose of the IDPs and that so far most IDPs in South Africa were still simple lists of what municipalities aspired for.

Responses by municipal officers revealed that in the peripheral townships there was a close association between educational level and the degree of participation in the budget process. According to the IDP Manager, the majority of residents who participated in both the IDP and budget processes had at least a matric qualification. In central areas of the Mantsopa Municipality, black residents with mostly tertiary education showed the highest propensity to attend the IDP and budget forums. In terms of race, the IDP Manager indicated that the white community in central urban areas was not interested in taking part in the municipal budget process. Even in commercial farming areas, the IDP Manger indicated that the whites were not interested at all in participating in any general discussions regarding municipal budget, unless municipal officers indicated in their invitations that there would be a specific issue relating to their specific needs to be discussed. However, the argument by the IDP Manager was not very accurate, because evidence from the registers of two municipal budget meetings of 2006 and 2007 (See Table 4.3 and 4.4) shows that of the 35 people who attended the 2006 financial year budget meeting, 20 (57 percent) were white and 15 (43 percent) were black. The same applied to the 2007 budget meeting, in which out of the 30 attendants 20 were white and ten black (Pers. Comm. Ladybrand August 2008).

Table 4.3: Participatory Budgeting Attendance According to Race (2006)

Participants	Number	Percentage	Percentage of Total Population
Black	15	43%	0.05%
White	20	57%	0.06%
Total	35	100%	0.1%
Total Ladybrand Population	29, 065	-	100%

Source: Mantsopa Local Municipality Budget Meeting Attendance Register of 2006

Table 4.4: Participatory Budgeting Attendance According to Race (2007)

Participants	Number	Percentage	Percentage of Total Population
Black	10	33%	0.03%
White	20	67%	0.06%
Total	30	100%	0.1%
Total Ladybrand Population	29,065	-	100%

Source: Mantsopa Local Municipality Budget Meeting Attendance Register of 2007

From Tables, 4.3 and 4.4, which show participation in the municipal budget according to race, it is obvious that the white community participated more in the budget process, as 57 percent of the total number of participants in 2006 were white and 43 percent was black. A 10 percent increase in the trend of participation by the white community is seen in the 2007 register and a decline in the black community's participation rate.

In general, however, although the attendance of municipal budget meetings by whites seemed to be higher than that by blacks and coloureds, overall these figures show a generally low level of participation by all racial groups in the municipality. According to the data provided by the IDP Manager, Ladybrand's central urban area has a population of 5,716 and is predominantly white. The peripheral townships of Manyatseng (predominantly black) and Mauersnek (predominantly coloured) have a combined population of 23,349. This, therefore, implies that the largest proportion of the population (black, coloured and white) does not actively participate in municipal issues.

Although the actual records of citizen participation at the ward levels could not be found, the PPO indicated that the level of participation was still very low. The PPO pointed out that people would normally attend the first ward meeting in any given year, but would not be present in the second and other follow-up meetings. This lack of interest in wards meetings

makes it difficult for citizens' preferences to be known and decisions made (Pers. Comm. PPO Ladybrand August 2008).

In response to the question regarding challenges faced by the municipality, the IDP Manager pointed out that the municipality was faced with a number of challenges. First, black residents seemed to be interested only in infrastructure projects and seemed to lack understanding of what the process of budgeting beyond infrastructure meant. Second, the IDP Manager showed that, although CDWs were part of the budget and IDP processes and were expected to educate citizens on the merits of participating in all municipal budgeting processes, it seemed the CDWs were not performing their duties as would be expected. Third, that some citizens complained that they did not understand the budget process, which indicated that more training was needed. Fourth, that with respect to the white community, their lack of interest could be explained by their wealth and ability to do everything for themselves. Fifth, that the Chamber of Commerce did not represent all of the business community, but only those who were affiliated to the Chamber. The IDP Manager showed that the white business community was always poorly represented at budget meetings. He indicated that only one or two people would come to meetings purporting to represent the white business and farming communities. The last challenge identified related to citizens who would always have excuses and apologies for not attending meetings.

According to an interview with Councillors (See Appendix 2a), the municipality in its IDP intends to work better for its people and that the IDP is an outcome of thorough consultation with citizens. The two Councillors interviewed identified one major setback from full participation during the budget process as the frequent rescheduling of council and budget meetings, thus making it impossible for all Councillors to participate.

Table 4.5: Contribution of Citizens in the Municipal Budget

Citizen Participation	Amount (R)	Open/Closed for Citizen Participation	Percentage of Budget
Capital	36 110 500	Open	26.3%
Operational	98 905 253	Closed	73.3%
Total	135 015 753		

Source: Interview on Participatory Budgeting in Mantsopa Municipality, August 2008

Table 4.5 shows the budget which is open for citizen contribution and participation. So far, citizens are able to participate in the capital budget which is only 26.3 percent of the total municipal budget. The rest (73.3 percent) of the budget is decided upon by municipal officers.

Although the IDP Manager in particular pointed out that they were doing all they could as municipal officers to engage citizens in the municipal decision-making process and blamed citizens for lack of interest, his argument does not say much in terms of what efforts they were making to mobilise citizens through their civic associations and other means. As Arnstein (1969) shows, it would seem that municipal officers were only manipulating citizens in the name of participation. Therefore, it is obvious that authentic citizen participation is yet to be achieved in this municipality.

4.7.2 Citizens' Experiences and Perception of Participatory Budgeting

This section provides citizens' experiences and perceptions regarding participatory budgeting within the Mantsopa Local Municipality. The section draws on information gathered during the focus group discussion with corroborating evidence from interviews held with local residents. In the peripheral township of Mantsopa known as Manyatseng, a focus group discussion was undertaken with three members of the Roman Catholic Church group, mainly because these people were willing to talk as a group with the researcher (See Appendix 3). The focus group was supplemented with eight in-depth individual interviews

with local residents, four from Manyatseng, the peripheral township of Ladybrand and four from central Ladybrand. Eight key questions were asked during the focus group and individual interviews. These questions were meant to assess citizens' knowledge of the municipal budget; citizen participation in municipal budget meetings; the municipality's ability to provide citizens with adequate information regarding the budget and other related activities; the languages used by the municipality in disseminating information; the time provided by the municipality before the actual meetings and for citizens to positively contribute in the budget process; citizens' perceptions regarding the efforts made by municipal officers to incorporate their needs in the budget; citizens' views regarding their representatives in the council, as well as the extent to which they obtained feedback on the municipal budget from councillors.

Participants in the focus group expressed various views regarding the participatory budgeting process within the Mantsopa Municipality. The following is a catalogue of some of these perceptions. The first question related to whether citizens knew what the municipal budget was. All the three participants indicated that they had no idea of what the budget was and what it entailed. This implies that the respondents had never heard of either the municipal IDP or budget. Participants responded to this question in a negative way and showed that the municipality seemed not to be bothered to find out whether citizens knew anything about the budget or not (Ladybrand Focus Group, September 2008).

On the issue of whether citizens were invited to municipal budget meetings, the participants highlighted that invitations to participate in the municipal budget meetings did not reach citizens on time and there were no proper channels of disseminating invitations. However, one participant indicated that he had in most cases read about the invitations in the local newspapers but had no interest in taking part in such municipal budget meetings. The respondent's main reason was that he did not see the purpose for his contribution because ultimately the municipal officers and the councillors were the ones who made final decisions. All participants were not aware that it was their constitutional right to participate in municipal decision-making processes (Ladybrand Focus Group, September 2008).

From the point of view of participants on the issue of the ability of the municipality to provide adequate information regarding the budget and other related activities, it was indicated that the municipality never bothered to provide them with adequate information regarding either the IDP or the budget and what was expected of them. Another important point that was raised by all participants was the issue of the language used by the municipality in disseminating information to citizens. Although participants were unanimous that the three languages, Sesotho, English and Afrikaans were used in the invitations, the main problem was the English and Afrikaans languages used at the actual municipal budget meeting. Participants pointed out that some of the black residents knew neither Afrikaans nor English, but only Sesotho. Therefore it was difficult for them to participate in discussions and make meaningful contributions. Participants further indicated that too much technical language was used and municipal officers made no effort to explain what some of the things meant (Ladybrand Focus Group, September 2008).

Getting citizens' perceptions regarding the time given by the municipality before the actual budget meetings was found to be necessary because people needed to be given enough time to prepare and think of their most important needs before the meetings. Therefore, responses to the question of whether the municipality gave them enough time before the budget meetings, were that they never knew about these meetings on time to prepare and make positive contributions. According to respondents' views regarding the municipality's effort to incorporate citizens in the budget process, they all agreed that that was not the right way to engage citizens in the budget process. They indicated that if the municipality was serious about the participatory budgeting process, municipal officers should first start by gathering citizens' views on how best to carry out the process and mobilise citizens (Ladybrand Focus Group, September 2008).

Regarding the issue of how represented they felt they were in the municipal council, some of the respondents indicated that they did not know who their councillors were, especially those who lived in town. However, one participant indicated that he was happy with the representation in council and that he had met with his councillors. The rest of the

participants indicated that they had never met with their councillors. This question was also found to be important because it provided information on the councillors' interaction with citizens and the knowledge of both the IDP and the budget. Councillors who regularly met with citizens were likely to raise issues such as the importance of citizens' contribution in the IDP and municipal budget (Ladybrand Focus Group, September 2008).

Again participants strongly pointed out that they felt that their needs were not reflected in the municipal budget. The analysis indicates that the majority of respondents did not believe and consider their needs to be reflected in the IDP. Furthermore, focus group participants provided a negative response to a question regarding the frequency of feedback provided to them. They cited that they got feedback only once a year which according to them was not enough (Ladybrand Focus Group, September 2008).

To supplement the focus group discussions, interviews were held with some of the residents. Eight residents were interviewed, four from Manyatseng, the peripheral township of Ladybrand, and four from the central urban area. The residents narrated an entirely different story from what some of the municipal officers had previously indicated. According to these residents, it was true that there were ward committees and representatives in the municipal council, but they raised a crucial issue of lack of citizen capacity-building and empowerment in the municipal budgeting process and other development issues. Residents pointed out that they did not contribute as would be expected because they were not familiar with the budget process and what was expected of them. Therefore, the preparation of the budget was still by the elites and educated who understood the process (Pers. Comm. Ladybrand September 2008).

In interviews with some members of the farming and business community who were willing to talk to the researcher, respondents indicated that they were regularly invited to both the IDP and budget discussions. However, the problem was always with frequent postponement of meetings or meetings which started late. The respondents indicated that they knew about the municipal budget and its purpose, but they pointed out that they were never given

enough time to prepare for the budget meetings. Opinions were strong amongst the respondents that one major problem with the Mantsopa Municipality officers was that they seemed to have negative attitudes, especially towards the white commercial community. Those members of the Ladybrand Farmers Association who were interviewed acknowledged that they felt that the municipal decision-making process was a political process mainly meant for the black and previously marginalised groups and that their contribution was not welcome. They therefore pointed out that they were not able to take part in the municipal decision-making processes. This perception could be true, since it was confirmed by the researcher through follow-up enquiries in the Municipality about infrastructure investment priorities. It emerged that so far the municipality's focus was on developing the peripheral townships, with little investment in the central areas of the town. Therefore, what seemed to occur was less development in the white dominated urban areas, notwithstanding that these are the communities that paid the most property tax and made most effort to attend the municipal meetings (Pers. Comm. Ladybrand September 2008).

The main issue is the impact that this exclusion will have in the long run, particularly because the white business community contributes significantly towards the Mantsopa's economy. The municipal officers and councillors should also be aware that little investment and lack of maintenance of the existing infrastructure in the central urban areas might discourage investors. It also emerged during interviews that the municipality provided limited support to the farming community. The other issue is that, although the municipality talks about the promotion of citizen participation, there were apparently no strategies in place that demonstrated its efforts to engage both black and white communities in the decision-making processes.

From the evidence, it can be concluded that although some stakeholders took part in the budget processes, the degree of participation by 'lay citizens' was minimal. Much of the budget, as indicated by some respondents, still went to infrastructure improvement rather than addressing immediate problems of unemployment. It was indicated that the municipal executives still controlled the budget and most of them were members of the ruling ANC.

Respondents in the focus group and individual interviews were of the view that decisions by municipal officers usually overrode those of stakeholder groups. Based on interviews carried out, it became clear that the Mantsopa Municipal officers understood participatory budgeting as a process that was only meant to improve the budgeting system, whereas they should have considered it as a process that builds the capacity of citizens and empowers them. Respondents indicated that the current participatory budgeting system was still very weak and needed improvement. Another important issue that was raised by one of the focus group participants was that there were civil society groups within their localities, such as church groups, HIV/AIDS support groups, and the teachers associations, which could play an important role in contributing towards the municipal budget process.

4.8 Summary and Conclusions

This chapter aimed at examining the degree of citizen participation in local government budgeting processes in the Mantsopa Local Municipality in the Free State Province. This was done through analysing the discussions made in the focus group and from in-depth interviews. The first section was an introductory section. Section 4.2 discussed the method of data collection and how the information collected was analysed. Section 4.3 provided a brief historical background on local governance within Mantsopa Local Municipality. A brief description of the structure of the Mantsopa Local Municipality was provided in Section 4.4. Section 4.5 presented the framework for participatory budgeting in the Mantsopa Local Municipality. It was in this section that general understanding of participatory budgeting within Mantsopa Municipality was provided. Mechanisms employed in the implementation of participatory budgeting and how it was handled and operated in the Mantsopa Municipality were highlighted in Section 4.6. Citizens' perceptions and experiences regarding participatory budgeting were shown in Section 4.7. This section, Section 4.8 summarises the most important issues brought up in the chapter.

In the main the Mantsopa Local Municipality still largely works through a top-down rationalistic fashion, where professionals do all the work and thereafter sell it to citizens. The IDP process, which sets the strategy for budgeting, is still a technocratic undertaking alone by the city elites alone, with communities largely being consulted as a matter of

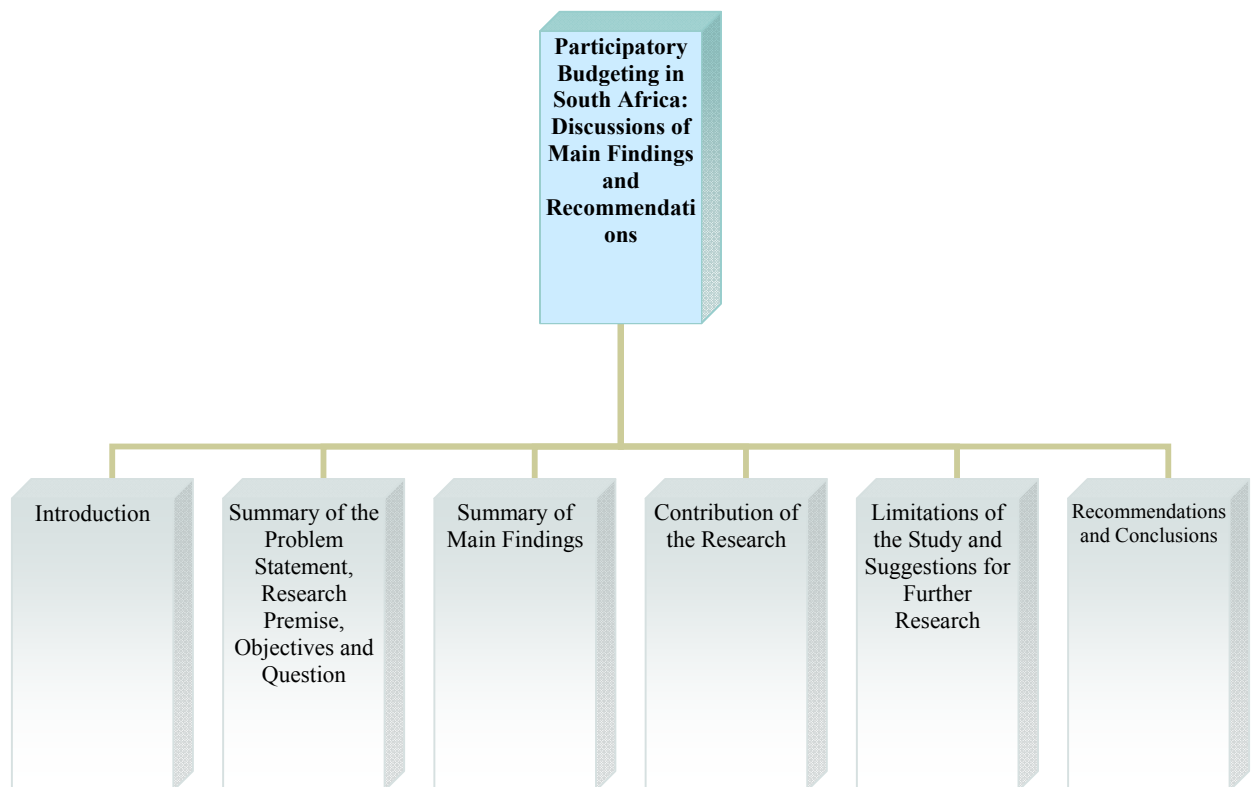
bureaucratic convenience or legal requirement. Citizens have no way of ensuring that their needs are taken into account in final decisions. As indicated in earlier chapters, this is what Arnstein (1969) calls placation and not citizen participation.

Similarly, citizen participation in budget decision-making in the Mantsopa Local Municipality was found to be rudimentary, and similar to participatory budgeting elsewhere, only limited to the capital budget, which constituted less than a quarter of total municipal budget. It is also not clear what citizen participation in the Mantsopa Local Municipality is meant to achieve, and there are no institutional structures in place to ensure that citizen participation does take place. CDWs seem ill-trained to empower citizens to usefully engage with city council bureaucrats. The bureaucrats themselves seemed to have limited understanding of what citizen participation in budget-making meant.

Of particular significance to the Mantsopa Local Municipality is the enduring racial divisions between its residents. This, in the post-apartheid period seems to be compounded by wealth divisions between the black population, where wealthy black residents are relocating to formerly white neighbourhoods. Clearly, these are challenging situations for 'citizen' participation strategies, which are theoretically based on the belief in the 'community of interest'. In the Mantsopa Local Municipality, the idea seems to be that it is enough to invite citizens to council meetings without any effort to entice them to attend such meetings through regular contact and dissemination of council activities.

The next chapter discusses the main findings as shown in this and previous chapters and identifies main shortcomings relative to Porto Alegre, where participatory budgeting has arguably been successfully undertaken. Recommendations for policy improvement are also suggested, as are areas for further research.

CHAPTER FIVE: Participatory Budgeting in South Africa: Discussions of Main Findings and Recommendations



5.1 Introduction

This chapter provides a summary and conclusion of the main findings of this research against the backdrop of the research objectives that were stated in Chapter One and also examines the validity of the research premise. This chapter starts by summarising the problem statement, research hypothesis, and objectives in Section 5.2 below.

5.2 Summary of Problem Statement, Research Premise and Objectives

This research is primarily about citizen participation in decision-making on the budget in the Mantsopa Local Municipality, Ladybrand, in the Free State Province. As indicated in Chapter One, although the Constitution of South Africa (1996) emphasises the need for accessible services, promotion of sustainable economic growth, equity and citizen

participation in development initiatives, experience shows that in practice, citizen participation in the budget processes in South Africa is still very rare. The IDP and municipal budget processes are conducted in an uncoordinated manner and exclude the majority of civil society and its associations. As argued in the first chapter, the problem of citizen exclusion from the municipal budgeting processes is said to result from the refusal to relinquish power by municipal officers and their reluctance to provide citizens with autonomy to make their own decisions. Moreover, local government change agents seem to think that their decisions are superior to those of citizens and that they must be final. This research, therefore, assumes that low levels of citizen participation in the municipal decision-making processes are a result of lack of effort by municipal change agents to empower and mobilise citizens to take part in such processes.

Two significant lessons have been drawn from the literature reviewed in Chapters Two and Three. First, that mobilisation and empowerment of civil society associations is crucial in ensuring increased levels of citizen participation in the budget process. Second, the institutional framework of the municipalities must be designed in a way that will provide space for citizen participation and autonomy in decision-making. From the literature review, therefore, it was hypothesised that development studies have neglected the importance of citizen participation in municipal budgeting, and that the effects of top-down budgeting systems on citizens and development programs and the space for citizen participation in the budgeting processes in South Africa, have not been seriously examined.

The central objective of this study was to assess the extent of citizen participation in local government decision-making, with focus on local government budgeting processes. A framework of participatory budgeting in Porto Alegre, Brazil was used to assess participation in budgeting in the Mantsopa Local Municipality, with a view to drawing appropriate lessons for South Africa as a whole. Therefore, based on the experiences of Porto Alegre in Brazil, it is argued in this study that, although the *Batho Pele* Principles have encouraged increased participation in decision-making at municipal levels throughout South Africa, there are still areas of decision-making where citizens are still largely

excluded, and this is municipal or local government budgeting. The validity of the stated hypothesis within the South African context is, therefore, evaluated using the Mantsopa Local Municipality in the Free State Province as case study. This has been achieved by examining how the municipality and citizens drew up their budgets within their localities. Mantsopa Local Municipality was chosen as a study area mainly because of being the researcher's place of residence

The rest of this Chapter is divided into four sections. Section 5.3 provides a summary of the main findings. In Section 5.4, the research premise is evaluated against the background of the research findings and shows the contribution of the research to better understanding of participatory budgeting process in South Africa. Limitations of the study and suggestions for further research are presented in Section 5.5. Recommendations and conclusions are stated in Section 5.6.

5.3 Summary of Main Findings

This section summarises the main findings of the study. In comparison, there are significant differences in how citizens participate in budgetary processes in Porto Alegre compared to how they participate in the Mantsopa Municipality's decision-making processes. These issues are discussed in some detail below.

The literature in Chapters Two and Three showed that authentic participation means a move beyond consultation and manipulation in decision-making. However, evidence from this study reveals that an understanding of participatory budgeting as a concept that leads to good governance is still very limited within the Mantsopa Local Municipality. The Mantsopa Local Municipality has not done much in terms of improving citizen participation in the municipal decision-making processes. From the researcher's point of view, there are no clear strategies used in the promotion of citizen participation in municipal budgeting. Furthermore, although municipal change agents argued that they were trying all they could to encourage citizens to participate in the municipal decision-making processes, citizens did not share the same opinion. Most members of the white community pointed out the issue of

race, particularly between the white business community and the political elites. Therefore, little cooperation would seem to exist between the white business and farming communities and the municipality's elite. This means that the Mantsopa Municipal officers are not supporting the concept of good governance. Compared to Porto Alegre, Mantsopa's approach to citizen participation was found to be ad hoc and without innovation.

Participatory budgeting in Porto Alegre has been recognized as a significant and successful experience of promoting decentralized participatory development. Although there have been great promises in terms of the promotion of participatory development, budgeting included, in the South African local government system, the experiences of the Mantsopa Municipality suggest that actual outcomes to date have been frustrating. However, there are experiences that the Mantsopa Municipality and South Africa as a whole can copy from Brazil. South Africa and Brazil share a similar history of extreme exclusion of disadvantaged social groups. As indicated 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 has managed to create institutions that allow for meaningful citizen participation. In Porto Alegre, institutions have been carefully designed and properly scaled, thus resulting in more opportunities for citizens and the marginalized groups to participate and enjoy their citizenship rights.

Although the Constitution of South Africa (1996) and other legal instruments 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, hence the ideology of ANC in practice, have arguably to date provided limited space for the grassroots majority to participate in decision-making. In contrast, the Workers' Party has proven that the local people have the capacity to contribute positively in the city budget 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 more clearer and transparent budget. The fact that neighborhood meetings were most of the time supplemented by the creation of thematic groups to discuss broader city issues suggests that

this had a learning effect. Furthermore, the networks that were created through thematic meetings created new bonds between communities, movements and other government sectors and above all, generated bridging bonds that are seen to be successful today in promoting participatory development. The new democratic participation in Porto Alegre has increased collaboration and networking among civil society groups. Participation in Porto Alegre has also opened doors for those previously marginalized groups, such as women, drug addicts, gays and other civil society organizations (CSOs).

One lesson that the Mantsopa Municipality can draw from Porto Alegre is the promotion of the politics of citizens' voice to increase the degree of networking and collaboration in decision-making. The recognition, empowerment and mobilisation of civil society groups is what Cooke & Kothari (2001); Ginther, Denters & de Waart (1995); Ansell & Gash (2007) perceive as the best approach of ensuring collaborative decision-making and is one of the strategies which Porto Alegre successfully uses for participatory budgeting (see Chapters Two and Three). In the Mantsopa Municipality, change agents are still lacking in terms of accountability and transparency. This is because they are doing very little in terms of creating space for citizens' access to government budget information.

It was hypothesised at the beginning of this study that development studies and local government change agents have neglected the importance of citizen participation in municipal budgeting, and that the effects of top-down budgeting systems on people and development programs and the space for citizen participation in budgeting processes in South Africa, have not been seriously examined. Therefore based on the findings of this research, the hypothesis of this study appears to be valid in that, although the *Batho Pele* Principles have encouraged increased participation in decision-making at municipal levels throughout South Africa, there are still areas of local government decision-making where citizens are still largely excluded, such as in the budgeting process. Although engaging citizens in all issues pertaining to local government decision-making is crucial, the research demonstrates that the Mantsopa Local Municipality still has a long way to go in terms of

increasing citizen participation in the budget process and thereby enhancing democracy and good governance.

To this end it can, therefore, be concluded that participatory budgeting as understood in Porto Alegre is yet to occur in the Mantsopa Municipality. Even the limited participation on budget issues that do occur, only relates to the infrastructure but not the operational budget, where salaries and other day-to-day issues are discussed and decided. It might, therefore, not be presumptuous to conclude that municipal officers enjoy holding on to power and final decision-making. In view of the limitations relating to participatory budgeting in the Mantsopa Local Municipality, one is further tempted to argue that the low level of citizen participation in the budget process is a result of poorly designed institutional framework, exclusion of the grassroots majority and civil society groups, as well as lack of political will and administrative support (See van Donk et al 2008:162, 168-170).

5.4 Contribution of the Research

This section discusses the contribution of this study towards a better understanding of the concept of participatory budgeting in local government decision-making processes, especially in South African cities. This study has raised a significant concern with the low levels of citizen participation in local government decision-making processes, despite strong rhetoric to the contrary. In the Mantsopa Local Municipality in particular, the research has revealed remarkably low levels of citizen participation in the budgeting process notwithstanding strong legislative framework to support such participation. Most literature reviewed on South Africa and its framework for participatory budgeting does not say much about how local government could institutionalise participatory budgeting, the framework is also silent on the role of civil society groups and their engagement in municipal budgeting processes.

5.5 Limitations of the Study and Suggestions for Further Research

This section discusses the limitations of the study and makes suggestions for further research. This research has been an exploratory study. It was also not possible to predict research problems that were likely to be encountered during the data collection process.

The first and major problem encountered by the researcher relates to the formalities that had to be followed before the researcher could formally be granted permission to carry out the interviews within the municipality. The second was the problem of restricted access to some of the secondary data, such as the actual budget figures, particularly of the operational budget. It was also not possible to get the recent Municipal Council's discussions relating to municipal personnel salaries and benefits and how they were decided upon. The researcher, therefore, concluded that some of the data would be difficult to obtain, partly because municipal officers felt that some of the issues that were being researched were sensitive and confidential. The researcher had to therefore, work with incomplete data in some areas.

Based on the research findings, a few areas are suggested for future research. First is the reasons why citizen participation in the budgeting process does not include the operational budgets, covering salaries and wages. It might be interesting to find out how citizens can be engaged in setting staff salaries depending on performance and service delivery, starting with the Municipal Manager's salary and benefits down to the lowest staff member in the municipality. Secondly, the researcher is aware that in the Mantsopa Municipality, citizen participation is promoted in the capital budgeting process which is a very small proportion of the total annual budget. It would be crucial to examine who then decides on the rest of the municipal budget and why.

5.6 Policy Recommendations

In the light of the foregoing findings, it is obvious that in the context of the Mantsopa Municipality, it is not clear what the participation process is meant to achieve. Citizens are considered by local government institutions and their change agents as mere recipients of a development agenda that has been set elsewhere, which renders citizens incapable of

contributing productively to policy-making. Although legislation and policies meant to enable participation are in place, to the citizens of the Mantsopa municipality, and indeed all South African citizens, the actual implementation of participation and democracy is still a frustrating experience. Below, a number of key policy requirements for successful implementation of a participatory budgeting process are highlighted, drawing on the four key factors that were identified in Chapter 2 as crucial to the success of participatory budgeting in Porto Alegre.

Key policy areas:

- ❖ The first key policy area is the creation of a governmental environment consisting of appropriate structures of local authorities, a positive political culture that acknowledges civic inputs, a flexible and suitable legal framework for local government budgeting processes and the size and heterogeneity of the population. This implies political will, in which the ruling political party and its policy-making structures engage citizen groups from the grassroots levels. The ruling party should initiate and implement the participatory budgeting process through civic education on budgeting principles in order to create an informed citizenry that is able to identify and prioritise their needs, and to engage fruitfully with local government change agents. Also central to democratic local governance is civic voice, meaning that people should be allowed to air their views and contribute freely in decision-making through their societal groups.
- ❖ The second key focus area concerns process design. This involves the timing, type of resource allocation and space for citizens as key participants to make inputs in the budget process. Timing is very important, as early engagement of citizens in the municipal budgeting process is likely to be more effective in influencing decisions, empowering citizens, building trust and decreasing cynicism about municipalities.
- ❖ The third key policy requirement relates to creation of innovative mechanisms that would advance participatory budgeting, such as the organisation of civic meetings,

focus group simulations and committee meetings around specific thematic topics on the budget. These mechanisms appear to work relatively well in Porto Alegre.

- ❖ Key to effective participation is the role played by issue-based popular activism, as evidenced by increased numbers of civil society associations, which, in the case of Porto Alegre, are actively encouraged by the Worker's Party. As indicated in Chapter 3, this is conspicuously lacking in the ANC approach to governance, which has encouraged the continuity of neo-liberal policies of the pre-apartheid era. The experience from Porto Alegre, therefore, show that popular activism at all levels of society might be one of the key missing links in South Africa.
- ❖ The fifth key policy area entails consideration of goals and outcomes of citizen participation in the budgeting processes. The government should set goals at the beginning of the participatory budgeting process and these goals include, amongst many, informing citizens of issues on which decisions have to be made, training citizens on the budget, getting support from central government for budget proposals, developing trust and building a feel of ownership amongst citizens. However, these should not be the ultimate goals, as it is often the case now. Additional effort and resources should also be devoted to assessing outcomes and impacts in the light of specified goals.

In summary, therefore, the five key policy areas identified above seem to suggest that participatory budgeting within the South African context needs to be conceptualised more widely in order to clearly illustrate how intervention, participation and empowerment are related. As Cooke & Kothari (2001: 36) indicate, community-based participation needs to be broadly illustrated, if not, participation will remain “an empty shell with meaningful decision-making, interaction and collective action taking place elsewhere”.

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APPENDICES

APPENDIX 1: List of Interviewed Municipal Officials and Councillors

IDP Manager

Public Participation Officer

Chief Financial Officer

Budget Officer

Councillors (two)

APPENDIX 2: Interview Guide with Key Respondents within the Municipality

(a) Municipal Councillors/Representatives

Legal provisions and how they are enforced in real practice

1. How many councillors according to the law are to be in this particular local government unit? How many are there actually?
2. How often are formal meetings supposed to take place by law?
3. Are there special legal arrangements to ensure that all groups of society get elected? If so, how many are there de facto?
4. Are there legal provisions for representation by gender, ethnicity, etc., on the committees? What is the de facto composition of these committees and their leadership by gender, social status, etc?
5. What are the legal provisions stipulating what the committees role is? And what exactly do these committees do de facto? How do they reach decisions? Are these decisions then put to vote to the council? What is the record of adopting these decisions?
6. Have the councillors received any training in the legislation pertaining to local government so they could perform their role? If so what training? And by whom? (Government, Donors, etc)

7. Has there been a case in the last three years of a local council adopting a decision that had been challenged/ overturned by national government or the local communities? If so, what was the decision about? What was the final outcome of the controversy?

(b) Questions Regarding Meetings (Particularly Budget Assemblies)

1. De facto, are meetings regular or ad hoc/ thematic? Is there a cycle of meetings?
2. During council meetings, are formal minutes created for each meeting?
3. If so what do they do with the minutes—who has access to them? (Councillors, Municipal officials or citizens).
4. Are meetings open for citizen participation or not? If they are open, how many people usually attend them from the community?
5. How fixed are meeting dates in advance? How is this communicated?
6. What are the main questions discussed in each meeting? (E.g. thematic meetings).
7. On each point is there a formal vote session or does the chair decide on when the budgetary decision is reached?
8. In what language do councils receive government directives? (E.g. English, Afrikaans or Sesotho).
9. How does the council and municipality publicise their decisions and make them known to citizens – what level of consultation beforehand? (E.g. 21 day rule on by-laws).

10. How is the council meeting agenda determined before each meeting? What are the procedures for that?

With these types are questions the researcher wanted to find out where the power lies, with who in the particular case of municipal budget (officials, councillors, or citizens) and who tends to dominate decision-making in this municipality.

(c) Municipal Change Agents – (IDP Manager, Public Participation Officer, Chief Financial Officer and Budget Officer)

1. Can you please tell me about how you handle the participatory budgeting process at Mantsopa Local Municipality?
2. How often do you facilitate and hold civic meetings?
3. Do you think citizens understand and are interested in participating in municipal decision-making processes, in particular budgeting?
4. How do you rate the level of citizen participation in the municipal budget process?
5. How are ward representatives involved in the budgeting process?
6. How much time do you provide for dissemination of information before calling a council meeting?
7. How do you ensure distribution of information to citizens (e.g. regarding policy and budget)?
8. How do you distribute resources in the municipality (i.e. priority given to whom)?
9. In your view, do you think the Mantsopa Local Municipality budgeting is participatory?

10. What problems do you normally encounter in mobilizing citizens to participate in the municipal budgeting process?

APPENDIX 3: Focus Group Interview Guide

(a) - With Roman Catholic Church Group representing Civil Society Groups

(b) - Farmers' Representatives and the Ladybrand Chamber of Commerce

1. Do you know what the Municipal Development Budget is?
2. Do you get invited to municipal meetings?
3. Does the municipality provide you with adequate information regarding the budget and other related activities?
4. In what language does the municipality disseminate information? (E.g. English, Afrikaans or Sesotho).
5. Does the municipality give enough time before the actual meetings?
6. What are your views concerning the municipality with regard to incorporating you in the budget?
7. Do you feel your needs are reflected in your municipal IDP and Budget?
8. How represented are you in the council?
9. How often do you meet with your Councillor(s)?
10. How often do you get feedback from council meetings discussions?

APPENDIX 4: LOCATION MAP

