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INTEGRATED RURAL AND REGIONAL DEVELOPMENT

POSITION PAPER

RURAL DEVELOPMENT

THE PROVISION OF BASIC INFRASTRUCTURE SERVICES

DAVID HEMSON, MIKE MEYER, AND KEALEBOGA MAPHUNYE

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SUMMARY OF PRINCIPLES

This report is built around the following set of proposals which the authors argue are essential to turning around the chronic underdevelopment of rural communities in South Africa:

- 1 A higher priority should be given to rural development and greater expenditure given to this sector which includes the poorest of the poor;
- 2 The Millennium Development Goals which set goals for the most poverty-stricken continents internationally, should be targeted on the rural population in a medium developed country such as South Africa;
- 3 In addition there should be a reduction in the levels of inequality between rural and urban incomes by the stimulation of the rural economy and the provision of welfare to which the rural people are entitled;
- 4 The implementation of infrastructure must be combined with social and institutional development; the economic and social issues have to be combined,
- 5 The increased investment can only be absorbed with considerable capacity building which has to be specifically targeted;
- 6 The social tasks of implementation can only be achieved with the encouragement of civil society of community based, women's and non-government organisations, the voice of the rural poor must be heard and participation in decision-making should be positively and strongly encouraged;
- 7 There should be a rights-based culture in approaches to the delivery of services;
- 8 There should be the general improvement and support to rural institutions in schools, clinics, policing and local government;
- 9 Appropriate forms of participation should be encouraged; directing the creative energies of rural people and operating as integral to projects and services in water and sanitation, community centres, adult education and training, roads, etc;
- 10 Specific attention and funds should be targeted to turn around the decline of small towns and to recreate rural centres;
- 11 The decline in rural incomes has to be reversed through the implementation of appropriate public works and the extension of poverty alleviating welfare grants to the rural poor;
- 12 There should be a much improved flow of information to rural communities through Multi-Purpose Community Centres and other communication centres.

EXECUTIVE SUMMARY

The rural areas of South Africa are awaiting an initiative to bring the rural poor into modern services, through new forms of non-farm activities and a revival of agriculture. Traditionally the homelands have been subjected to processes which could be characterised as the development of underdevelopment; now the challenge is to reverse these processes without creating new forms of dependency. There are peculiarities of these rural areas which should be understood to ensure that there is an appreciation of the difficulties of development and the need for a prioritisation of capacity building. Although the poorest of South Africa are concentrated in these areas and there are resources which could be utilised, the migrant labour system has resulted in a sector of society in which decisions are difficult to arrive at and the human resources are often absent.

One of the cruel curiosities of South Africa is that the rural poor do not see agriculture as an answer to their plight; only 4% of the incomes of the poorest come from this source. Through combined and uneven development in which the most modern features of society are articulated with the most backward in medium developed countries, the cities absorb the best educated and most energetic layers of the rural population and leaving the rural areas to the women, children and elderly. This does not mean that the rural areas have lost their capacity to carry millions of South Africa's citizens, but it does mean that special provision has to be made to ensure that a social dynamic comes into play to carry this sector forward into the modern world. Modernisation to date has been associated with forms of state and economic oppression, now new socio-political initiatives have to be undertaken to empower and develop.

A considerable proportion of the population lives in poverty in the rural areas. Some 70% of poor live in these areas. The non-urban population amounts to 45% of the total population and of these 85% live in the impoverished former homelands. Many other households have intimate ties to the rural areas through the migrant labour system. There have been consistent programs to introduce modern services particularly to the former homeland areas which have been particularly neglected and isolated. Clean water services have been extended to more than half the rural population, clinics and schools are visible symbols of state provision, and electricity pylons criss-cross the landscape.

This extension of services is widely welcomed but there are difficulties appearing. Without an increase in rural livelihoods and incomes the most significant services are threatened by the inability to pay and stay connected. Development reaches its sustainable limits. This is the principal lag in the process of service provision. The other relates to capacity and strategy. Rural local government, with few notable exceptions, is something new in South Africa and the capacity to implement and manage schemes and programs is only now being created. Line departments are passing on responsibilities to local government which they are not always pleased to take on because there are not the financial and human resources available to manage them.

At times there is an absence of strategy. Funding and commitment may be available but the right combination of national, provincial and local initiative is not made. In a number of sectors, notably sanitation, there have been substantial lags which have left rural communities vulnerable to the scourge of cholera and other water-borne diseases.

Accelerated development is not only possible it is necessary to make full use of funding and human resources; this has been dramatically shown in the case of sanitation a sector in which there has been little progress over years. With the threat of cholera particularly in KwaZulu-Natal, communities have become mobilised and assert their rights, the uptake of sanitation subsidies has increased. A by-product of this mobilisation is that the cost of the overall sanitation package per installation has declined. Similarly the Working for Water Programme has had considerable success in mobilising the rural poor to meet an important environmental objective. There are possibilities in housing, roads development, other small-scale construction, and public works generally for scaling up and employing many more of the rural poor.

Tied to the notion of accelerated development is that of integrated development. Here it is argued that the IDPs should be the basis for service delivery by bringing together the targets established by line departments with the growing capacity of local government to operate and maintain.

Section 2.1 identifies three major constraints to rural service delivery: budgetary, state capacity particularly personnel, and institutional and constitutional. It is argued that additional resources do need to be provided if the rural population is to access the services and benefits to which they are entitled. Local government is increasingly being assigned responsibility for service delivery and special provision should be made for the development of rural local government capacity; this should be a feature of all development projects as the existing staff complement is generally recognized to be overstretched. Finally an example is given of the institutional difficulties in implementing critically important projects where there is an absence of clear departmental leadership and poor inter-departmental coordination.

Section 2.2 explores an appropriate mix of social and economic infrastructure. The provision of infrastructure for rural development is referred to as the foundations of social and economic infrastructure and integrated economic activities that have been recognized as being inter-related and mutually supportive. These include areas such as physical infrastructures or physical systems, as well as organizational capabilities and human capacities that strengthen and sustain the social dimensions of development. It is further argued for a stronger emphasis on social development in the short and medium term, in rural areas. It is also recognized that there is a strong linkage between government policies and organizational capacity, and social development outcomes. The provision of resources for social services and the creation of new partnerships for delivery of services are important, but must be implemented within a framework of policies and institutions that provide mechanisms for efficiency and accountability. Individual, household and community capacity to absorb economic change through social risk mechanisms are essential outcomes for sustaining gains in social development. This would include an immediate need to link short term budgetary and/or policy interventions not only to direct increased social assistance in the form of household or individual grants, but also to the role of human capabilities or their assets to the importance of *social risk management* - developing and designing policies that can reduce the risk to individuals, households, and communities of losing livelihoods and to provide temporary assistance for persons in such dire material need when they are unable to meet their or their families most basic needs (i.e. with additional focus on individuals moving in and out of poverty). The section concludes with a review of the Millennium Development Goals, which set goals for the most poverty-stricken continents internationally, and that they should be targeted specifically on the rural population in a medium developed country such as South Africa.

Section 2.3 attempts to isolate government's spending priorities in meeting the needs of the poor. Government has set spending priorities over the medium term and large-scale changes can only be made within a limited ambit, but a better prioritisation of spending could bring improved results. With rural development and poverty alleviation taken as synonymous, it is argued that rural development has been neglected in the past and needs to be at the epicenter of spending priorities. A critical view is taken on how different national departments articulate 'poverty alleviation', and calls for provincial and national line departments to adhere to legislative requirements to include a needs analysis in their Medium Term Expenditure Framework Strategic Plans and Service Delivery Improvement Plans to inform the national budgetary process in a more demanding way, and that IDPs should be the basis for service delivery by bringing together the targets established by line departments with the growing capacity of local government to operate and maintain.

Section 2.4 considers various options on how integrated departmental development can be enhanced and achieved in practice. Particular focus is given on existing challenges facing interdepartmental and intergovernmental relations, and how, within the South African context, such challenges can be translated into opportunities for accelerated and well coordinated rural service delivery. We further look at the more practical implementation of integrated and interdepartmental coordination and support in terms of particular mechanisms that need to be put in place to improve departmental development culture; prioritization; communication; skills for integrated development; greater flexibility in funding crosscutting

issues; political commitment; involvement of all stakeholders and management information systems.

Section 2.5 reflects on *sequencing* as an important consideration in the rollout of basic services. We debate the issue from the perspective of existing conflicting planning priorities; the need for greater consultation with local communities and an accent on their participation; whether infrastructure be regionally planned to maximize benefits and minimize costs; and lastly, the question on what is priority and what is affordable in the sequencing process is addressed. A critical view is taken on supply driven vis-à-vis demand driven delivery of basic services as far as it relate to need; participation; priority; affordability and the social responsibility of the state in terms of the provision of free basic services. Perhaps the most important assumptions drawn here is that *income poverty* and poverty alleviation have a crucial bearing on the sequencing in the rollout of basic services, and the need to debunk the myth of a “culture of non-payment” – as argued here - *ability* to pay is more important than *willingness* to pay, and no amount of moralizing or threatening is going to alleviate the payments crisis in the country.

Section 2.6 discusses the vital issue of sustainability and argues that the provision of free basic services has decisively changed the nature of sustainability of rural programs. Historically projects have been launched in rural areas on the basis of ‘standalone’ schemes with local communities providing labour and project management. There were many achievements on this basis but against the odds as provision on this basis rested on the poorest of society providing for their services. The decisive shift of service provision is ending standalone schemes but raising new questions of funding to local government in terms of their growing powers and functions. There has to be a reassessment of the present basis of allocation of state expenditure between national and local government.

Section 2.7 contributes to the debate on how government can best involve communities in the creation, operation and maintenance of community assets. Critical to the notion of development, particularly in South Africa, is that of community participation as one of the most important markers of the dividing line between authoritarian forms of delivery and new democratic and more sustainable forms of provision. Obviously, an important part of the provision of services to poor rural communities by the government is the establishment, operation and maintenance of community assets with the involvement of the community members themselves. The involvement of community members in the choosing of assets, in their creation, in their functioning and in making sure that they are sustainable in the long term, falls within the ambit of what is referred to variously as *participatory democracy*, *participatory development* or *people centered development*. We explore state-civil society relations and participatory democracy and budgeting. It is argued that more attention has been directed toward the development and co-ordination of policy and priority-setting processes in the past, with minimal attention being given to implementation and to holding government staff, especially at provincial and local level responsible for their performance. One certain way of doing this is to promote participation by citizens through their organizations of civil society in general, and through the development of the ward system in particular. This will ensure that implementation occurs and that officials are held accountable at all times. The reward for the state in terms of return on money spent makes this not just a worthwhile exercise, but also an essential one.

Section 2.8 looks at how local government can be capacitated to meet the social needs of poor communities. Rural local government is at a fairly early stage of development in most provinces. There are also often considerable distances between administrative centres and rural communities and difficulties in communications. In addition there is a fairly rapid turnover of staff as consultants and companies often take up experienced social consultants. All of this weakens local capacity and raises the priority accorded to education and training. The DPLG has given attention to the generation of local capacity, and comparative experiences need to be studied to understand what strategies successful district councils employ both to retain staff and to increase their ability to manage increasingly large-scale projects. It is argued here that any attempt by the government to promote participation of communities in service/asset management needs to be focused on the empowerment of ward committees and their constituent parts, the institutions of civil society.

Section 2.9 examines the most cost effective ways of delivering services. Cost Effectiveness Analysis is examined as a method of assessment of different methods of delivery and its advantages and disadvantages weighed up. It is argued that it is crucial for the data on delivery to be updated and available for assessment. Examples are provided which examine different approaches to delivery in the provision of clean water and in the cholera intervention. New approaches are needed in sanitation which would be both cheaper and faster to implement.

Section 2.10 discusses the role of the private sector in rural service delivery. There is general support for public private partnerships in government policy, but there is a tension particularly in rural areas between organizations focused on maximizing profits and the ability of the poorest communities to pay. To date private sector engagement in rural development, with the exception of BoTT consortia has been limited. The few concessions which are currently operating and providing water and sanitation services to the poor are under strain and do not offer an attractive prospect to further investment. In securing the empowerment and capacitation of rural local government it is important that ventures under the new rules of engagement do not inhibit local authorities learning to provide a well managed set of public services on their own account.

The report concludes that there is a need for more funding to be provided for rural development, and that this can be absorbed by rural local government if two procedures are followed — a combination of physical and institutional infrastructure, of the economic with the social there has to be a sharp focus on capacity building in rural communities; and a close association between rural development and poverty alleviation which has to include an extension of social development services to rural communities.

Finally it is argued that rural development is closely associated with the empowerment of rural communities which has to include the encouragement of civil society, public participation in decision-making, and a democratic culture.

ACRONYMS

BIS	Budget Information Service
BoTT	Build Operate Train and Transfer
CBO	Community Based Organisation
CEA	Cost Effectiveness Analysis
CS	Civil Society
DRA	Demand Responsive Approach
DPLG	Department of Provincial and Local Government
DSD	Department of Social Development
DWAF	Department of Water Affairs and Forestry
GEAR	Growth, Employment and Re-distribution – A Macroeconomic Strategy
IDASA	Institute for Democratic Alternatives is South Africa
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
ISRDS	Integrated Sustainable Rural Development Strategy
IT	Information Technology
LED	Local Economic Development
LEDF	Local Economic Development Funds
LGWETA	Local Government and Water Sector Education and Training
MDG	Millenium Development Goals
MEC	Member of Executive Council
MPCC	Multi-Purpose Community Centres
NCOP	National Council of Provinces
NEDLAC	National Economic and Labour Council
NGO	Non-Government Organisation
PPP	Public Private Partnerships
RDP	Reconstruction and Development Programme
SALGA	South African local Government Association
SANCO	SA National Civic Organisation
SDI	Spatial Development Initiatives
SDIP	Service Delivery Improvement Plans

1.0 INTRODUCTION

The history of the rural communities of South Africa is one of dispossession, forced removals, and immiseration. The linkages forwards and backwards from the rural areas have historically formed a circuit of cheap labour in the industrial areas and dependency in the rural areas, providing low wages on the basis of the welfare and cultural support of the rural areas. Rural communities are still basically characterised by lines of division between commercial farming and the former reserves; the former are visibly improved areas with dams and infrastructure, the latter intensely populated areas with poor land use.

These are the elements of the burden of the past which have depleted rural resources available and social capacity of the rural population. They help to give a socio-economic and historical background to rural poverty.

POVERTY AND RURAL DEVELOPMENT

In this study the following usage of the term rural area is made: of sparsely populated areas in which people depend largely on agriculture or natural resources and which include villages and small towns which serve as rural centres. It also is understood to refer to large or 'closer' settlements created by the dumping of populations in the former homelands during apartheid. The population in most rural areas depends on migratory labour system and remittances for their survival.

The questions of rural development need to be more central to public policy. A substantial number of people live in the rural areas; some 45% of South Africa's population live in non-urban areas, depending on the definition used. Of these, some 85% live in the former homelands, and the rest on commercial farms and in the small towns.¹

For a large number of people there is still a dependence on the land even though there is a low level of agricultural or pastoral activities. The land still serves a welfare function as many older migrants and urban residents retire here to have freedom from rent and service charges even though prices of basic commodities are undoubtedly higher.

Despite these unpromising conditions there has been considerable extensions of service delivery particularly in the field of water, education, health provision, roads and bridges, etc. in certain sectors there have been considerable advances. There are, however, significant lags particularly in sanitation, telecommunications, and welfare.

DIMENSIONS OF POVERTY

This work employs a two-dimensional perspective of poverty; which is regarded as an individual or household having both an absence of basic services as well as a lack of income in which to participate in a modern economy.² There are other dimensions to poverty, but these two serve to focus on two key planes for government policy; the question of delivery and that of income redistribution. On both these planes government expenditure could be crucial in assisting rural communities in connecting to modern services, improving individual and social capacity, and making it possible for households to rise out of poverty.

This definition stresses *social inclusion*, the constitutional, community and political incorporation of the poor into the political and social life of a modern democratic society. Inclusion includes access to services which can be relatively easily measured. A lack of access to physical infrastructure like electricity, clean water and proper roads and housing are closely linked with poverty.

Important though the physical infrastructure for development is, the recent debates around sustainability raise the critical issue of continuity of service and use of resources. Where incomes are stagnant or declining, an extension of services can run into the difficulties of continuity. Where there are low levels of payment and inadequate inter-governmental

transfers disconnections, vandalism, and deterioration of services can result. Service delivery without poverty alleviation and rising incomes is unstable and wasteful. It can also lead to the rapid degradation of natural resources, often exacerbated by unsustainable practices.

South Africa's rural areas are characterised by deep levels of poverty and at one dimension of poverty (that of exclusion from the services providing for basic needs) are the poorest and most remote from programs of poverty alleviation. The backlog of water, sanitation, health services, high schools, etc, is very largely located in rural areas. In addition the rural population finds it most difficult to locate any form of employment and faces high transport costs to the nearest urban centre.

In many ways the integration of South Africa into global markets has accentuated the difficulties for the rural poor advancing out of poverty. Research indicates that the main cause of impoverishment (or movement out of poverty) is 'demographic': the loss of employment by the head and members of the household followed by loss of or decline in wages and remittances.³ Those most vulnerable to the effects of globalisation are the less educated and skilled of the workforce, and employment prospects for migrant labourers in the mines, railways, ports and suburbs have declined drastically in the past decade. Labour conditions have also deteriorated as casualisation has limited the prospects for permanent employment and lowered the level of wages.

A detailed study of the labour market has shown that African workers are a declining proportion of the labour force (being reduced from 70% of all employed to 59,1% in 1995). This is an extraordinary development, and the burden of this displacement has fallen hardest on labourers. For African employees the loss of share in occupations has been concentrated in the less skilled and lower paid occupations such as farming and forestry occupations, production workers, basic service occupations and labourers⁴.

It is in precisely these sectors and occupations that migrant workers are concentrated. Apart from changing family characteristics (such as deaths and births) there are at least three factors leading to a decline in incomes: effects of declining small-scale agriculture, retrenchments, and declining wages for labouring workers. An earlier study had concluded that the poorest have 4% of their income from agriculture and 45% from wages and remittances⁵ and it does not appear that conditions have changed since the early 1990s.⁶ While in the previous period there appears to have been a reciprocal relationship between wage labour and small-scale agriculture, in which remittances were used to invest in agricultural implements and other resources, it now appears that such reciprocity between wages and agriculture has broken down.

The rural landscape is not one of equal impoverishment. Although there are high levels of landlessness and very small parcels of arable land per household on average there are also considerable differences between regions and, as importantly, inequality among households. Although 71 percent of the rural population in the former homelands have access to land in 1997, for more than 50 percent of this group, land size is less than 1ha.⁷ It is commonplace that the size of land and cattle holdings is related to traditional authority, and that the inequalities in land and resources are keenly felt.⁸ Access to woodlots to gather the necessary fuel for cooking, for instance, is often far from freely available.

Although they are at one level distinct processes, rural development and poverty alleviation are closely linked. The distinction between the two concepts is important as poverty alleviation has a value in itself as an aspect of welfare which is justified as a form of solidarity quite apart from its function as adding to social inclusion and securing adherence to the constitution.

South African rural poverty appears to be different from other developing countries in three particular ways:

- Income generated and food consumed from agriculture is a minor component of household resources; there is not a peasantry of any significance;

- Migration is circulatory with many households having a rural and urban base and oscillating between the two;
- Rural society rapidly is closely affected by the social and health problems of urban areas because of this factor.

Recognition of these features is important in policy formulation and in the provision of appropriate services.

STRATEGIES FOR RURAL DEVELOPMENT

In the past period the policy towards rural development has been changing from the social and political goals implicit in the RDP to the spatial concepts of nodes, corridors and infrastructure strategies. The emphasis of the RDP has been on 'people-centred' development, on democratic participation, and on social goals. In developing a sectoral policy these ideas are acknowledged but the emphasis has been on investment strategies and infrastructural objectives.

The Integrated Sustainable Rural Development Strategy (ISRDS) published in 2000 has the following goals:

- To increase investment in physical infrastructure and delivery of social services in rural areas.
- To enhance rural economic development and improve income generating opportunities.
- To consolidate democratic governance and redistribution in rural areas.
- To ensure gender equity and especially women empowerment.
- To facilitate a partnership between government, civil society and donor institutions in rural development process.

The ISRDS was focused essentially on the regional and provincial level to ensure effective implementation, a context which is now changing. The strategy concentrates on poverty eradication as "the main policy challenge confronting rural development process".

Most importantly the ISRDS argues for better coordination and cooperation between the different spheres of government and specifically excludes a promise of additional resources:

It is not predicated on additional funding from government. It will increase the efficiency of the application of public funds in rural areas to create appropriate outputs in the places where they are most needed. The structures and procedures of the Medium Term Expenditure Framework will provide the mechanism for realising national and provincial budget structures to meet ISRDS objectives. Additional funding will be derived from the structure of delivery relationships that will be established. Sources will include the private sector, public-private partnerships, organs of state and the donor community.⁹

The emphasis is on greater effectiveness and a thorough restructuring of the system of delivery rather than greater funding. The question is how the rural economy can be kick-started. Here it develops the relationship between rural and urban economies, and furthermore affirms that a sustainable economic growth can be achieved if it is premised on linking exploitation of rural assets and redistribution. It states¹⁰ that agriculture has strong forward and backward linkages into the rest of the economy, and together with SMME and tourism has the capacity to create labour intensive economic activity in its own right as well as in related industries, giving rise to income distribution in the national economy.

This approach has been subjected to considerable criticism for attempting to fast-track development which makes the strategy vulnerable to failure, for being too reliant on IDPs,

and for not setting out clear priorities and sequences which would make change possible.¹¹ In addition to these criticisms the strategy has been criticized by a leading advocate of agrarian reform, Ben Cousins, for not offering rural regeneration by accepting the established contours of policy and for not challenging the deep inequalities characteristic both of South African society and of rural communities.

The strategy implicit within this document is to extend the bounds of existing policy by arguing that additional resources have to be made available to meet both the MDG and the standards set out in the Reconstruction and Development Programme and (among other things) that democratic participation and an accent on the development of the organizations of civil society has to be part of rural transformation.

2.1 WHERE ARE THE MAIN CONSTRAINTS IN THE SERVICE DELIVERY CHAIN?

It is widely recognized that the greatest backlogs in services are in the rural areas. Service delivery conducted in a democratic mode will bring resources to rural communities which could in turn encourage empowerment and alleviate poverty. This much has been acknowledged in a number of policy documents and government statements. Since 1994 the RDP has set out specific targets relating to rural areas in a macro-economic framework which was regarded as generally expansionary. This has been followed by GEAR which has stressed the limits to state expenditure and a more restrictive framework. Although the targets of service delivery still stand, the institutional framework has been constantly evolving and the financial resources to reach these targets are subject to budgetary priorities. The results have been mixed. The rollout of services has been more successful in some sectors than in others; water provision is widely regarded as a success while land resettlement is far from the RDP target of resettling the rural poor and black farmers on 30% of the land.

The achievements in rural development as gathered by the ISRDS are published below:

ACHIEVEMENTS OF RURAL DEVELOPMENT FROM 1994-2000

Some examples of achievements under the various departmental programs include:

- Promotion of small-scale mining activity through managerial support, infrastructure investments and support services.
- Eskom completed 1.1 million electrical connections in rural areas between 1994 and 1999 and also provided electricity to 3 891 rural schools.
- Spatial Development Initiatives (SDIs) created spin-offs such as job opportunities, socio-economic upliftment, economic empowerment, upgrading of infrastructure.
- Community based public works programs focused on poverty alleviation, job creation and infrastructure provision primarily in 3 provinces.
- Investment in water infrastructure development projects increased rural communities' access to water.
- Working for Water project.
- Extension of telephone services to rural communities increased access from 20% to 40% of households.
- Cellphone network and TV signals have been extended to rural areas ensuring that most households in rural areas now receive a TV signal.
- Under the land reform programme 350 000 households gained access to 6.5 million hectares of land.

Source: ISRDS, 3B:55

These achievements include a wide range of relatively small projects such as those in mining (although very important to the communities concerned) and broader questions. Education, public works employment and sanitation are not included. Although these achievements mark a considerable advance on the conditions pertaining to the 'homeland' era, in relation to the RDP targets there are still considerable deficits. In sanitation, for instance, there is a very low coverage of rural areas at the level of VIPs compared to water

provision although there is now an accelerated programme of delivery following the cholera outbreak of 2000/01. The RDP set out targets for development public works employment, land reform, housing and services, water and sanitation, energy and electrification, telecommunications, transport, environment, nutrition, health care and social security. Many of these targets have crucial implications for rural communities. In certain sectors there is information available, but in a number of areas a critical assessment of expenditure and achievements still has to be made.

Overall, despite progress in a number of fields it does not appear that all the dynamics necessary to rural regeneration are in motion. Many regard the present results from SDIs as far from equal to their promise¹² and electricity and telephone services have been troubled by either very low utilization or high levels of disconnection and damage to cables. This report cannot provide answers to all the difficult questions posed (some of which are taken up below) but will focus on the question of obstacles to the implementation of services; an essential precursor to the broader process.

Although many of the basic infrastructural questions in South Africa are considerably different from other countries, there is currently little work undertaken in comparing the strategy for development with countries undergoing comparable challenges. This could improve the understanding of alternative options and generate necessary debate about strategy and resources.

The constraints to rural service delivery appear to fall under three headings:

Budgetary

State capacity

Institutional and constitutional

BUDGETARY CONSTRAINTS

Reviews of spending on constitutionally mandated basic services on a per capita by the Financial and Fiscal Commission indicates that an average R1,829 (in 2000 prices) was spent per person per annum on basic education, primary and secondary health care, social security and housing between 1997/98 and 2001/02. On average, real per capita spending declined by 1.78% p.a. over the period of the analysis.¹³ These are the basic services which apply fundamentally to the poorest of the poor in the rural areas.

Although it has not been possible to get a clear statement of the proportion of the budget allocated to rural development, it appears that spending on the rural population is considerably less than that on the urban population. The rural population accounts for something less than half the population but appears to have far less expenditure per household; probably about 50% less than on urban households. If this estimate is valid there is a considerable gap which is largely explained by the fact that both capital expenditure and the operational and maintenance costs which follow investment in infrastructure largely centre around the major cities which are working to meet the needs of their residents particularly those on the urban periphery. It appears that those municipalities most capable of spending in the interests of their residents and completing projects tend to have the ability to access funds and the eThekweni Municipality, for instance, has a larger budget than the KwaZulu-Natal province and still absorbs a quantity of that lesser provincial budget. Spending, it seems, is concentrated in particular areas and it is commonplace for rural people to say (justly or not) that they have not benefited from liberation to the same extent as urban dwellers.

In addition the broad budgetary constraints on social spending currently in force have limited the capacity of rural communities to access social development services. One of the key questions in accessing services is that of identity documents and it appears that budgetary constraints have limited the number of offices and personnel available to provide these. In Bergville, KwaZulu-Natal, for instance, the Home Affairs office was open for one day a month until recently and many rural residents were unable to access social benefits.¹⁴ Insufficient

staffing was being partially alleviated by the use of volunteers, but local residents were indignant that documentation was protracted and eventually the office is now open once a week. The explanation for these difficulties was that funds were not available. In this case budgetary constraints in identity documentation has definite results on underspending on social development within the rural areas.

Such examples are supported by parliamentary statements by ministers of departments associated with rural delivery state that the rollout of programmes is limited by the funds available. At one level this is a truism for all departments, but the pursuit of rural development and the undertakings of the MDG requires a re-examination of funding of programmes supporting rural development, an appropriate strategy, and additional funds.

In a number of sectors there are established methods of state expenditure which ensure reasonable control over funds and checks on the results. These sectors should be identified and additional funding provided to meet the MDG; in certain cases additional expenditure in a concerted drive can secure better results at lower costs.

STATE CAPACITY

State capacity is regarded as crucial to development as it is often argued that governments are unable to absorb the funding provided to meet social objectives. State capacity, however, does not stand entirely independent of public finance. There are various elements to capacity, particularly programme management, adequate human resources, and training which can all be crucial to the provision of economical and extended delivery. The transition of delivery and development to rural local government has exposed serious inadequacies in capacity particularly in personnel, but also at other levels.

Capacity can be related to the presence of funding dedicated to encouraging the development of human resources. Additional programmes and expanded delivery puts strain on the existing resources of state departments at all levels and the delivery of basic services in rural areas has to make provision for training and adequate management. Human resources are also an aspect necessary to delivery and the ability to attract and retain adequate personnel to the tasks of programme management is tied to adequate resources. Governmental capacity is tied up with adequate funding for human resources. In addition a well developed, independent civil society, made up of effective NGOs and socially oriented rural organizations can be critical to effective delivery both in assisting in assembling a clear register of people's needs, advocacy, and cooperation in the implementation of improved delivery. A key constraint in rural development is an inadequate civil society.

Currently services are either being newly created at a local level or being transferred from national departmental responsibility. It appears that there has been a lag in the development of human resources which has delayed the growth of local government capacity which is currently under strain.

Improved delivery is a function of effective government which has both the capacity and resources. An important consideration in the form of delivery in the form of public private partnerships which tend to leak away capacity from local government. The trend of movement of human resources in the contest between public and private interests is almost exclusively from public to private sectors. This is most pronounced where the public sector cannot hold well trained and experienced officials and finds those officials in the private sector with full knowledge of the operations of public tendering, etc.

INSTITUTIONAL AND CONSTITUTIONAL ISSUES

South Africa's rural development is built around the concept of developmental local government. Historically this has been the underdeveloped form of local government in

South Africa; often poorly structured and dominated by the interests of the established and most powerful interests. New structures are now being put in place and democratic practices reorienting resources towards the substantial backlogs and poverty of the majority or rural communities. An important aspect of the democratization of South Africa is the associated policy of decentralization in which increasingly services are being devolved to the local level. Although the policy at one level is supportive of local democracy by which local governments direct and manage the services applying to their citizens, at another level it puts increasing pressure on local government to account for the financial sustainability of these services. Since only a small proportion of state revenues are raised at the local level, local government is strongly dependent on the national treasury for the necessary revenue to provide constitutionally mandated basic services.

During the democratic transformation of local government the policy of decentralization is increasingly raising the need for a clear allocation of powers and functions to ensure additional funded mandates. The local government competences scheduled by the constitution are fairly conventional and are increasingly being extended through policy or additional legislation not least in the field of local (and at times regional) economic planning and development, SDIs, job creation, management of pastures, housing, extensive road construction and maintenance, and social development. In some cases these are being sort out by local governments eager to provide better services (as in the case of a district municipality wanting to ensure more and better schools), in other cases these are accepted by local government as a fait accompli and with some resentment.

AREAS OF LOCAL GOVERNMENT COMPETENCE

Schedule 4, Part B: Provincial legislative competence	Schedule 5, Part B: Concurrent provincial and national competence
<ul style="list-style-type: none"> Air pollution Building regulations Child care facilities Electricity and gas reticulation Firefighting services Local tourism Municipal airports Municipal planning Municipal health services Municipal public transport Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto Stormwater management systems in built-up areas Trading regulations Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems 	<ul style="list-style-type: none"> Beaches and amusement facilities Billboards and the display of advertisements in public places Cemeteries, funeral parlours and crematoria Cleansing Control of public nuisances Control of undertakings that sell liquor to the public Facilities for the accommodation, care and burial of animals Fencing and fences Licensing of dogs Licensing and control of undertakings that sell food to the public Local amenities Local sport facilities Markets Municipal abattoirs Municipal parks and recreation Municipal roads Noise pollution Pounds Public places Refuse removal, refuse dumps and solid waste disposal Street trading Street lighting Traffic and parking

These matters are subject to the annual rounds of discussion and debate associated with the Division of Revenue Act and the Financial and Fiscal Commissions reports that real increases in both the unconditional Equitable Share and conditional grant allocations are taking place and being planned over the medium-term. "This will assist in accommodating spending pressures in areas such as infrastructure, free basic water and electricity supply to low-income households, and institutional re-structuring."¹⁵ In a number of areas, however, rural local governments feel that additional funding should be made available; in the case of water, for instance, funds are available for the loss of revenue associated with providing free basic water, but not comprehensively for operations and maintenance which has always been vulnerable in rural water schemes.

These matters can operate as a constraint on service delivery where there is some confusion about powers and functions, where there are doubts about funding, and where sufficient funding is not available. In response to these dilemmas it has been stated that the schedules provide a very limited range of functions, that there is a misunderstanding of the integrated nature of municipal developmental functions, and that the divisions of powers and functions are often shared.

Many of these dilemmas should be raised and possibly resolved through explicit planning through the IDPs, but these are often in a very elementary stage, leaving out essential functions at times (such as land reform), and setting goals and objectives rather than detailed allocations of funds.

The table below attempts to give some description of the current position of services in the different spheres of government.

Phases in service delivery

Line departments	Local government
Still largely responsible for major service delivery	Only Metros have the funding and capacity to undertake large programs Increasingly rural local government is acting as the implementing agent of basic services
Fully funded by Treasury to undertake basic service	Rural local government are still largely dependent on state transfers and may receive up to 50% of income from this source
Projects and programmes are implemented largely autonomously from local government	In housing local government is involved in planning
Following implementation increasingly programs and projects are passed over to local government e.g. water and sanitation, roads	Local governments complain at times there are insufficient funds for operations and maintenance. Line departments argue that the Equitable Share is not being used as intended.
Social development conducted independently of rural local government	Social welfare is the primary basis for poverty alleviation and there is poor articulation with department

Finally constraints are not all within the state and policy. There have been innovative attempts at times to combine officials of line departments with practitioners and researchers to form task teams to circumvent the problems of departmental bureaucratic restraints and to widen the area of competence and commitment for specific projects. At times these can be genuinely innovative and overcome official and NGO inertia.

A case study presented below is that of the parasite intervention in KwaZulu-Natal which succeeded for a time in overcoming departmental boundaries and uniting practitioners around the provincial health department in combating parasite infections.

The intervention unfortunately ran into difficulties in part because a task team does not carry sufficient weight within departments as officials can be seen as participating as individuals.

SUCCESS AND FAILURE IN PARASITE CONTROL KWAZULU-NATAL 1998-2000

The experience of a task-team initiating school-based treatment of parasite infections from relevant departments gives some idea of the constraints in successfully implementing critically important programmes. In 1998 the KZN Department of Health initiated a school-based treatment and control programme intended to benefit 1½ million children in areas where clean water and sanitation are inadequate.

Parasite infections, apart from humiliation and pain, are considered to have effects on the behaviour of children who generally have minimal exploration, little interaction, poor concentration, slow cognitive processing, delayed language development, and inadequate concept formation.

The programme planned to combine treatment, health education, and sanitation in the schools serving areas where there was not adequate clean water and sanitation. Other departments and institutions were gathered around the department of health in a task team met regularly, encouraged focused health education and ensured the necessary drugs were available at schools.

In addition, the programme has the potential to a number of associated institutional and social spinoffs. It was sustainable the potential to as it did not place large additional demands on budgets and the drug costs were relatively low. It selectively benefited poor communities, encouraged community participation, and provided an entry-point to community-based health care. It readily linked with other programmes such as health promotion in schools, nutrition, etc. Most importantly it encouraged intersectoral collaboration (Education, Water Affairs, NGOs specialising in Primary Health Care).

An evaluation conducted at 40 schools found that treated children experienced freedom from pain and blood loss. They were less often absent from school and less likely to repeat grades. They were more likely to perform better on scholastic tasks. In addition, after some initial misgivings, parents/caregivers expressed a willingness to become more involved in the programme and open to information.

The impact had been fairly rapid. There was a dramatic decline in parasite prevalence in the school children between 1998 and 1999, but very little improvement between 1999 and 2000. Although the programme had been launched and implemented with some enthusiasm, difficulties appeared in inter-departmental coordination and insufficient commitment from the 'lead' department. Basically there was a drop-off in drugs being distributed to the schools and in the case of some of the parasite infections the incidence was starting to rise to pre-treatment levels.

Information from Dr Jane Kvalsvig, HSRC seminar 27 June 2003

2.2 WHAT IS THE APPROPRIATE MIX OF SOCIAL AND ECONOMIC INFRASTRUCTURE?

Introduction

The importance and centrality of infrastructure can hardly be over-emphasized. Research has shown that there is a direct link between the provision of infrastructure, income growth, and human development. Because of these links, poor people need access to basic services like energy (including alternative modern energy), water, telecommunications, etc. It is clear that infrastructure spurs growth, which in turn can spur greater infrastructure. Infrastructure has multiple links to poverty reduction. Improved infrastructure can help create jobs and raise worker productivity. It can save time and human effort in transporting water, crops, wood, and other commodities. It can also improve health (by making clean water available) and education (by expanding access to schools, computers, and lighting).¹⁶ Poor people are acutely aware that infrastructure could significantly improve the quality of their lives. For the purpose of this report, infrastructure for (social) development can possibly best be described as it refers to the “foundations of social development that have been recognized as being inter-related and mutually supportive. These include areas such as physical infrastructures or physical systems, as well as organizational capabilities and human capacities that strengthen and sustain the social dimensions of development.

THE MIX

However, on the question of an appropriate mix of ‘social’ and ‘economic’ infrastructure with reference to rural areas, one is tempted to edge the ‘mix’ in favor of ‘social’ infrastructure because of persistent and increasing dualism and variant spatial socio-economic and demographic dynamics. In other words, in a country with a rural population characterized by increased absolute poverty, unemployment and inequalities it appears that valiant efforts are geared towards the improvement of physical infrastructure in rural areas not only to provide better access for the rural poor, but also to attract private sector investment to rural areas. However very little private sector investment occurs in rural areas; very little SMME activities are taking place; very little agricultural activities are visible with very little cooperative and extension support. It rather appears that physical infrastructural developments create a social and economic ‘backwash’ effect to urban areas, leaving some physical infrastructural investments underutilized - thus the need for stronger investment in social development and infrastructure in rural areas.

Significant progress in the impact of ‘social’ wage measures has been made between 1995-2000. Significant progress has been made in distribution of grants to over 5,6 million vulnerable people – most to people living in the poorest and mainly rural provinces.¹⁷ Nationally, the proportion of people with access to clean water climbed from 79% to 83%. Those with access to electricity for lighting rose from 64% to 72%. Those with access to telephones rose from 29% to 35%,¹⁸ and people living in formal housing rose from 66% to 73%. However, looking at some critical social needs of the rural poor, it is significant that there has been a decrease in the proportion of households with access to flush or chemical toilets.¹⁹ At the same time there has been slight increase in the proportion of people using places such as a river, stream or bush as a toilet. The sad truth is that, success in terms of significant resource transfer to the poor achieved over the decade is undermined by income poverty. For example, TELKOM achieved the rollout of a 2, 67 million new lines, mostly to poor households within the 5-year period of its fixed-line exclusivity. However, only 667,039 of the new lines delivered were still in service by the end of the period.²⁰ It is argued elsewhere that the bulk of the more than 2 million cut-offs “were associated with increased household income poverty.”²¹

It is therefore merely reasonable that there should be a shift away from supply driven economic (physical) support activities to that of a more realistic demand responsive approach. In building the foundations for social development, it is rather common to focus on the delivery components of social development, but it is equally important to consider ways in which ‘soft’ social infrastructural components such as education, health, and social cohesion contribute to improved development results. This is notably important in the lives of poor rural women whose advancement is linked to new opportunities in literacy, health

care and improved access to other resources. One key lesson about human assets from recent studies²² is that improvements in health, education and social wellbeing do not necessarily reach the poorest groups. This has key implications for directing resources and programs towards strengthening human capabilities in low-income groups, particularly in rural areas.

In developing countries, about 20% of diseases such as waterborne diseases, malaria, indoor air pollution can be attributed to environmental factors associated with the lack of infrastructure services. The solutions to these incredibly severe health problems often have to start with basic infrastructure. The consequences of not having infrastructure becomes acute in rural areas where the vast majority of the diseases handled by rural clinics are diarrheal diseases and more recently cholera, all of which could be attributed to the lack of clean water and sanitation. Valiant efforts to raise incomes in rural poor communities will not succeed in a context in which the poor are not being delivered the most basic services of all: water, roads, communications, electricity, and schools.

SOCIAL RISK MANAGEMENT

A set of social welfare policies with an important bearing on economic development - through both political and economic channels - relate to social security. An argument in favor of social security in the development process is that it increases social cohesion and thus promotes the accumulation of social capital and stability, which in turn is essential for growth. In the political arena, social security safety nets facilitate the acceptance of necessary reforms because potential losers are shielded.²³ In the wake of recent findings on increased poverty, inequalities and unemployment in South Africa,²⁴ because of *inter alia* the side effects of apartheid, GEAR, and globalization, there is certainly an immediate need to link short term budgetary and/or policy interventions not only to direct increased social assistance in the form of household or individual grants, but also to the role of human capabilities or their assets to the importance of *social risk management* - developing and designing policies that can reduce the risk to individuals, households, and communities of losing livelihoods and to provide temporary assistance for persons in such dire material need when they are unable to meet their or their families most basic needs.²⁵ In the case of those who are particularly vulnerable, the rural poor, social risk management seeks to prevent further or irreversible losses. Anti-vulnerability policies should be designed to prevent irreversible losses from happening and, thus, reduce the cost of later efforts to protect social gains. Social risk management expands initiatives related to social development by linking them with the dynamics of vulnerability reduction. Such an initiative can also provide a more intelligent focus on the development (dynamic aspects) of poverty alleviation and the social context in which vulnerability reduction must take place (highlighting the importance of social exclusion and marginalisation). Given the experiences of the former crises in emerging markets (particularly Asia), the linkages between increasing flexibility, creating effective safety nets and wellbeing, are central to the foundations for social development.

It appears that social security safety nets (grants) in South Africa are directed mainly to the 'always poor' and in a way the 'always vulnerable', excluding to a large extent, the 'sometimes poor'²⁶. In South Africa, social assistance is provided in the form of an old age grant; disability grant; war veterans grant; care dependency grant; foster child grant; child support grant; grant in aid; and social relief of distress. Thus the only social safety net 'grant'²⁷ directly applicable to the 'sometimes poor' is *social relief of distress*.²⁸

The total accumulative provincial budget on social relief of distress for 2000/01 was R30 573 000. This amount increased to R34 618 000 for 2001/02 and R36 988 000 for 2002/03 - which reflects a nominal growth rate of 6.85%. However, over the past three years there was a continuous provincial under expenditure on budgeted amounts. The total accumulative provincial budget expenditure for 2000/01 was 29.43%, 32.79% for 2001/02, and 71.14% for 2002/03. Provinces on average allocate about 0.19% of their social security transfers budget on social relief of distress. Although the budget for social relief of distress has increased in monetary value over the past three years, it has decreased as a percentage of total social security transfers budgets. Expenditure patterns fluctuate from province to province. The largest decreases are in Gauteng (from 0.24% in 2000/01 to 0.12% in 2002/03. Free State

decreased from 0.50% in 2000/01 to 0.38% in 2002/03, and Mpumalanga from 0.17% in 2000/01 to 0.06% in 2002/03.²⁹

There are a number of factors cited for such massive under expenditure, such as delays in the procurement processes for food parcels (Free State), and delays in payment of flood victims, resulting in massive budget rollovers (Western Cape).³⁰ In addition, Mpumalanga did not budgeted for the 2001/02 financial year (despite the fact that expenditure occurred), whereas North West has never budgeted for social relief of distress (an amount of one million Rand has been budgeted for 2003/04).³¹ At the same time, Northern Cape is the only province where a net deficit occurred over the three financial years (more than 100% on average over the last three years). According to the Department of Social development this was due to: “pro-active action by the province, e.g., campaigns and outreach programmes that enabled people to have access to this programme ...”³²

On the basis of a “provincial profile of combined poor and very poor households”, the Department of Social Development in its Draft Policy Document on Social Relief of Distress – 2003, concludes that: “This poverty analysis [of poor and very poor] provides enough ground to advocate for Social Relief of Distress programmes to address **chronic poverty** ...”³³ However, it is not as simple as that. Most grants are directed to the chronically poor and very poor – which is in itself highly laudable and necessary. Given the reality that about 31.5% of the poor in South Africa is ‘sometimes poor’ because of ‘distress’,³⁴ the social relief of distress programme should be extensively reviewed to focus more intensely, if not exclusively, on the ‘sometimes poor’.

Much has been done, but much also remains to be done to effect the profound economic changes which South Africa requires to achieve sustainable growth and a permanent reduction in poverty. In his 2003 Budget Vote Speech to the NCOP, the Minister for the Department of Social Development expressed further concern that not all children who should be receiving grants are receiving them. “This is true for all grant types targeting children including the foster care and care dependency grant, which account for only just over 180 thousand of the 5,5 million grant recipients, which is far from the targeted numbers. This challenge is compounded by the fact that more than half of the unregistered children and eligible people are in the poorest provinces, namely Free State, Limpopo, Kwazulu Natal and the Eastern Cape.

To streamline payments and access to social grants beneficiaries the recent Social Security Agency Bill (2002) seeks to centralize the payment of grants through the establishment of a national agency. Towards the enactment of this Bill, it is recommended that alternatives such as the use of coupons (which is common practice in the USA and elsewhere) instead of cash payouts need to be considered to relatively secure that grants are used for the exact purposes it was intended for. Social security is recognized as the government’s most effective and biggest poverty alleviation programme. An excess of 5,6m beneficiaries receive grants and the numbers are growing with the intensification of the on-going registration campaign. Currently, the government spends about 3% of GDP on direct transfers to poor households. The increase in age eligibility for the Child Support Grant to 14 years over the next three years will add over 3,2 million more beneficiaries at the total cost of about 11 billion Rands. This will necessitate an even more effective and efficient system of service delivery to make sure that indeed the poorest of the poor do benefit.³⁵

In the medium and long-term, poverty alleviation interventions should go beyond the social safety net approach and aim to act as a ‘launch pad’ that catches people and bounces those ‘able and willing to work poor’ into economically productive lives, while at the same time catching and ensuring that those not capable to live productive lives are maintained. In other words, social assistance to the poor and vulnerable, and those that shift in and out of poverty needs to be intensified, and immediate attention should be given to macro economic structural adjustments to counter the side effects of apartheid and GEAR, and diminish poverty; unemployment; inequalities; and spatial, structural and racial dualism. It is thus no longer a question of lowering budget deficits. Of greater importance is improved and more effective social service delivery aimed at improving the plight of lesser-advantaged communities until this function is absorbed through normal economic channels.

MILLENNIUM DEVELOPMENT GOALS (MDGs)

In September of 2000, the UN unanimously made the Millennium Declaration, outlining the primary goals for aiding the developing world over the first 1/4-century of the new millennium. The MDGs not only signal the enormous importance of poverty alleviation to the global community but also the immensity of the challenge facing the world if poverty is to be significantly reduced, as it must be, over the coming twenty-five years.

MDGs - WATER AND SANITATION GOALS

The link between improved water supply, safe sanitation and poverty is centrally placed and, with the strong political process that backs the MDGs it is to be hoped that the sector will increasingly receive the political attention it has lacked in the past.

WATER AND SANITATION'S ROLE IN OTHER MDGs

All MDGs intrinsically tie into one another, and it is difficult to isolate one indicator from another. Water and sanitation have important, if peripheral, parts in many of the other MDGs, including poverty reduction (Goal 1), gender equality (Goal 3), child mortality (Goal 4), and HIV/AIDS reduction (Goal 6).

2.3 WHAT SHOULD GOVERNMENT'S SPENDING PRIORITIES BE IN MEETING THE NEEDS OF THE POOR?

RURAL DEVELOPMENT AND POVERTY ALLEVIATION

Rural development and poverty alleviation are synonymous. Rural development is a large and inclusive umbrella for all kinds of departmental programmes and orientations. It includes, for example, agricultural development, poverty alleviation in tourism, small-scale mining, and infrastructure provision. Different Departments have adopted widely different definitions and approaches when dealing with poverty alleviation.³⁶ It is also not clear whether poverty alleviation is primarily a 'welfarist' function (and therefore is categorised as 'Social Development') or whether it should be categorised as the 'promotion of economic opportunities' (in which case it should be located under 'Economic Development'). The confusion about these two approaches is the fundamental reason for the ambiguity and divergence of many government poverty alleviation programmes.

For example, the post-1994 transformation of the Department of Social Development (DSD) culminated in the introduction of the White Paper for Social Welfare (August 1997), which demonstrates a departure from a "traditional welfarist approach, towards services that lead to self-sufficiency and sustainability."³⁷ Whilst showing continued commitment to the provision of existing services and the need to provide material relief, "the intention of the White Paper was clear: the services provided by the department would be re-oriented towards sustainable development strategies that would both build capacity and empower communities. This approach demanded a paradigm shift for the DSD's approach to service delivery."³⁸ This shift not only reflects on internal transformation, but also on externalities such as enhanced intergovernmental relations, cooperative governance and the inclusion of provincial government, municipal government and civil society in the execution of the DSD's new 'sustainable social developmental' role.

DSD's *Development Implementation Support Programme* takes responsibility³⁹ for the development of wide and diverse poverty reduction/eradication strategies and programmes. The regulation of Non-Profit Organisations also falls within this programme.⁴⁰ In addition to DSD's general functional and priority areas, it has several projects under their Flagship Programme. The Flagship Programme was initiated as part of an earlier strategy to alleviate poverty amongst unemployed women and their young children living in deep rural areas and informal settlements. The various projects have different economic activities such as eating houses, overnight facilities, car washes, beauty saloons, vegetable gardens, garment-making, poultry and egg production, bread-baking, leather works, cold meat processing, child minding and paper and fabric printing.⁴¹

PROVINCIAL MEDIUM TERM SPENDING PRIORITIES

Contrary to legislative requirements⁴² that provincial departments are compelled to base their Medium Term Expenditure Framework Strategic Plans on, inter alia, a needs analysis, it appears that countrywide, many provincial departments fail to do so.⁴³ Many provincial line departments' strategic plans merely list the same or an altered version of previous strategic objectives, with some identifying activities to achieve such objectives.⁴⁴ Again, many departments fail to cost such activities to concrete budget proposals. In addition, just about the same sentiments count for provincial departmental mandatory Service Delivery Improvement Plans (SDIPs). For example, in the Eastern Cape the Departments of Economic Affairs, Environment and Tourism; Finance and Provincial Expenditure; Housing and Local Government; Health and others failed to undertake any form of needs analysis prior to them embarking on their Medium Term Expenditure Framework Strategic Plans or SDIPs for 2000-2004.⁴⁵

This makes it particularly difficult to identify the 'actual needs' at provincial level, and to gauge the accurate direction that priority spending should take, both at provincial and local level. At the same time, under such circumstances, national line departments will certainly not get the correct and crisp information needed to guide their strategic plans, and concomitantly national treasury will also be in the dark as to what exactly the needs are to target for priority expenditure.

It appears that needs analyses to inform service delivery and strategic plans at provincial level are not complied with in a number of (mainly rural) provinces. In addition it appears that monitoring and evaluation of actual strategic targets, objectives set out in such plans are more focused on inputs rather than outcomes,⁴⁶ activities are not attached to budgets and/or spending priorities, and 'service delivery' at the end of the day measured in terms of 'total' expenditure *per se*, rather than on actual alignment of expenditure with actual strategic objectives and activities.

The *Draft White Paper on Transforming Public Service Delivery* (9 May 1997)⁴⁷ reiterates that the public service is characterized, for example: "... by inequitable distribution of public services, especially in rural areas, lack of access to services, lack of transparency and openness and consultation on the required service standards, lack of accurate and simple information on services and standards at which they are rendered, lack of responsiveness and insensitiveness towards citizens' complaints, and discourteous staff."⁴⁸ On the basis of the assumption that: "the Public Service still operates largely within immensely centralized, hierarchical and rule-bound systems and has systems which make it difficult to hold individuals to account because - decision-making is diffused; they are focused on inputs rather than on outcomes; they do not encourage value for money; they do not reward innovation and creativity; they reward uniformity above effectiveness and responsiveness; and they encourage inward-looking, inflexible attitudes which are utterly at odds with the vision of a public service whose highest aim is 'service to the people'",⁴⁹ the *White Paper on Transforming Public Service Delivery* (September 1997) – also known as the *Batho Pele White Paper*, urges that: "It might be argued that internal management reforms should be completed before attempting to introduce a service delivery improvement programme. However, this argument ignores the fact that improved service delivery is a matter of extreme urgency for South Africa, and there is no choice but to tackle both internal management and service delivery reform simultaneously. It also fails to recognize that the cultural and managerial reforms which are required are of an ongoing nature, which will be achieved more speedily and effectively by prioritizing service delivery. Service delivery should not be seen as the final item of the Public Service transformation programme, but an integral part of it, and a catalyst for many of the management reforms that are being sought."⁵⁰

The Batho Pele White Paper is clear on consultation and needs assessment: "All national and provincial departments must, regularly and systematically, consult not only about the services currently provided but also about the provision of new basic services to those who lack them. Consultation will give citizens the opportunity of influencing decisions about public services, by providing objective evidence which will determine service delivery priorities. Consultation can also help to foster a more participative and co-operative relationship between the providers and users of public services."⁵¹ So, the root of poor informed budgeting at provincial, and therefore also at national level is borne from, inter alia, non-compliance with the relevant legislation, regulations, and guidelines for needs based strategic planning. This has significant impact on this research. Needs inform policy – needs and policy inform policy priorities – and policy priorities inform budgeting and spending priorities. Through the literature there is not much evidence that local priority needs, based on consultation, translates directly into national spending, except for general truisms and macro priorities such as poverty alleviation, employment creation and so on.

Further, the Batho Pele White Paper states clearly that: "There are many ways to consult users of services, including customer surveys, or interviews with individual users, consultation groups, and meetings with consumer representative bodies, NGOs and CBOs, including bodies representing previously disadvantaged groups. The method or methods adopted must be chosen to suit the characteristics of the users and consumers concerned. ***Whatever method is chosen, consultation must cover the entire range of existing and potential customers. It is essential that consultation should include the views of those who have previously been denied access to public services.*** Particular effort must be made to include the views of those who have been previously disadvantaged or who, due to geography, language barriers, fear of authority or any other reason, have previously found it hard to make their voices heard."⁵² This statement speaks particularly to the rural poor.

Ideally Local Municipal IDPs should inform District Municipal IDPs. In turn District IDPs should inform provincial line departmental Service Delivery Improvement Plans and Medium Term Expenditure Framework Strategic Plans. This should inform national departmental Strategic Plans. In addition, throughout this process, goals, objectives and activities need to be identified and prioritized. Of utmost importance is for all activities to be costed and linked to realistic budget allocations.

Currently, there appears to be a number of weak and broken links on this route. The 2002/03 IDP process proved to be rather unsatisfactory. In many instances IDPs were seen within municipalities as a standalone exercise. Although most Municipal Managers and some Councilors were intrinsically involved in the process, generally Senior Managers, especially the chief financial officers (or heads of treasury) were marginally, if at all, part of the crafting process. The net result – IDPs were not linked to budgets. In addition, most IDPs ended up as wish lists of all kinds of projects and programmes that were not sectorally linked or prioritized in any realistic integrated format or plan. Such IDPs are not credible, not likely to be implemented, and likely to disappoint local stakeholders. Wish lists are also less likely to attract external financing in the form of budget support. Uncosted programmes and projects are also not likely to receive adequate or predictable budgetary allocations, overall or appropriate capital/recurrent mix. And if no costing, prioritization is impossible. Prioritization depends on good costing, knowledge of aggregate resource envelope, and feedback from participatory processes. If any one of these components is weak or non-existent, then prioritization might end up skewed and such noble intentions destined to fall short.

The performance contract of the municipal manager should be linked to the performance targets in the IDP and Budget.”⁵³

However, there are certainly some positive developments to secure realistic spending priorities at the local level. For example, the 2003-04 budget should reflect the new Division of Powers and Functions for water, sanitation, electricity and municipal health services between Categories B and C municipalities in terms of Government Gazette No. 24228 dated 3 January 2003 issued by the Minister for Provincial and Local Government', as well as any other authorizations proclaimed by the MEC for Local Government's adjustments in terms of Section 8 of the Municipal Structures Second Amendment Act. Also, costing of Municipal Services - Municipalities should be alerted to the requirement to commence with ring-fencing costs and income by functional activity. The financial reforms also include the adoption of 'Activity Based Costing' as a municipal costing methodology for different municipal functions and services. Treasury will shortly be releasing a supporting framework to guide municipalities on the application of this methodology.⁵⁴

SOCIAL SPENDING FOR RURAL POVERTY REDUCTION IS A PRIORITY

Public social spending should increase over the short and medium term. It should account for a significant percentage of gross domestic product (GDP), on the understanding that the increase will: **(Bullets)**

represent a suitable combination of broad-based social spending and social spending targeting the poorest segments of society, and guarantee the quality of services provided; accord priority to community health, social security, basic sanitation, and education programs facilitating training and inclusion of the poorest inhabitants; and foster job creation and training and education for skills development.

A commitment must be made to encourage the reorganization of social policies via a process in which the Government will cooperate with grassroots organizations, nongovernmental organizations, local government, and the private sector, in designing, approving, implementing, and monitoring programs and projects.

Priority should be given to financing activities to pre-qualify and train social organizations on the basis of established criteria for community acceptance and cost-benefit criteria, and

within a legal framework that regulates access by organizations to public funds, monitors such organizations, and ensures accountability.

Priority should be given to teaching technical skills and providing general or specific training in order to upgrading the economic, social, and political status of the poor, with a view to strengthening their capabilities and their management and negotiation skills.

2.4 HOW CAN INTEGRATED/INTERDEPARTMENTAL DEVELOPMENT BE ACHIEVED IN PRACTICE?

The multiple and often competing demands of running a democratic government require an elaborate, efficient and effective machinery to be able to deliver services to the citizenry. These demands, as well as the challenges that face government daily, call for the re-arrangement and integration of government departments' functions and roles, especially in relation to rural service delivery. However, integrated rural development is not easy to achieve in practice, particularly in view of South Africa's past legacy of *separate development* policies that resulted in unequal funding of not only urban and rural areas but racially segregated allocation of resources to these areas. Consequently, traditional government procedures do not easily lend themselves to cross-sectoral integration and coherence. For example, in 1998 the Presidential Review Commission (PRC) referred to Intergovernmental Relations (IGR) as being: "*ad hoc*, unstructured and erratic. In addition, a failure to coordinate activities at the national level ...has given a decidedly uni-sectoral dimension to inter-governmental relations with other spheres of government" (PRC report, 1998). It would appear that departments find relief in operating within their comfort zones. A key challenge to integrated rural development is therefore inter-sectoral collaboration. Departments need to make sustained efforts to improve the integration of sectoral policies, to ensure policy integration across levels of government, and ensure consistency in the choices made by various stakeholders.

Thus, there is a need to find ways of enhancing integrated departmental development as part of the overall goal of dealing with poverty in the rural areas and elsewhere in South Africa. This is particularly in view of the realisation by Government that "improvements in a single department will deliver some results, but that multi-institutional, integrated improvements will be most likely to lead to sustained improved service delivery" (Minister G. Fraser-Moleketi, Budget Vote 2003). Integrated departmental activities can go a long way towards enhancing sustainable human development. In view of South Africa's rapid transformation of the public sector, there is a need to re-examine the traditional relations amongst the departmental partners that are involved in the development processes at the local level. A number of factors are known to affect integrated departmental development. These factors that often have financial and budgetary implications, include the following:

- Issues related to planning
- Policy
- Departments' own orientation toward Local Economic Development
- Information sharing; and
- Decentralisation of functions.

Planning

Traditionally planning is often distant from the communities served and sometimes planners adopt the traditional top-down methods that have usually resulted in the creation of white elephant projects in some developing countries. Very often, line departments have varying priorities, and budgetary constraints may be a consideration. Hence the need to ensure that there is a well-coordinated working relationship amongst all the planners and development specialists in the various departments. While planning plays a big role in the development process, the challenge is often how the planning process should be integrated into the budgetary and financial processes to ensure that developments and services reach the citizens on time. Failure to recognise this relationship often results in contradictions that could derail or undermine the efforts of development administrators and planners especially at the local level. However, it is also important to note that planning is not the magic solution to the various development problems faced by communities; planning must be undertaken simultaneously with other development efforts for it to be effective.

POLICY

Integrated planning at the centre is often easier to advocate than to carry out in practice in the field; and at times, there is a serious lack of integration, competition or even antagonism between departments. For example, improved health conditions have shown to be a result of reform in the housing, water and sanitation sectors, but this does not necessarily lead to close cooperation between health and infrastructural initiatives. Projects that involve routine cooperation between departments need to be studied to understand the components of success. A good example of interdepartmental cooperation relates to poverty alleviation programmes in which several departments may be involved as part of government's attempts to "Roll back the frontiers of poverty." Another way of enhancing such integration is to ensure that policies that have been adopted by government are implemented eventually. If by policy we mean, "what governments choose to do or not to do"⁵⁵, it is clear that failure to implement policy at the level of delivery could easily render government's programmes and projects unsuccessful. This hampers service delivery and could erode the citizens' trust on government, especially at the local level. Policy in South Africa should accommodate the ways in which the poor survive, and the ways in which the better off accumulate wealth.⁵⁶ Policy that is aimed at creating or developing elements of a household livelihood will contribute to the security and stability of poor households. The corollary to this is that it may well be impractical for policies to attempt to impose a single livelihood strategy, even in the case of policies that target rural elites.⁵⁷ Improved health conditions have been proved to result more from housing, water and sanitation reform but this does not necessarily lead to close cooperation between health and infrastructural initiatives, without there being any policy initiatives supporting this. Projects that involve routine cooperation between departments need to be studied to understand the components of success and to address whatever challenges that may be experienced. Policies regarding the location of projects in the rural areas, in particular, must be reviewed continuously to ensure that whatever blockages may be there are addressed immediately.

DEPARTMENTS' ORIENTATION TOWARD LED

Local Economic Development is now a common topic to many development practitioners including government departments. Many departments like to consider themselves as promoting and enhancing LED, but in practice this can lead to disagreements about who and what should be funded where, what the appropriate criteria should be for approving and monitoring relevant projects, and about the kind of support services that should be provided. Generally, some departments will be more inclined towards participating in some projects more than in others; however, a systematic strategy to monitor such inclinations is necessary.

INFORMATION SHARING

Integrated departmental development could also be achieved through the formation of inter-departmental Task Forces; but the effectiveness of such structures can only be realised if they are supported by high-level involvement and sustained commitment by senior managers (e.g. the Director-General, Deputy DG, etc.) especially to rural development projects. The major challenge for such structures and the role-players will be to harness the efforts of all the stakeholders and to eliminate or reduce duplications. As part of these efforts, information sharing cannot be overlooked because it is only when the relevant departments collaborate closely that the pace of service delivery could be increased. However, the vast distances that rural dwellers in particular often have to travel to their respective growth points or centres means that integrated departmental networks are quite critical to rural development. If information sharing in this context is to enhance service delivery, one of the major prerequisites is that financial and budgetary allocations will need to be increased towards capacity building and appropriate training for departmental staff, extension workers and other rural development units.

DECENTRALISATION OF FUNCTIONS

Integrated departmental development essentially means dealing with the dynamics of interaction between National Departments, Provincial Administrations, and Local Government. There is a need for ensuring proper accountability and reporting to ensure implementation. However, there is also need for continuous evaluation and monitoring of

these linkages to facilitate service delivery (especially rural areas). One of the major problems faced by project managers in rural development projects is the inability of projects to succeed beyond the initial stages because of lack of monitoring and evaluation. However, institutions should be regularly assessed on the basis of their efficiency, equity, accountability and adaptability.⁵⁸ While Government is beginning to adopt the Cluster Approach, where Departments responsible for the social well being of the country work together to ensure effective social service delivery (www.gov.za/search97cgi/), the practical manifestations of this approach often impede service delivery especially in terms of essential services such as water, sanitation, agricultural land use and poverty alleviation.

MECHANISMS TO IMPROVE INTEGRATED DEPARTMENTAL DEVELOPMENT

There are various mechanisms that can be employed to improve integrated departmental development. Although transformation of the public sector focuses *inter alia* on integrated departmental development, the *White Paper on Transforming Public Service Delivery* makes no specific reference to integrated or interdepartmental coordination/development. Some mechanisms include: departmental culture; prioritization communication; skills for integrated governance; greater flexibility in funding crosscutting activities; structure; political commitment; involvement of all stakeholders; and adequate management information systems.

DEPARTMENTAL CULTURE

Key steps are identified below as they relate to the South African context (Interview, T.J. Mokgoro, 05/06/03). It should be noted that such mechanisms are not exhaustive, nor are they mutually exclusive in their institutionalization and application.

Question: Departmental silo-culture acts as impediment to interdepartmental integration. How can coordination be achieved?

- Step up interchange between departments by providing budget incentives to ensure crosscutting initiatives with clear targets;
- Encourage staff to think laterally beyond departmental boundaries and be part of a matrix organization;
- Empower people to bring about change rather than simply paying lip service to it;
- Second staff to the frontline of service delivery in a way that promotes a corporate crosscutting client-centered culture, rather than a departmental/silo culture;
- Encourage, empower and enable staff to participate in the policy development process;
- Employ the right staff – good quality people in crosscutting areas;
- Design performance management systems in such a way that integrated work is rewarded;
- Value and reward integrated work more visibly;
- Ministers, MECs and senior management to act as champions of integrated work;
- Career progression should depend on developing experience in a range of policy areas, especially exposure in a variety of sectors;
- Encourage corporate loyalties above departmental loyalties; and
- Identify leadership skills necessary for integrated work.

2.5 IS SEQUENCING AN IMPORTANT CONSIDERATION IN THE ROLLOUT OF BASIC SERVICES?

From the perspective of planning there are conflicting priorities; should there be greater consultation with local communities and an accent on their participation or should infrastructure be regionally planned to maximize benefits and minimize costs? In this regard, Patrick Mosiane⁵⁹ argues that: “The major driver on the part of government is the quest to achieve more with limited resources. The Head of the Government Communication and Information Services has said, ‘of what use would building a clinic be, if relevant departments have not put in a road, water services and electricity? Would Alexandra in Johannesburg be making progress in Urban Renewal if vertical and horizontal integration had not informed the project proposal from the start?’⁶⁰

However laudable, planning for basic service delivery is not as simple as that. The question comes to mind that during the sequencing process, what is priority (for whom) and what is affordable (for whom) – who benefits and who decides? A survey and case studies undertaken by the Municipal Services Project in collaboration with the HSRC during 2001/02⁶¹ shows that sequencing is an important factor in the rollout of basic services.

Poverty alleviation, increased income and affordability should precede a blanket rollout of basic services. The survey results also show that the rural poor pay more for basic services and that there is need for household ‘affordability means tests’ before embarking on ‘free services for all’, to ensure relative success in redistributive impact and cost recovery. In other words, there should be greater consultation with local communities and an accent on their participation before infrastructure is regionally (or nationally) planned to maximize benefits and minimize costs. What follows below, because of its explicit and empirical value to the issue under review, are selected paragraphs drawn (unless indicated otherwise) from the Municipal Services Project – Special Report - *The Bell Tolls for Thee: Cost Recovery, Cutoffs, and the Affordability of Municipal Services in South Africa*, by David A McDonald, Co-director, Municipal Services Project, March 2002.

At the time of the first democratic elections in South Africa in 1994, it is estimated that 12 million South Africans did not have access to clean drinking water and 21 million people did not have adequate sanitation.⁶² Ten percent of the population did not have access to a toilet of any kind, a further one third of South Africans had to rely on pit latrines and 14% of South Africans had no form of refuse removal.⁶³ Over 20 million people did not have access to electricity.⁶⁴

Since this time there have been major expansions of service infrastructure, particularly in the areas of water and electricity. As of February 2002, the South African government claims to have provided seven million additional people with “access to clean, running water” and to have connected 3.5 million additional people to the electricity grid.⁶⁵

Nevertheless, more than six million South Africans are still without access to piped water⁶⁶ and four million people (or 37% of all households) still do not have access to electricity.⁶⁷ Central government has committed itself to providing access to “basic supplies” of water and electricity to all of these remaining households by 2008 and 2012 respectively,⁶⁸ but the bulk of the remaining water and electricity connections will be difficult to access in rural areas where capital and operating costs per unit are significantly higher than urban areas due to lower population densities and longer distances from water and electricity sources. These service extensions will therefore take longer to complete, will be significantly more costly to install, and could result in substantially higher per unit costs for consumers if direct cost recovery principles are applied.

Access to basic municipal services, therefore, is still a major concern in South Africa, and will remain so for many years to come. But it is to the more vexing question of *affordability* that we now turn. Access to services is of little consequence if households are unable to afford the costs of using them.

The findings from the Municipal Services Project (2002) case studies and the national survey reinforce one another. Both suggest that aggressive cost recovery on municipal services is imposing enormous hardships on low-income families, contributing to a massive crisis in service cutoffs and evictions and jeopardizing the potential for millions of low-income families to lead healthy and productive lives. As a result, policies of cost recovery on municipal services are undermining the otherwise impressive infrastructure record of the South African government since 1994. *Ability to pay*, as we shall see below, is just as critical as being given physical access to a service.

It is estimated that close to 10 million South Africans have had their water cut off for non-payment of service bills, with the same number having experienced an electricity cut off. More than two million people have been evicted from their homes for the same reason. And although it is low-income African households that bear the brunt of these service cutoffs, lower middle-income families are also being affected, with the highest proportion of cutoffs (within an income bracket) taking place in households that earn between R2001 and R3000 per month.

This data should therefore be seen as a weather vane of service delivery performance in South Africa; a benchmark of government's record on service delivery and cost recovery in their first seven years of office. In this respect the record is clearly very mixed. There have been impressive infrastructural gains but there have also been some spectacular failures in terms of monitoring, regulating and addressing what is clearly a national crisis in the affordability of basic municipal services.

It is the most marginalized group (African, rural and low-income) who are most likely to have to pay higher per unit costs for the services they do receive due to poor economies of scale, distances from service sources, and the legacies of apartheid-era pricing biases. To illustrate with the price of electricity, the average domestic rate in the country is 24.59 cents per kilowatt hour (kwh) while rural consumers pay as much as 48 cents/kwh. The same applies to many townships, with people in Soweto, for example, being charged up to 30% more per kilowatt hour for electricity than people in the middle- and upper-income suburbs of Johannesburg.⁶⁹

The popular media is also rife with references to the "culture of non-payment" — invariably aimed at poor, black households despite the fact that (white-owned) businesses are amongst the worst default offenders⁷⁰ — to the point where this perception has entrenched itself in the public imagination, forming the basis of many an indignant letter-to-the-editor from upper-income suburban residents who feel that they are carrying an unfair burden (morally and financially) for the payment of services accounts.⁷¹

To be sure, there are some township residents who do not pay for their services because they feel they can get away with it and because others are not paying. But from the data collected in this survey — and from evidence gathered in more the qualitative, ethnographic work in this book and elsewhere — it is clear that "ability to pay" is at the root of the payment crisis, not a "culture of non-payment".

In terms of numbers, 3.25 million people have had their water cut off for non-payment of bills and 3.25 million have had their electricity cut off.⁷² But since water and electricity cutoffs affect the whole household (not just the individual interviewed) the actual number of people who have *experienced* a service cutoff is considerably higher. If we take a conservative estimate of two other household members for every respondent who said they had experienced a cutoff, then the actual number of people affected by water cutoffs is just under 10 million, with the same number being affected by electricity cutoffs (with about 7.5 million people having experienced both).⁷³ And since most low-income households have more than three household members these figures may substantially *underestimate* the actual number of individuals affected.

Another concern here is the use of alternative sources of water and energy as a coping mechanism. Water cutoffs, for example, can lead to the use of contaminated water supplies

such as rivers and stagnant ponds, with dire health consequences. The most tragic example of this since 1994 has taken place in KwaZulu Natal where the introduction of cost recovery on water in mid-2000 forced many people to use unsafe water sources, contributing to the cholera outbreak in that province and resulting in over 100,000 cases of illness and at least 250 deaths. The use of paraffin and coal in place of electricity is also problematic, with shack fires, respiratory disease and child poisoning from paraffin amongst the leading causes of illness and death in low-income households.⁷⁴

The promise of six free kilolitres (kl) of water per household per month also offers little financial respite due to the fact that many low-income households use much more than six kilolitres due to the relatively high average number of occupants per household and also because of old and leaky apartheid-era infrastructure. Rapid tariff increases after this free block can mean that poor families end up paying more, not less, for water than they did under old tariff structures while those accustomed to paying a “flat rate” for services have seen dramatic price increases for both water and electricity (more than 400% for the cost of electricity in some cases in Soweto, despite an decrease in the average price of electricity over the past several years.⁷⁵

Finally, there is the problem of delivery. Although free water and electricity were to have been implemented across the country on July 1, 2001, implementation delays have been widespread – particularly in rural areas – and there have been disputes over what level of government should cover the costs of free services. In the case of electricity, the roll out has been further hampered by unresolved negotiations between the parastatal Eskom and national government over the subsidization of the free 50 kwh, resulting in a lengthy delay for free electricity in Soweto and other township and rural areas. Moreover, many households are not receiving free blocks of water and electricity because they are in payment arrears and there are widespread reports of continuing cutoffs of water and electricity despite the free services policy.

Nevertheless, free lifeline services remain a potentially powerful method of addressing affordability concerns and respondents were asked their opinion of the policy in an attempt to gauge public support for this policy tool.

What the results demonstrate is highly qualified support for “free services”, with only the poorest of the poor being deemed eligible for this assistance. The fact that *all* households in South Africa — regardless of income — are to be provided with a free block of water and electricity under current policy plans clearly runs counter to public opinion — even it is administratively cheaper to run a free services programme in this manner.

Perhaps the most important conclusion to draw from this survey is that there is an urgent need to debunk the myth of a “culture of non-payment”. If, as I have argued here, *ability* to pay is more important than *willingness* to pay, then no amount of moralizing or threatening is going to alleviate the payments crisis in the country. You cannot squeeze blood from a stone.

From this conclusion flow two others. First, essential services need to be made more affordable for poor households if the promise of service access for all is to be met. The introduction of “free services” is a step in the right direction, as are (steeply) progressive block tariffs. However, the design and implementation problems with free services outlined earlier remain, and stiff resistance from middle- and upper-income rate payers to redistributive mechanisms may make it very difficult to produce the kinds of cross-subsidization revenue flows required at a local level to improve and expand service delivery in low-income areas. In this case, it will be up to national government to provide the funds needed – to make up for the dramatic cuts that have taken place in inter-governmental transfers over the past ten years (recent transfer increases to local government notwithstanding) – and to re-evaluate its own fiscal priorities (e.g. the R40 billion deal for military hardware and the February 2002 budget announcement of a R15 billion tax cut for middle- and upper-income households).

The other conclusion that flows from the issue of affordability is the need for major debt relief for service arrears. This is a sensitive matter, and must not be seen to penalize those who have struggled to pay for their services in the past, but the heartless, and perhaps unconstitutional, practices of household evictions and water and electricity cutoffs are simply unsustainable – socially, morally and economically.

Without some kind of reform it is likely that the backlash to cost recovery will continue in South Africa. Numerous anti-eviction and anti-cutoff organizations have sprung up around the country, and there have been violent clashes with police and security personnel (e.g. over electricity cutoffs in Tafelsig, Cape Town; over electricity cutoffs in Soweto; and over evictions in Chatsworth). In many cases community resistance has been met with bullets, tear gas, arrests and serious injury. How these tensions unfold in the future will depend in large part on government's approach to cost recovery and service affordability in the future.

2.6 HOW CAN THE PROVISION OF BASIC SERVICES BE MADE SUSTAINABLE?

The provision of services to the rural poor is both a constitutional requirement and a social necessity for post-apartheid society. The former homeland governments provided very limited services on a free basis with the proviso that there should be no democratic provision in managing services; an approach which led to high levels of vandalism and poor community attitudes to these services. There have been advances made in a number of sectors, but services labour under the difficulty that those who most desperately need basic services are those who can least afford them. An immediate relationship between costs of delivering a service and revenue received from beneficiaries has generally not been possible in services applying to rural communities. Problems of sustainability arise in relation to the management of projects over time as low levels of operations and maintenance can be kept up but greater difficulties run into financial problems and to breakdown in delivery.

Since 1994 there have been a number of solutions offered to the fundamental dilemma in rural service delivery between need and ability to pay in the water sector:

- The mobilization of community resources by providing labour and public management;
- State support for capital expenditure;
- Provision of lower levels of service than in urban areas;
- The initiation of small-scale projects which have lower capital costs and lower operating costs (often on the basis of a fixed monthly charge); and
- The provision of larger scale projects on the basis of water dispensers operating on a pre-paid basis.

In this discussion particular reference will be made to community water projects as a general example of rural projects and sustainability. There are few other programs which operate with the same level of community participation in the non-farm sector. Those projects which have been managed on a community basis have provided, with varying degrees of success, water to the rural poor. This has been a considerable achievement by community members on a standalone basis i.e. through community members themselves constituting the public management, handling the operations and maintenance, contacting engineers when there are problems, buying the diesel or paying the electricity bills, and most significantly exacting the tariff or flat rate charge on users. It was proudly espoused as a democratic and community alternative to the autocratic, if free, services provided by the former homelands.

The results have been mixed. To provide two poles by which to measure progress: some communities operate as exemplary models, and, at the other extreme, others are paralyzed by community conflicts of various kinds, quite apart from difficulties of keeping the project solvent and operational. There has been a fairly limited prospect for financial and environmental sustainability over the longer term.

The standalone model now is receding. It relied on the poorest of society taking the fullest responsibility financially and managerially for their services and raised important issues of equity as operations often had to depend on a higher tariff than levied in the urban areas. Yet it did mean that there was, often for the first time, a layer of civil organization in rural communities with half of its members being women.

COST RECOVERY AND SUSTAINABILITY

There is a deep tension between the imperative of providing basic services and the poverty of the people shown most graphically with the very high level of disconnections which have followed the rollout of rural connections by Telkom. Clearly the current level of service delivery is only sustainable on the basis of a quantum of free basic provision, a policy more clearly attainable in some sectors than others.

The conventional response to the financial sustainability of projects is to stress cost recovery for services provided. There is evidence, however, that cost recovery alone does not answer the questions of sustainability in rural areas – there is a clash between the poverty of the people and the meeting of costs which requires widening the boundaries of responsibility. Sustainability then becomes a joint responsibility of rural communities and local municipalities.

Cost recovery in itself does imply costs; in a number of studies its technology and personnel can cost more than the revenue received.⁷⁶ Such contradictions highlight the problem of rural services; in many cases there is relatively low consumption of water or use of electricity which, in turn, means there are higher costs and less revenue. In the long run programmes cannot be sustainable without a considerable and consistent increase in rural incomes. Free services involve a loss in revenue but they also reduce some costs; where electronic standpipes have been converted to provide free water vandalism has declined and the costs of maintenance of these metered standpipes was reduced. Consumption rose to levels closer to the RDP first phase standard of 25l per person per day.⁷⁷

Improved consumption of clean water has undoubtedly had an effect on the health of these communities.

SOCIAL PARTICIPATION AND LOCAL SERVICES

One of the crucial questions in assessing sustainability is the range of social institutions and networks which provide an interface between government and community. The social institutions networks in Kerala, for instance, include political parties and trade unions and a wide range of associations which provide considerable depth to social capital and political organization.

In South Africa there is a very different model operating which tends to accent the contractual nature of implementation, of effective tendering and regulation, rather than the highest level of participation in implementation.

The rural areas of South Africa suffer from a deficit in social capital; unlike many communities in developing countries there is often an absence of seasoned teachers, local government officials, and well educated people who are prepared to take on social responsibilities. There is a sharp contrast between the level of participation by what could be considered a middle class in a small United States town assembly or an Indian village committee where there appear to be layers of older and younger educated people who take on responsibilities or can give reasoned advice. Teachers in South African rural communities particularly tend to live outside the communities they serve, travel long distances to work, and do not generally contribute to community life outside the schools. This has been explained largely by their inability to get private land ownership in the rural areas as a basis to housing bonds, but the general feature of rural communities is for educated people to orientate towards the cities.

Democratic institutions are relatively new and tend to follow the established patterns of authority. A study of water committees, which are one of the few institutions freely elected in rural areas, has found that many tend to be dominated by older males who have the experience in communicating with outside authorities, have cellphones and can access private transport. Despite this there is a high level of participation by women, a trend which has to be encouraged and reinforced in policy.

Ultimately the sustainability of rural programmes (considered here solely from a financial perspective) cannot rely on revenues received from rural populations in which are concentrated the largest numbers of the poor. State expenditure by different sphere of government has to be reassessed. The current division of expenditure by local government and national government of the order of 17/83% does not reflect the trends in other countries and has to change if municipalities are to be financially empowered to undertake the tasks being assigned to them.

THE PROVISION OF FREE SERVICES

With the inauguration of free basic water in the rural areas the standalone model is falling away as water tariffs are no longer met and many standpipes are being changed to provide free water. Simultaneously the process of transferring projects to the rural municipalities is taking place.

The new policy initiatives in relation to the provision of free services in the rural areas are widely welcomed but the implementation lags significantly behind urban areas. Some of these delays relate to officials in rural local governments learning how to take over responsibility for the services and others to the cost implications of providing free services.

How can the considerable costs of sustaining the existing services, such as those in water, be met? What kind of operational regime can be put in place which will provide both the free basic water and maintain the existing services?

The issue is explored in a booklet on the subject which sets out procedures for municipalities to take responsibility for projects functioning under line departments or parastatals⁷⁸. These include those previously loosely under the umbrella of DWAF and under community management as well as being managed by BoTT consortia and other arrangements.

The critical moment for the transition of water and sanitation projects from DWAF to local municipalities came 1 July 2003. Before that time there was a technical review and inventory of the projects by DWAF to provide full documentation of the projects; and at the same time there has been reference made to full utilization of the equitable share as district municipalities become Water Service Authorities and also have to take responsibility for a range of health services. The division of the equitable share between local and district municipalities is currently being discussed.

Questions still remain about the alignment of the equitable share and grant allocations with the division of powers and functions, in particular during the preparation and reviewing of IDPs. There are also questions as to the refocusing of support programmes to capacitate local government to implement the division of powers and functions. The Department of Water Affairs and Forestry is passing over responsibility for water projects to rural municipalities, and this raises questions as to the transfer of responsibility for other services such as health.

2.7 COMMUNITY INVOLVEMENT IN THE CREATION, OPERATION AND MAINTENANCE OF COMMUNITY ASSETS

Introduction

The provision of basic infrastructure services for poor rural communities needs to be stepped up in order to ensure the well-being and development of the rural population. An important part of the provision of services to poor rural communities by the government is the establishment, operation and maintenance of community assets with the involvement of the community members themselves. The involvement of community members in the choosing of assets, in their creation, in their functioning and in making sure that they are sustainable in the long term, falls within the ambit of what is referred to variously as *participatory democracy*, *participatory development* or *people centred development*. Further, it is useful to situate the participatory paradigm within the broader context of state-civil society relations.

STATE-CIVIL SOCIETY RELATIONS

The democratic state can be divided into four spheres: the state (the administration), the public sphere (political parties), civil society (civic institutions/social movements) and the primary or individual sphere (family, clan, individual). It can be argued that the public sphere and the institutions of civil society mediate the relationship between the state and the primary sphere. Civil society (CS) is comprised of a broad range of associative institutions, including the media, trade unions, business, sports and religious organizations, non-governmental organizations and community organizations.⁷⁹

There are two models of how civil society should operate: the corporatist model and the voluntary pluralist model. The former involves the state “incorporating” institutions that have a proven constituency and can hold them to agreements into decision-making arrangements. NEDLAC would be an example of this approach in South Africa. The voluntary pluralist model involves the institutions of civil society remaining at a greater distance from the state and acting as “watchdogs” to ensure that the state fulfils its mandate in terms of delivery⁸⁰.

It is desirable that the associations of CS have a genuine constituency and that the leadership is democratically elected at regular intervals, that the leadership is accountable to its constituency and that these associations respect one another’s right to exist. CS thus buttresses the state by binding citizens to the rules of democratic politics and in the process “civilizing” private associational life. By ensuring the accountability of the state, CS institutions integrate citizens into the norms of democratic life.⁸¹ This ensures a mutually reinforcing relationship between the state and CS as only a democratic state can create a democratic civil society and only a democratic CS can sustain a democratic state.⁸²

The government thus needs to actively create space for civil society institutions to operate, as well as actively promoting the democratic and accountable functioning of the institutions of CS.

PARTICIPATORY DEMOCRACY

Participation by citizens in decision-making is not just a tool to legitimate what government wants to implement. Richard Levin and Daniel Weiner argue that in the new South Africa, participation must not merely become a legitimating process. It should be an essential component of a broad political programme in which local knowledge becomes a driving force for social transformation⁸³ Participation plays an important role in capacitating especially poor people to become active citizens. Poor rural communities who have lived with neither the requisites for dignified existence nor the capacities to change their circumstance become psychologically disempowered. Their situation may be described as institutionalized pathology or learned helplessness.⁸⁴ In order to overcome this helplessness, communities need to gain local control of resources. Participation can thus be expressed as “... achieving power in terms of access to, and control of, resources necessary to protect livelihood”.⁸⁵

It is important for the organs of civil society, such as civics, development forums and committees, and political parties, to establish a working relationship with formal government structures which:

- moves beyond the mere 'demands' of protest politics and incorporates both a watchdog role as well as a developmental one;
- does not lead to co-option and the inevitable corruption that this spawns;
- takes into consideration the particularities of local politics in South Africa, especially in the rural areas
- recognises that "communities more often reflect division and competing interests than they do harmony and common purpose"⁸⁶

HOW CAN THE GOVERNMENT BEST INVOLVE COMMUNITIES?

After the 1994 elections, building on the participatory ethos developed during the struggle against apartheid, the vehicle for the expression of the people's will with regard to developmental issues was the *development forum*. These bodies, set up as the grassroots vehicle for the implementation of the Reconstruction and Development Programme (RDP), were in many places highly successful in engaging the local state in terms of its implementation of the subsidized housing program. Their strength lay in the fact that they managed, in a period of transitional local government, to implement at a local level the spirit of cooperation fostered by the national negotiations. These bodies incorporated diverse civil society organizations, ranging from SANCO, the tri-partite alliance, ratepayers associations, to sports and religious bodies. However, the advent of democratic local government saw an exodus of leadership into the ranks of the elected councillors, which migration caused the collapse of the fora countrywide. While the collapse of these bodies affected all areas, the vacuum was felt most acutely in the rural areas where TRCs existed in spirit rather than in reality.

The consolidation of local government as a result of the demarcation process and the amalgamation of rural areas with urban municipalities has seen a drastic reduction of the number of municipalities and a concomitant distancing of local government from areas previously served by small urban municipalities and their rural counterparts. The emasculation of District Councils (now District Municipalities) in especially areas that have become metropolitan municipalities has further added to the alienation of especially poor rural people from the locus of government. In some areas sector specific committees, such as water committees, have been set up, but the real solution to this problem has been the attempt to set up ward committees.

The establishment of ward committees has thus become the focus of local democracy, replacing both the smaller municipalities and the development fora. Any attempt by the government to promote participation of communities service/asset management needs to be focused on the **empowerment of ward committees and their constituent parts, the institutions of civil society.**

The following three boxes give examples of initiatives and approaches which impact on participation.

PARTICIPATORY BUDGETING

A World Bank report compiled in 2001 documents a number of countries experiences with participatory budgeting. The example of Puerto Alegre in Brazil is a pertinent example of participatory budgeting. Before 1989, Porto Alegre's finances suffered from the effects of deindustrialization, in-migration, indebtedness, and a poor revenue base. Since the introduction of participatory budgeting and the major fiscal reforms undertaken between 1989 and 1991, there have been significant improvements in Porto Alegre's finances and development.

THE WOMEN'S BUDGET INITIATIVE IN SOUTH AFRICA

IDASA is an independent NGO dedicated to promoting sustainable democracy in South Africa and created the Budget Information Service (BIS) to analyze how the allocation and use of public resources affects the country's poor. A particular area of concern for IDASA and the BIS was the position of women, children, and the disabled, who comprise a large proportion of poor and vulnerable people in South Africa.

In 1995 the BIS convened a small group of interested individuals to discuss the possibility of creating a South African women's budget initiative. The Women's Budget Initiative set out to analyze the country's budget with regard to its differential impact on women and men.

The Women's Budget Initiative has led to a gender budget exercise that operates within the South African government, and to the production of a gender- focused budget manual for government officials. The initiative has also inspired similar disaggregation analyses on the impact of the budget on other interest groups such as rural people, the poor, people with disabilities, and children.

The 'Growth, Employment and Redistribution, a Macroeconomic Strategy' (GEAR), which guided government's development strategy between 1996-2000,⁸⁷ is premised on 'the assumption that accelerated growth (and poverty reduction and alleviation) is more likely to be achieved by supply-side measures than demand-side measures'.⁸⁸ Whilst GEAR acknowledges the need for demand-side measures, "the focus on reducing the deficit and implementing micro-economic reform took precedence over government spending on social assistance and to a lesser extent government investment in social services and infrastructure."⁸⁹

However, the World Bank (architect of GEAR) believes demand-based approaches are more sustainable than supply-dominated approaches,⁹⁰ since, inter alia, they perceive water as an economic good as well as a social good.⁹¹ This can be interpreted as striking a balance between the economic value of water to users, the cost of providing services to users, and the prices charged for these services. Management decisions about service levels, facility locations, and cost sharing are made with public consultation and respond to expressed user demand. Users themselves, especially women, play a key role in project planning and implementation.

Demand-responsive approaches (DRA) promote innovation and flexibility, but they also require a new way of thinking about project design to develop powerful incentives for a wide range of stakeholder groups - communities, non-governmental organizations and other sector agencies, private sector, and government. They also require a new approach to financing and institutional aspects.

Sustainable rural water supply and sanitation under the demand-responsive approach, involves much more than giving communities choice about service levels. It also requires a mind shift in the way projects are implemented so that we can move to community management and financing of implementation. This implies not only empowering the vulnerable, but also assigning new roles to supply agencies and the need for a concerted effort to overcome resistance to change. Overcoming such resistance requires cognitive change management at local, provincial and national spheres, and a strong but flexible enabling policy environment, the establishment of greater trust between all spheres of government and communities, provision of support and *appropriate* skills development, and steps to help the private sector better provide goods and services and to simplify contracting procedures. In short, moving to a truly demand-responsive approach demands that we must pay greater attention to the roles and incentives of each stakeholder group. Only in this way can one achieve the objective of community-managed, sustainable rural service delivery.

CONCLUSION

It can be argued that more attention has been directed toward the development and co-ordination of the policy and priority-setting processes in the past, with minimal attention being given to implementation and to holding government staff, especially at provincial and local level, responsible for their performance. One certain way of doing this, as the both the Brazilian and South African examples on participatory budgeting show, is to promote participation by citizens through their organizations of civil society in general, and through the development of the ward system in particular. This will ensure that implementation occurs and that officials are held accountable at all times. The reward for the state in terms of return on Rands spent makes this not just a worthwhile exercise, but an essential one.

It is also important to look at past performance when reviewing priorities. The Portfolio Committee on Provincial and Local Government study earlier this year has done precisely that, and some of the results of that exercise are outlined above. Provinces and local governments are at the forefront in providing services to communities, and hence play an important role in the fight against poverty. It is thus essential that departments must do more to improve their customer focus and promote the Batho Pele campaign. The only way to ensure that this happens is if they work with their constituency in a participatory manner, and

this will only happen if government policy is implemented strongly through an active and capacitated ward system.

Delivery is not possible if departments retain their best staff and managers at head office, rather than at the regional or district level. More must be done by departments to decentralise competent staff to hospitals, clinics and schools. The state will not maximise its capacity to deliver until services and community assets are implemented, managed and maintained at the local level with the active participation of the people they are intended to benefit.

2.8 HOW CAN LOCAL GOVERNMENT BE CAPACITATED TO MEET THE SOCIAL NEEDS OF POOR COMMUNITIES?

INTRODUCTION

Local government in South Africa has undergone fundamental transformation aimed at redistribution of services and efficient use of scarce resource on the one hand and to promote development and accountability on the other hand.⁹² Local government has to move away from service delivery on a limited basis (sidewalks and sewerage) to focusing on broader socio-economic development and service delivery to a wider range of communities, many of who live in absolute poverty, particularly rural areas. It has to be said at the outset that this shift in focus is rather a difficult task. The demarcation process and the amalgamation of municipalities is a process that municipalities across the country are struggling to come to terms with.

CAPACITY DEVELOPMENT

The South African Local Government Association (SALGA) sees 'capacity' as a mixture of the state of development and democracy in the municipal area; structural/base capacity; operational capacity; performance; and commitment to growing capacity.⁹³ But it is more complicated than that. "Training and education is only one factor in building capacity – building capacity also includes other factors, such as the ability to access funding, technology, administrative resources, equipment, information, support and collaborative partnerships. Without the accompaniment of these factors, training and education...may only frustrate."⁹⁴ It is further suggested that the coordination of existing resources and competencies and the management of information are key roles that coordinating bodies such as Local and District Municipalities should undertake.⁹⁵

DECENTRALIZATION

The shift from a basic service function to one of promoting development follows a global trend of decentralization. According to the United Nations Development Programme, decentralizing governance, from the center to regions, districts, local governments/authorities and local communities, can be an effective means of achieving improved access to services and employment, increased people participation in decisions affecting their lives, and enhanced government responsiveness.⁹⁶ Decentralization can be defined as "the transfer of authority or responsibility for decision-making, planning, management, or resource allocation from any level of government to its field units, district administrative units, other levels of government, regional or functional authorities, semi-autonomous public authorities, parastatals, private entities, and NGOs or voluntary organizations."⁹⁷

In South Africa, decentralization aims at promoting developmental local governance. According to the Integrated Sustainable Rural Development Strategy (2000), "South Africa is in an ideal position to take on board one of the key lessons of the international experience; namely, that successful rural development must be implemented in a participatory and decentralized fashion in order to respond to articulated priorities and observed opportunities at the local level." Following the White Paper on Local Government⁹⁸ "Developmental municipalities" can be defined as "municipalities committed to *working with citizens and groups* within the community to find *sustainable ways* to meet their *social, economic and material* needs and improve the quality of their lives."

Many local authorities in South Africa are currently struggling to take up the challenge "developmental government". One of the reasons for this is confusion about the roles of the spheres of government in delivery of services.⁹⁹ The current confusion about powers and functions of provincial and local governments, linked to the lack of human and financial capacity, obstructs operational functioning. This is particularly damaging for addressing the

social needs in under-serviced rural areas, since primary health care, education, housing, and welfare are not local municipal functions. At the same time, there are local municipalities that run clinics without electricity and doctors because of lacking infrastructure, financial and/or skills support.

Within the terrain of 'developmental' local government, and decentralisation of service delivery, clear definition of roles between spheres of government is required. Decentralized government implies stronger powers to raise revenue locally and clearer delegation of authority and responsibility. This needs to be clarified and codified.

CURRENT CAPACITY OF LOCAL GOVERNMENT

Although there is progress in the delivery of social services, bureaucratic bottlenecks, uncertainty about roles, and limited resources (such as skilled professionals) result in inadequate levels of services to the poor, particularly in rural areas. There are also often considerable distances between administrative centres and rural communities and difficulties in communications. In addition, there is a fairly rapid turnover of staff as companies often take up experienced social consultants.

Municipalities in South Africa are spread across the capacity continuum. There are those that do have the capacity, ambition and leadership to address the challenges of transformation with creativity and determination, while others are unable to fulfill even the most basic functions of local government. According to the Ministerial Advisory Committee (MAC) on the challenges facing local government the current local government transformation process dwarfs, in its magnitude and complexity, any other institutional change that has ever happened in the history of South Africa. However, the strategic thinking, and financial and other resources available to plan and implement it, has been relatively limited. The MAC observes particularly the actual lack of financial and institutional capacity, skills and experience in smaller local authorities.¹⁰⁰ This has also been confirmed in other studies.¹⁰¹ Developing competent and responsible local government is central to capacity building.

The South African Local Government Association (SALGA), in collaboration with the Local Government and Water Sector Education and Training Authority (LGWSETA) aims to improve the "know-how" to support restructuring and rising service delivery demands.¹⁰² The impact of capacity and training initiatives undertaken so far seems to have been unsatisfactory. No proper and comprehensive skills audit has been undertaken.¹⁰³ Initiatives are uncoordinated, developed in *ad hoc* ways, with generic foci rather than tailored to suit specific needs.¹⁰⁴ A new "good practice Workplace Learning Framework for local government" and a "skills development improvement strategy for local government" have been proposed recently.¹⁰⁵ In addition, since donor agents undertake numerous capacity development programmes, however uncoordinated and fragmented, the need has been identified to create a Donor Forum to streamline capacity development activities in such a way that it becomes a concerted and well-coordinated effort.¹⁰⁶

In order to adequately assess and address capacity constraints one needs to understand the context in which local government operates and the implications of the still very new developmental role of local governance.

STRUCTURAL CAPACITY CONSTRAINTS

Structural changes have taken place in local government. The demarcation process still haunts some municipalities with minimum base and operational capacity who struggle to fully establish and stabilise. This is especially the case in the poor rural areas that have an historical backlog in managerial, operational and fiscal capacity and are now confronted with servicing large geographic areas and high turnover of staff, especially in district municipalities. A large number of smaller municipalities have been emasculated as a result of the amalgamation and rationalization process.

One of the major problems with attracting competent and qualified staff is the problem of a loss of higher job grades. Many have been downgraded since the restructuring as the result of the demarcation process. This is an area that needs urgent attention from the government in terms of funding. One way of dealing with this problem of poorer municipalities having lower grades and thus less qualified staff, is to subsidize higher grade positions through the equitable share grant, specifically through the I-component (poverty indicator).¹⁰⁷

Another study of municipal capacity found that none of the municipalities in the Eastern Cape Province had the necessary capacity to implement projects without assistance. All of the municipalities have accepted the support offered by the Municipal Monitoring Programme.¹⁰⁸

CAPACITY CONSTRAINTS RELATED TO THE DEVELOPMENT PARADIGM

Capacity constraints should not merely be regarded as human and financial lack in capacity to deliver basic services, but foremost in terms of adapting to the paradigm of 'developmental local government'. Presently, no framework is available to give direction into how to translate the developmental role into concrete structures and policies. In addition to the structural transformations, the changed roles of local government require municipalities to actively engage in the socio-economic development of its population and area of jurisdiction.

LED

A local response to reverse the trend in declining economic activity is encouraged and facilitated through LED Funds. The LED programme under the Local Government Transformation Programme in South Africa has been implemented. This programme presents a great learning opportunity for the local governments in South Africa and other countries.

The lack of municipal capacity to interpret and implement LED is the single most constraining feature of the LEDF and of other LED programs. Underlining the inability to manage LED projects adequately is the inability to generate meaningful IDPs. LED projects suffer from the linked weaknesses in the IDP processes and failure to conceptualize LED within a holistic framework of development. Consequently, isolated projects are generated with little bearing on spatial or economic planning principles at local level, and they are not aligned with regional or provincial priorities.

A recent study in the Eastern Cape on LED¹⁰⁹ shows that in terms of existing institutional flows across the spheres of government, the province plays a pivotal role in project screening, and, in theory, monitoring and evaluation, while disbursements occur directly from the national level to the local level, where implementation of projects and financial management problems are frequently encountered. When these problems become critical, the provincial government is required to "trouble shoot". However, having had no control over IDP process, project selection, Business Plan generation, project implementation and financial management, this role is difficult to fulfill within the current institutional and political constraints, other than superficially.

Of even greater concern, is that there is no discernible linkage between CMIP and LEDF in the province. The respective programs are housed in different branches of the DHLG, and are physically, institutionally and programmatically separated. There is no evidence whatsoever of any form of planned overlaps between the two programs. With regard to linkages between the LEDF and other national and provincial programmes, the general view is that the LEDF is a stand-alone, isolated programme in the Eastern Cape, with little or no linkages having been achieved with other key LED programmes and initiatives both within the province, and nationally.

Information and community participation

Due to the amalgamation of and inappropriate public sector information systems municipalities generally lack information on land use, population and socio-economic

dynamics. Municipalities need to evaluate their Integrated Development Plans every year and to monitor and evaluate its performance. Census data are not comprehensive, specific enough and only updated every five years. Information systems are not integrated (within municipalities or between municipalities and other spheres of government). This raises serious problems for the less-capacitated municipalities.

Informed decision making also entails consultation with stakeholders (providers of services, beneficiaries of services). Public-private/community partnerships are critical for success in development projects and programmes.¹¹⁰ Community involvement in prioritizing, design and implementation of development projects generally lead to more sustainable development. It empowers citizens and strengthens social capital through cooperation between CBOs/NGOs.

MULTI-PURPOSE COMMUNITY CENTRES (MPCCs)

The Presidential Review Commission, in view of the existing shortcomings in the public sector, recommended that serious consideration be given to service delivery innovations. President Thabo Mbeki, in his speech during the opening of Parliament in July 1999, re-emphasized the need to accelerate the delivery of services. He stated that there should be an exploration of new and innovative mechanisms to deliver services effectively, efficiently and economically to citizens of South Africa. Cabinet resolved in Memorandum 15 of 1999 to provide communities across South Africa with information and services they can use through the establishment of MPCCs. The *White Paper on Transforming Public Service Delivery* (September 1997) – also known as the *Batho Pele White Paper*, urges that: “Citizens should have equal access to the services to which they are entitled.”

Success factors: Each MPCC has a Government Communication and Information System Office that provides the community with government information which people need for their own development.

Challenges: Shortage of staff, especially in the Department of Social Welfare; lack of resources in the offices, for example, there is a shortage of computers, fax machines, furniture, copier machines and cars; government departments are not consistent with their service delivery time schedule; lack of budgeting for the MPCC initiatives by government departments; inconsistency in the appointment of Centre Managers; and lack of commitment by government departments in performing services at the MPCCs.

INTERGOVERNMENTAL RELATIONS (IGR)

Thus far, the focus in IGR has been on provincial collaboration and sectoral integration, i.e. horizontal cooperation (e.g. sectoral Minmeecs, Local Government Minmec and Budget Forum, provincial executives, SALGA and the Presidents Co-ordination Council). What is seriously lacking is cooperation between provinces and local government, i.e. vertical cooperation.¹¹¹ This can be partly explained by the lack of capacity among provinces to deal with their mandate of monitoring and supporting local government in terms of: personnel; funds; institutional knowledge; and expertise.¹¹²

CONCLUSION

What the above analysis reveals is that the implementation of the changes to the local government system brought about as a result of the demarcation project is still in its early stages. New municipalities with vastly increased areas of jurisdiction, especially underdeveloped rural areas, present challenges that will not be solved in the short-term. Most importantly, while the amalgamations of rural areas with urban municipalities has improved the capacity for conventional service delivery, the real problem lies in moving from this conception of local government functioning to a broader developmental one of ‘governance’. What remains problematic is how to translate developmental and participatory governance into better and pro-poor service delivery. Encouraging are the Minister for Social Development’s words to employ more community development officers (CDO) and improve

their skills base.¹¹³ In his State of the Nation Address,¹¹⁴ President Mbeki introduced the concept of community development officers at municipal level. The concept of a CDO depends fundamentally on the notion of “developmental local government”, as outlined in the White Paper on Local Government. At the same time, recommendations made by the PSC on challenges facing MPCCs should be taken as priority in terms of systems design, organizational development, IGR, and funding.

2.9 WHAT ARE THE MOST COST-EFFECTIVE WAYS OF PROVIDING BASIC INFRASTRUCTURE?

Introduction

Critical to the proposals made in relation to the funding of rural development is some sense of how costs and benefits are related. Rigorous cost-benefit analysis is relatively underdeveloped in South Africa, demands a high level of statistical competence, and requires a monetarisation of all benefits which is often questioned both in principle and in terms of the calculations made (which are often have to be abstruse).

And yet if the MDG are to be achieved it is crucially important that more resources are made available and also that the most economic means are employed in providing essential services. The emphasis currently in planners is in cost effectiveness which compares costs and impact in decisions about alternative methods of providing a service.¹⁵ There is also the assessment of likely benefits of an intervention but in Cost Effectiveness Analysis (CEA) these are largely calculated in non-monetary terms such as life-years gained or symptom-free days in the health field. Central to discussion of cost effectiveness is the notion of cost itself; an opportunity cost is the notion of cost based on the value that would be gained from using resources elsewhere. Resources used in one programme are not available for use in others and the benefits which could have been derived have been sacrificed. Associated with all estimations of direct and indirect costs are the questions of intangibles which are the consequences of an intervention although difficult to quantify.

In South Africa there appears to be a low level of use of CEA by government, although there have been some applications particularly in the field of HIV/AIDS treatment. One of the main issues seems to be the interdepartmental and cross-cutting nature of all benefits; for example, the health benefits resulting from water and sanitation interventions. In this case there are considerable health benefits resulting from service delivery in another sector than the health department. On a departmental basis there is at times not a direct link between expenditure and benefits which can go beyond the departmental ambit.

In terms of programme management what has been possible is the operation of benchmarking cost per beneficiary on specific programmes to highlight those projects where there are high costs and to examine what specific reasons there may be for greater expenditure. Deeper analysis of the specific aspects of cost differences between projects which have more or less the same outcome is important in understanding different methods of implementation.

A discussion of costs involves discussion of different levels of service in rural as opposed to urban communities; with a higher density of population there is also a different **scale** and lower costs. Rural delivery tends to be more expensive than urban for these reasons.

ASPECTS OF COST CALCULATION

Although the costs, rather than the benefits, of an intervention are more readily reduced to general scrutiny there is often not the data available in an appropriate form. For instance, an important issue is delivery is cost comparisons between differing forms of implementation which in the water sector ranging between the national department itself, DWAF, local authorities, BoTT consortia (Build Operate Train and Transfer), and NGOs. Although cost comparisons may be made at this level, data is not routinely gathered under these headings, and the first step in analysis has to be data accessing and sorting. If the data is well assembled and maintained analysis is relatively unproblematic, but usually the data is not centrally available and there are many anomalies or errors in the data.

Although the most appropriate cost exercise is in considering alternative methods of delivery within the same sector, this is not simply achieved. While it is important knowing the final costs of alternative methods of delivery, it is also vital to know how they arise. Unfortunately there are various methods of recording costs and the precise differences in proportion of

costs to each item are often opaque. When preliminary cost effectiveness exercises have been conducted¹¹⁶ there have been complex responses to the conclusions. It has been argued that a preferred implementing agency may be the recipient of hidden costs, such as extra-contractual payments or privileges, that a more expensive method is cheaper in the long run, or that there are vastly different conditions in topography which explain these costs. One of the most elusive questions is that of the cost of overheads which may not be directly accessible.

The arguments in relation to cost of infrastructure are often a matter of conviction rather than calculation; views in the water sector gather around such convictions that the private sector is more efficient and cheaper, that ground water schemes are unsustainable, that small schemes are cheaper and more sustainable. Unfortunately it is very difficult to find common ground in comparison of costs, in projects there is a range of technological choice used and some higher technology can be argued to have lower operations and maintenance costs and benefit more people; cheaper infrastructure can run into problems of maintenance and not serve same numbers. Certainly in road construction it is strongly argued that greater capital expenditure leads to lower maintenance costs.

Unfortunately project evaluation in South Africa is mainly concentrated on the immediate issues of effective implementation on particular projects and programs. Beyond these immediate costs of implementation it is often not clear what operating and maintenance costs there are and statistics are very difficult to access. They may not exist at all; and the actual costs buried under a number of budget and expenditure headings. Most projects and programs currently cannot be judged on the critical question of cost of operations and sustainability into the future. Critically also the question on impact on the lives is very difficult to measure although it is the foremost question in the minds of the people and also planners.

CEA is useful in the sense that it can at times be counter-intuitive and produce unexpected results which deepen an understanding of systems of delivery. A recent example is a study of the relationship between decentralization and water supply in Central India. Although few authorities oppose the trend towards water services being provided at a local government level both in terms of cost effectiveness and political preference, the decentralized provision of water services was found to be less efficient apparently because there are higher levels of corruption.¹¹⁷ Privatisation, it is argued, does not obviate this as the local government selects the private provider and supervises the service. This research concluded that the involvement of the private sector was expensive.

The calculation of costs to meet a specific goal has to be made against alternative forms of implementation and often has to be conducted on a narrative and historical basis. In responding to the cholera epidemic of 2000/01 there were important alternatives to the method of intervention (see box), but these were, in turn, constrained by the departmental methods of work and priorities of medical intervention.

THE KWAZULU-NATAL CHOLERA INTERVENTION

Despite all these difficulties cost comparisons can be more immediately useful if the full range of possible alternatives are to be considered. A recent example could be the intervention by health and water departments in response to the cholera epidemic of 2000-2001.

The typical intervention was the use of tankers to provide clean water to the communities affected; these were extremely expensive largely, it appears, because they stood in place throughout the day while buckets were being filled. Apart from these direct costs, the intervention at times was inappropriate. In a number of communities there were water projects which were either inoperative or problematic because of unpaid electricity bills or because people could not afford the tariff.

A more appropriate policy might have been to have paid the bills and offered free water to

communities. Unfortunately such a strategy was not followed and some projects became inoperative because of tankers providing an alternative free and (at times) better tasting alternative.

In some communities there was resentment that a superior service was removed without warning and that the existing alternatives were still problematic. It appears that the response to a crisis led to difficulties in a number of other fronts and that spending could have been better directed.¹¹⁸

Undoubtedly the most effective projects are those which have good communications between communities and local government, an appropriate technology, effectively functioning councilors, and empowered communities: these are all social and political dimensions to successful programs but the data for such a conclusion has to be gathered and analysed.

INVERSE EQUITY IN BENEFITS

If there are difficulties in the recording of costs, then certainly the calculation and recording of benefits is more complex.

There is considerable concern that the expected benefits of particular programme spending is realized by poor rural people in terms of improved lives in life expectancy and ability to improve their standards of living. The links between programs and the anticipated social benefits, however, are not always clear. In the field of health, for instance, there has been considerable concern internationally that child health inequities seem to be getting worse between poor and rich countries. The "inverse equity hypothesis" has been proposed to explain why health inequities may get worse, remain the same, or improve over time. It is argued that new public-health interventions and programs initially reach those of higher socioeconomic status and only later affect the poor. Ironically there can be increases in inequity particularly during the early phase of programs until the poor find they can make ready access to improved services and health facilities.¹¹⁹ New interventions tend to reach those of higher socioeconomic status and only later the poor.

The initial appropriation by better-educated people of basic services is part of the 'bigger picture' of service delivery and a hindrance to effectively reaching the rural poor. The first indication of the effects of improved access to basic services is demonstrated in impact in the form of lower levels of disease and longer life expectancy. Although they are vital and actively sought for, they are in a sense these are second level issues in South Africa as planners work to manage the first level issues; first providing the physical infrastructure and institutional structures which make delivery possible.

SOCIAL MOBILIZATION AND EFFECTIVE DELIVERY

There are tantalizing examples internationally of high levels of delivery and considerable social benefits on a broad range of indicators which show that, with a high level of social mobilization, community participation and consultation, there can be great improvements in levels of living where there is high levels of social cohesion and community organisation, even with relatively limited expenditure. The example of Kerala state in India, where political organization of the poor is at a high level and where there are relatively low levels of corruption, is an inspiration to other countries struggling to get improved services to rural communities. Considerable improvements in living standards have been achieved, it should be noted, with low economic growth as the resources available have been used to maximum benefit.¹²⁰

The achievements are considerable with Kerala taking the first rank in human development, providing a high level of gender equality, a high level of life expectancy (73 years) which is almost equal in both rural and urban areas, and high levels of access to water and sanitation.¹²¹

Kerala is in many ways an exemplary example of high levels of social achievement with low economic growth. What it does demonstrate in relation to the South African experience is a much higher level of social participation and village political organization, and a process by which social needs are translated into the decentralized planning process and implemented with a high level of local ownership. The whole process is oriented to providing the maximum local participation in planning, implementation and management with the highest levels of spinoffs in employment and increased skills. It is an example in which delivery is firmly focused on the existing local government structure and which takes a people-centred approach. This approach does tend to exclude external implementing agents and large construction companies.

Since implementation is largely at low cost, efficient and with a high level of impact in life expectancy and social benefits, the state attracts fairly generous international funding.

CONCLUSION

In short, although cost effectiveness analysis is essential to understanding the relationship between alternative forms of delivery of the same service, it is not easily undertaken. Despite this the data should be available for such analysis and the results publicly debated. There may well be more cost effective and socially beneficial methods of delivery and these should be undertaken. The exercise in itself would bring to light the data on which assessment could be based and encourage debate about the most appropriate forms of delivery.

2.10 DOES THE PRIVATE SECTOR HAVE A GREATER ROLE TO PLAY?

In South Africa, many projects are now commonly described as public-private partnerships (PPPs) and frequently hailed as the major solution to the country's complex development problems. But the question is whether these partnerships have been shown to be effective, especially in the alleviation of poverty in the rural areas. The main problem in this regard is whether projects that develop out of a particular partnership arrangement eventually result in significant benefits for the poorest of the poor. There is a great range of opinion whether these PPPs provide a real benefit to the public or the private sector. In 2000 the Minister of Finance was concerned that: "Currently, individual departments develop PPPs in an institutional vacuum. The roles and responsibilities of the Treasury, the Tender Board and the Department of Public Works have not been clarified, and the position and accountability of technical advisors are uncertain".¹²² Some of the issues (pros and cons) on the private sector's role in private-public partnerships, and in service delivery in the rural areas specifically, are as follows:

- Private companies are based on profits and are often overly concerned about the returns that their involvement in any public-private partnerships will yield.
- Rural communities are often very poor and cannot offer sufficient returns in revenue for services.
- Rural development usually does not seem to generate projects with a cash flow (that is particularly attractive to private companies). However, much of the private sector participation takes the form of contracts to implement state projects, e.g. building roads, clinics, dams etc.
- There are problems, usually problems in the private sector, meeting equity objectives on the one hand, or black economic empowerment not having the experience and capacity to carry out projects successfully. Where they do, often there are problems and transparency (many contracts and tenders are not open to public inspection).

Within this range of activities there is also the problem of corruption (e.g. backhanders, nepotism in both private and public sector, favouritism, etc.), which we do not discuss as it is beyond the scope of this report.

PPPs are not synonymous with wholesale privatisation; hence some private companies are known to be reluctant to participate in PPPs, especially in ventures that are perceived to involve high risk. This can end with the state taking all responsibility and sending the state the bill.

Where there are major problems with a PPP, the contract which often spells out all kinds of penalties is never applied for fear of frightening off private investors and potential partners.

The introduction of business plans and private sector values in decision-making has been seen as using narrowly defined efficiency and financial criteria¹²³), which has not been entirely accepted by some public sector institutions and trade unions.

The transfer of risk: especially technical, operational, and financial risk to the private partner often raises concern in some private sector quarters.

AN example of the problems that often result from PPPs is that of the resistance to the privatisation of water services in the Kanyamazane township near Nelspruit (SABC, Special Assignment 24/06/03). Initially when water was privatised five years ago, this project was hailed as a success intended to "bring more water to more people - groundbreaking stuff for South Africans everywhere".¹²⁴ But the initial reluctance of the residents towards such privatisation developed into outright resistance, with many of them opposing not only the payment of water but also the resultant water cut-offs effected by the GNWUC (Greater Nelspruit Water Utilities Corporation), the British company that invested in Nelspruit water. GNWUC argued that it was experiencing heavy losses and had to install water meters and cut off the services of defaulting residents; but the residents themselves argued that water cut-offs were inhuman and contrary to the Government's pre-election promises of free services to its supporters. "The people say under apartheid they got one bill of R14 per month. This was for water, sewage, garbage removal and electricity. Now that they have the government that promised them "free services for all", why should they be flooded by so

many different bills for such large amounts every month?”¹²⁵ The main problem here is that, “Draconian cost recovery measures are being implemented. Homes have been repossessed and furniture confiscated. In response, some in the community are threatening an uprising”.¹²⁶ This situation obviously means that the parties to the initial negotiations might have overlooked this consequence and now have to take steps to remedy it. However, it is clear from the case of this township that essential services such as water cannot be left solely to the private sector because it often overlooks socio-political concerns and possible repercussions that could undermine the government of the day.

Similarly, the past approach of leaving every local government issue to the Department of Provincial and Local Government was not helpful. Thus, the Portfolio Committee on Provincial and Local Government recently found in its recent report on municipalities that “DPLG on its own cannot address the many issues [faced by various partners in local government]...Other national departments, provincial departments of local government, and other provincial departments, SALGA, community organisations, trade unions, the private sector and other stakeholders have a crucial role to play as well” (Portfolio Committee on Provincial and Local Government Report, 2003). Therefore, the challenge for all the partners involved in rural service delivery is how to encourage private initiative oriented to public provision while the emphasis remains on the development of public capacity. Often PPPs mean the undermining of state capacity; for instance, on the Dolphin Coast the municipality is virtually no longer involved in water delivery despite having an existing capacity.

Another challenge is on how to encourage the private sector’s social responsibility for direct or indirect investment in rural service provision. At present, the amounts which private companies put down in corporate responsibility exercises are very small in comparison to the potential returns they would get as a result of their involvement in such ventures. The scope for private sector involvement and participation in development process is obviously very wide and the country’s policies still have to clearly define such involvement.

Investment in rural infrastructure development is also important as it can lead to other spin-offs for rural communities. For instance, “Investments in rural electrification bring obvious benefits in terms of access to information, knowledge and even distance learning by radio and television, facilitate evening classes at community schools and permit the use of electrical appliances that not only facilitate women’s housework but also contribute toward improving the health of the entire family (through better food storage). There is also evidence that investments in rural electrification, when accompanied by other subprojects...lead to initiatives or productive activities that create jobs and increase household income”.¹²⁷ The involvement of the private sector in such linkages would have advantages for the rural populations. Among the possible advantages of the public-private partnerships, are the following:

- The pooling of resources
- Greater private sector involvement and the reduction of the service delivery load on the side of government
- Private sector involvement could help deal with the traditional inefficiencies that often affect public sector monopoly service providers
- Private sector involvement could also mean unlocking the inefficiencies and delays that often emanate from red tape and official protocol.
- The private sector tends to bring higher levels of innovation to planning and project delivery, and has a sharper and timelier engagement with technology, with significant spin-offs for skill transfer in the public sector.

Despite the possible advantages outlined above, there are obviously numerous other related problems. For instance, in relation to the pooling of resources, very few companies want to put down resources where there is no reward. Further, the private sector is now almost exclusively the project implementer in several projects, to the virtual exclusion of Non-Governmental Organisations and Community Based Organisations. In terms of the issue of efficiency resulting from private sector involvement, there is hardly a developed public sector in the rural areas (save for parts of KwaZulu-Natal). In fact, the private sector could be

effective for a while but would definitely be expensive. Even in terms of skills transfer, sometimes the skills transfer can be from the public to the private sector.

Thus, the major challenge is obviously how to address public sector concerns of extending service delivery to the historically disadvantaged and marginalized population groups especially in the rural areas, while ensuring that issues of profit, cost-effectiveness, efficiency, etc. are accommodated to the satisfaction of private sector partners. In the context of this debate on public private partnership, the role of the donor agencies, especially in relation to funding specifically targeting the poorest of the poor, cannot be underestimated as the donors can help stimulate public debate on development in developing countries.

Such an approach could be relevant in enhancing or effecting South Africa's Integrated Development Process. In theory, the IDP should coordinate the municipality's capital expenditure, the investment activity of the private sector, and the development expenditure of the provincial and national spheres. In practice, the situation appears to be much more complex. The IDP should be as coherent as to accommodate national, provincial, regional and local development plans and strategies for development. This involves the participation of various stakeholders and role-players as envisaged in the public-private partnership process. Of course, the thorny issue of privatization and its effect on possible job losses still needs to be addressed in forums such as the NEDLAC (National, Economic and Labour Council), which includes government, labour and business representatives.

What follows is an example of how the public sector could be revived and work together successfully with other public enterprises. Running against the grain of current privatisation trends in water delivery, an apparently highly successful public arrangement for bulk delivery has been made in the North West province.¹²⁸ Rand Water has signed a contract with several municipalities in the Odi supply area previously under the jurisdiction of the North West Water Supply Authority (NWWSA) to manage retail water on their behalf. The contract will run for three years; in this period Rand Water has undertaken to make water services more financially sustainable (mainly by improving payment levels), and to improve the capacity to manage water services before handing back the retail services to local authorities in the area. Working with local governments and communities, it has already significantly improved cost recovery in the area.¹²⁹⁾

One of the main debates around developmental local government concerns the method of service delivery. The transitional phase of South Africa's new dispensation has demonstrated that the country lacks sufficient resources for the public sector to deliver all public services. But the major problem here is that rural communities may not afford the use of the private sector with higher tariffs and hourly rates, which presents a challenge for the PPPs to work successfully. Hence, the debate on municipal service partnerships (MSPs) and the role of the private sector in service delivery has just begun in earnest in an attempt to address the situation. This debate rightfully acknowledges the concerns of public sector workers and the opposition of the public sector unions. Private participation allows some of the financing burden to be transferred from taxpayers to private investors and consumers. But unfortunately there does not seem to be any private money going into private projects; for instance, all the funding for the Dolphin Coast in KwaZulu-Natal has come from the DBSA, which is public finance that could have been accessed by the rather weak local government. The key to this change is efficiency gains by the private sector, relative to the public sector.¹³⁰⁾

The foregoing suggests first that most private and foreign companies are not that interested in rural development, but that their eyes are fixed on the huge turnover in water and other departmental accounts in the metro areas which is where the bulk of the money is. Second, their high quality managers certainly would be reluctant to spend their entire time in rural areas. They are oriented to global salary standards and standards of living, which would make it difficult for them to adapt to local management and rural development. Third, it would seem that the greater the emphasis on PPPs, the less the support for local capacity, which would definitely undermine the government's attempt at service delivery and job creation in the rural areas. Finally, there is a serious disproportion in power between the local government (relatively weak) and well-oiled foreign and local private sector companies, which seem to be those in line for the PPPs.

CONCLUSIONS AND RECOMMENDATIONS

It is widely acknowledged that, with some notable exceptions, internationally there have been delays and distortions in implementing programs which would bring about poverty alleviation, drastic declines in infant mortality and maternal mortality, and significant increases in life expectancy in developing countries. It is generally argued by critics of globalisation that the current economic policy trends are leading to chronic underdevelopment in poor countries. Increasingly the programme managers of the World Bank are also acknowledging that the existing approaches to rural development are not having the expected results.¹³¹ A recent report, and others from the same institutions, concede that World Bank activities in rural development have had 'mixed results', and that targets in alleviating rural poverty and in other areas have not been met. In part, it is argued, that the effects of globalisation have not been 'fully addressed' and that donor support for rural development is declining.¹³² It also appears that national governments are not sustaining spending in this sector and that the many of the policies endorsed internationally have not had the desired results.

In many ways South African policy is attempting to come up with new ideas in relation to rural development to meet the exceptional conditions of deprivation in South Africa's rural areas. Deep levels of poverty are associated with exceptional capacity. Compared to many developing countries, South Africa has an outstanding capacity in terms of engineering, construction and project management skills; it is relatively easy to plan, finance, and implement relatively large-scale projects in rural areas. The difficulties arise largely in three areas: sufficient funding, the targeting of funding on the most urgent issues in rural deprivation, and in social development.

Measurable advances in social progress in South Africa largely appear to be in the 'non-farm' sector; the delivery of water and sanitation, roads, electricity and health provision. The argument for increased funding has been made consistently throughout this report. Through research it was not possible to find the proportion of the national budget currently allocated to rural development. It is important that there is some idea of the geographical spread of government financing and one of the tasks should be for the Budget Office to make such a calculation. The impression gathered during the research is that there is a lower per capita spending on the rural population than for the urban. There is a tendency for government spending to track major capital spending e.g. in the eThekwinini municipality most of the spending on the inner city is concentrated on Point waterfront development rather than on inner city areas used and enabling the urban poor to survive. A World Bank study concludes that developing country governments on average allocate twice the public spending to urban areas as to rural areas.¹³³

In addition to more funding the appropriate targeting of funding could make a considerable difference. It is astonishing to visitors from developing countries to South Africa who sweep along our freeways to find that there is no adequate provision of a programme to eliminate parasite infections among South Africa's rural children which is a burden on their psychological and educational development. Compared to other programs such a project is cheap and pilot projects have already been conducted. There are a number of such issues which are not on the agenda and a focus on rural development itself helps to highlight such startling omissions. One of the priorities in funding rural development should be the listing of such issues which can be prioritized and readily implemented. Such issues have been identified in the report and include the scaling up of critically important programs as

- rural sanitation,
- prevention of parasite infections and diarrhoeal diseases,
- clean water supply,
- Working for Water and other programs.

All these programs have relatively established or simple administrative structures, low overheads and equipment costs, and a high proportion of the expenditure goes directly to communities involved. Urgent attention also needs to be given to other programmes which

may have higher overheads, such as the identity documentation of rural people to ensure that they are able to participate in elections and access services and social benefits.

In addition there are specific projects which do not provide direct employment but which could help orientate national departments and local governments towards key problems arising from current gaps in delivery. An important example could be an 'early warning system' in relation to cholera and dysentery by which the most vulnerable areas could be monitored and warnings and guidance given to preventative interventions.

Local government should be encouraged to take on direct responsibility for these social programs and a set of performance indicators in addition to the existing ones (such as the proportion of overheads to total expenditure, proportion of remuneration of local employees, etc) should be routinely entered, assessed and acted upon by local and national authorities. Every effort has to be made to remunerate, develop skills and empower rural communities through the various programs being implemented by local and national government. The South African 'contractual' model of development with budgeting, planning, tendering and implementation finally with the participation of companies (either as implementing agents or as contractors) stands in strong contrast to such contemporary examples of India's Kerala state which has strong democratic and socialist traditions in which village government takes responsibility for the implementation of programs. The Kerala 'model' accentuates popular participation and emphatic decentralization, and the tendency is for virtually all resources to flow to local communities. In South Africa there has not been sufficient analysis of the breakdown of spending on overheads, equipment and supplies, and labour. Government should ensure that impoverished communities gain the maximum benefit from spending on social programs in remuneration, support for rural artisans, and creation of local project management capacity.

In the South African context and from our history it cannot be argued too strongly that development programs have to be proposed, debated and agreed upon with the rural people. The history of rural administration has been one of autocracy and diktat with rural communities largely the passive recipients of policy and programs. It is critically important that the relatively weak structures of civil society in the rural areas, such as the water committees, youth organizations, and other organizations are encouraged, that adequate community participation takes place, that women are given half the number of positions on development committees and that the benefits are seen to be allocated impartially to all community members. While there is potential for ward committees to fulfill some of these tasks, in many rural areas they are either not operational or not working well. Although it is critically important that councilors should be involved in all programs to take on the political responsibility for ensuring their success and reporting back on their progress, it should not be assumed that ward committees will successfully meet the expectations for the people for popular participation.¹³⁴ The low level of development of ward committees may change in the future, but more is expected by rural communities.

The other issue is probably more fundamental and relates to sustainability considered in its widest sense: the social participation of local communities, the capacitation of local officials, education and training, appropriate local forms of management; in short the social infrastructure. The increasing shift of responsibility for service provision to municipal structures in law and practice is a historic step, and promises to bring many of these dilemmas into sharp focus—funding has to be directed to this aspect in preparation as these issues arise concretely in a number of administrative spheres. The danger is that a number of programs will operate either at a low level of utilization or in parallel to local communities; without capable participation and not fully available to meet social needs.

It is critical important to recognize that lags in delivery can have effects on health and social wellbeing; although it is recognized that water delivery is making progress towards eliminating the 'backlog' in water services there can be explosive developments such as the outbreak in cholera 2000-01 which can have serious effects on the lives of rural people. There is an urgency to rural delivery

Undoubtedly the articulation of the interests of the rural poor is less powerful and influential than those of urban people who are closer to the centres of power. Research has revealed that organs of civil society, and in particular organizations of the rural poor, have been stunted in their development in rural areas. These have to be encouraged and attention accorded to the voice of rural communities.

Since rural development is defined in terms of peoples' access and active utilisation of these services transforming; this is also poverty alleviating. The encouragement of an active citizenry is fundamental to the growth and development of rural communities.

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- ¹ The Integrated Sustainable Rural Development Strategy (ISRDS), 2000, para 36
- ² This is also the approach followed by STATS SA in Measuring Poverty.
- ³ Ingrid Woolard. HSRC Conference, June 2003.
- ⁴ H Bhorat and J. Hodge. 1999. Decomposing shifts in labour demand in South Africa. **South African Journal of Economics**, 67:3.
- ⁵ Ministry in the Office of the President. Reconstruction and Development Programme. October 1955. Key indicators of poverty in South Africa.
- ⁶ These findings are also confirmed in a thorough review of the data in Michael R. Carter and Julian May. 1999. Poverty, livelihood and class in rural South Africa. *World Development*, 27(1): 1-20.
- ⁷ Statistics South Africa. June 1999 Rural Survey. P0360, Key findings.
- ⁸ During fieldwork associated with a study of sustainability of KwaZulu-Natal rural water projects, for instance, rural residents engaging in sugar farming and other productive use of the land on some scale were most often middle level traditional leaders or traders. Women were often charged a significant fee to access wood and private woodlots were obviously not available to the rural poor.
- ⁹ The Integrated Sustainable Rural Development Strategy (ISRDS), 2000, vi
- ¹⁰ The Integrated Sustainable Rural Development Strategy (ISRDS), 2000, 2
- ¹¹ Various criticisms of the strategy are summed up by Ben Cousins. 2002. "Not rural development but agrarian reform": beyond the neo-liberal agenda. Programme for Land and Agrarian Studies (PLAAS), School of Government, University of the Western Cape. His own perceptions follow.
- ¹² Unfortunately no evaluations of the various SDIs are publicly available.
- ¹³ Financial and Fiscal Commission. Submission on the 2003/2004 Division of Revenue Bill. 3.6.
- ¹⁴ Discussion on SAFM, 15 July 2003.
- ¹⁵ Financial and Fiscal Commission. Submission on the 2003/2004 Division of Revenue Bill. Overview.
- ¹⁶ As highlighted in the World Bank's Annual Report 2001. <http://www.worldbank.org/annualreport/2001/wbar2001.htm>
- ¹⁷ <http://www.welfare.gov.za/>
- ¹⁸ Statistics South Africa: **Earning and Spending in South Africa – Selected findings and comparisons from the income and expenditure surveys of October 1995 and October 2000.**
- ¹⁹ Statistics South Africa: **Earning and Spending in South Africa – Selected findings and comparisons from the income and expenditure surveys of October 1995 and October 2000.**
- ²⁰ TELKOM, **Financial Statement 2001-2**, cited in **Pushing back the frontiers of poverty: Community sector position paper for the Growth and Development Summit** (April 2003) (<http://www.nedlac.org.za>)
- ²¹ **Pushing back the frontiers of poverty: Community sector position paper for the Growth and Development Summit** (April 2003) (<http://www.nedlac.org.za>)
- ²² David Gwatkin and Michel Guillot, **The Burden of Disease Among the Global Poor**, The World Bank, 2000.
- ²³ Mkandawire T. 2001. **Social Policy in a Development Context**. United Nations research Institute for Social Development, Social Policy and Development Programme Paper Number 7, June. P.14.
- ²⁴ Statistics South Africa: **Earning and Spending in South Africa – Selected findings and comparisons from the income and expenditure surveys of October 1995 and October 2000**
- ²⁵ There are three main types of strategies which assist households to manage risk to vulnerability: Prevention or Risk Reduction Strategies which reduce the probability of a disaster or down side risk or loss, implemented before a shock occurs; Mitigation Strategies, which decrease the potential impact of the future disaster or down side risk or loss, employed before the shock occurs; Coping Strategies to relieve the impact of the loss or shock after it has occurred. See Zambia's risk management strategy at <http://www.srp.org.zm/zamsif/others/ZamsifAndPoverty.htm>.
- ²⁶ See World Bank (2000) study on *Strengthening Infrastructure for Social Development: A Submission to the World Summit for Social Development - Five Year Review*,
- ²⁷ This social safety measure is defined/perceived by the Department of Social Development as a 'financial award' or 'temporary material assistance' rather than a 'grant'. Telephonic interview with Kgati Sathekge, Department of Social Development, Pretoria, 9 June 2003.
- ²⁸ Social relief of distress is a temporary provision of assistance intended for persons in such dire material need that they are unable to meet their or their families most basic needs. In order to qualify for Social Relief of Distress, the applicant must comply with one or more of the following conditions: the

applicant is awaiting permanent aid; the applicant has been found medically unfit to undertake remunerative work for a period of less than 6 months; the breadwinner is deceased and insufficient means are available; the applicant has been affected by a disaster, and the specific area has not yet been declared a disaster area; and the applicant has appealed against the suspension of his or her grant; the person is not a member of a household that is already receiving social assistance;

the person is not receiving assistance from any other organization. Social Relief of distress is a means of alleviating the need of persons by means of the temporary rendering of material assistance to them. It is therefore intended for persons in such dire material need, that they are unable to meet their or their families' most basic needs. It is designed to help persons and families over the crisis period. Social Relief of distress is issued monthly or for such period the Director-General may determine as for a maximum period of 3 consecutive months. Extension of the period by a further 3 months may be granted, in exceptional cases. The value of Social Relief issued for each adult may not exceed the maximum social grant payable per month, and for each child not exceed the maximum child support grant payable per month. See **You and your Grants 2003: Department of Social Development**. (<http://www.welfare.gov.za/>).

²⁹ Figures calculated from data provided in - Department of Social Development: **Draft Policy Document on Social Relief of Distress – 2003**.

³⁰ Department of Social Development: **Draft Policy Document on Social Relief of Distress – 2003**.

³¹ Department of Social Development: **Draft Policy Document on Social Relief of Distress – 2003**.

³² Department of Social Development: **Draft Policy Document on Social Relief of Distress – 2003**.

³³ Emphasis mine. Department of Social Development: **Draft Policy Document on Social Relief of Distress – 2003**.

³⁴ At this level, 'distress' is seen as it "refers to a condition that is usually precipitated by a crisis situation, which could emanate from a sudden change of status such as, a loss of a job, illness or an accident ... Outside resources are usually required until the family/individual has adapted to the new status or responsibility or normal functioning has been restored." (Department of Social Development: **Draft Policy Document on Social Relief of Distress – 2003**).

³⁵ Speech by Mr Fezile Makiwane, Deputy Director General for the Department of Social Development at the Launch of the Capacity Building Initiative in Its Partnership with the South African Management and Institute - www.welfare.gov.za.

³⁶ See MXA/Strategy & Tactics/Khanya report on Monitoring and Evaluation, for DPLG, (2000).

³⁷ DPLG, **Monitoring and Evaluation Paper**, *Department of Social Development*, MXA-Strategy and Tactics - Khanya Consortium, 31 January (2001) p. 2.

³⁸ DPLG, **Monitoring and Evaluation Paper**, *Department of Social Development*, MXA-Strategy and Tactics - Khanya Consortium, 31 January (2001) p. 2.

³⁹ Working with the Independent Development Trust (IDT), the United Nations Development Programme and civil society, the Poverty Relief Programme (PRP) now operates with seventy provincially based development workers, four national office facilitators and five administrators. The Department managed the Special Allocations on Poverty Relief of R120m in 2000/2001 and R50m in 2001/2002. A further R100m has been allocated for 2002/2003. On the ground, this has translated into 712 projects in 2000/1 and 365 in 2001/2002. Most projects are located in the three provinces with the highest rates of poverty, the Eastern Cape, Limpopo and KwaZulu-Natal. The intention is that at least 30 percent of the total budget will be spent in the nodes identified by the Integrated Sustainable Rural Development Strategy, with significant amounts also being targeted at urban renewal nodes in the areas of youth development and HIV/AIDS. (**Progress Report: Department of Social Development - March 2002**, p. 13).

⁴⁰ **Department of Social Development Strategic Plan 2002/03 – 2004/05**, p. 36.

⁴¹ **Department of Social Development, Progress Report: - March (2002)**, p. 15.

⁴² See **Public Service Regulations, 2001**, Part III, Section C.1. "C. SERVICE DELIVERY IMPROVEMENT PROGRAMME - C.1 - An executing authority shall establish and sustain a service delivery improvement programme for her or his department - (a) specifying the main services to be provided to the different types of actual and potential customers, as identified by the department; (b) containing consultation arrangements with the department's actual and potential customers; (c) with due regard to the customer's means of access to the services and the barriers to increased access thereof, specifying the mechanisms or strategies to be utilized progressively to remove the barriers so that access to services is increased; (d) indicating standards for the main services to be provided; (e) containing arrangements as to how information about the department's services are to be provided; and (f) stipulating a system or mechanisms for complaints."

Also see **Transforming Public Service Delivery White Paper - September 1997**, Section 7.2 'Implementing Strategy' Sections 7.2.4 and 7.2.6. "7.2.4 Step 2: **Establish the customer's needs and priorities**: The customer's needs and priorities will be the starting point for the setting of standards. Since delivering on standards will involve decisions about resources, it is essential to have accurate information about what customers really want. This will require systematic, regular consultation, using objective methods which ensure that the views of all customers, including potential customers, are represented. Particular care must be taken to seek out the views of those who have previously been

denied access to services, and those who may find it difficult to speak up for themselves. More than one method will almost certainly be needed. For example, written questionnaires are unlikely to elicit helpful responses from people whose standard of literacy is not very high; and some members of the public may feel intimidated from expressing their true opinions if asked questions by government officials.”7.2.6 Step 4: **Identify the 'improvement gap'**: The 'improvement gap' is the gap between what customers want, and the level and quality of service currently provided. Closing this gap is the prime aim of a service delivery improvement programme. Accurate identification of customers' needs, and of the current service baseline will enable targets to be set for improvement in a systematic, prioritised way, taking into account the availability of resources.”

⁴³ Based on research done of provincial Internet sites on provincial government departments' Medium Term Expenditure Framework Strategic Plans, and personal communication with Xolisa Vitsha – Researcher: Performance Monitoring – **Public Service Accountability Monitor (PSAM)**, Rhodes University, Grahamstown, 12 June 2003.

⁴⁴ Interview with Xolisa Vitsha – Researcher: Performance Monitoring – **Public Service Accountability Monitor (PSAM)**, Rhodes University, Grahamstown, 12 June 2003.

⁴⁵ See **Public Service Accountability Monitor** – <http://perf.psam.ru.ac.za/pmwsindex.asp>.

⁴⁶ **Draft White Paper on Transforming Public Service Delivery**, 9 May 1997, par. 1.1.9.

⁴⁷ Also see **White Paper on Transforming Public Service Delivery**, September 1997, par. 1.2.8.

⁴⁸ **Draft White Paper on Transforming Public Service Delivery**, 9 May 1997, par. 1.1.8.

⁴⁹ **Draft White Paper on Transforming Public Service Delivery**, 9 May 1997, par. 1.1.9. Also see **White Paper on Transforming Public Service Delivery**, September 1997, par. 1.2.9.

⁵⁰ **White Paper on Transforming Public Service Delivery**, September 1997, par. 1.2.11.

⁵¹ **White Paper on Transforming Public Service Delivery**, September 1997, par. 4.1.1.

⁵² **White Paper on Transforming Public Service Delivery**, September 1997, par. 4.1.2.

⁵³ **National Treasury. Budget Circular 01 for 2003/04 Financial Year. Guidelines for Preparing Municipal Budgets 2003/04**, 30 April 2003.

⁵⁴ **National Treasury. Budget Circular 01 for 2003/04 Financial Year. Guidelines for Preparing Municipal Budgets 2003/04**, 30 April 2003

⁵⁵ Dye, T.R. (1992) *Understanding Public Policy*, Prentice Hall, Englewood Cliffs: New Jersey, p3.

⁵⁶ Vaughan, A. (1997) “An Assessment of the Current Rural Development Policy Framework”, Institute For Social and Economic Research, University of Durban-Westville, Paper Prepared for the Poverty and Inequality Study, August 1997,

⁵⁷ Vaughan, A. (1997) “An Assessment of the Current Rural Development Policy Framework”, Institute For Social and Economic Research, University of Durban-Westville, Paper Prepared for the Poverty and Inequality Study, August 1997

⁵⁸ Ostrom, E., Schroeder, L. and Wynne, S. (1993) *Institutional Incentives and Sustainable Development*, Westview: Boulder, CA., p185.

⁵⁹ DPLG: Director IGR.

⁶⁰ Mosiane, Patrick. 2003. **Intergovernmental Relations: Current Challenges**, in DPLG Research Bulletin, April, Pretoria.

⁶¹ **Municipal Services Project – Special Report - The Bell Tolls for Thee: Cost Recovery, Cutoffs, and the Affordability of Municipal Services in South Africa**, by David A McDonald, Co-director, Municipal Services Project, March 2002.

⁶² ANC (African National Congress). **The Reconstruction and Development Programme**. Johannesburg: Umyanyano Publications, 1994.

⁶³ RSA (Republic of South Africa), **Municipal Infrastructure Investment Framework**. Pretoria, Government of South Africa, 1995.

⁶⁴ DME (Department of Minerals and Energy), **Draft White Paper on the Energy Policy of the Republic of South Africa**, Pretoria, Government Printers, 1998.

⁶⁵ Mbeki, Thabo. **President's State of the Nation Address - February 8, 2002**, as reprinted in the Cape Argus, February 9, 2002.

⁶⁶ Kasrils, Ronnie. **Minister of Water and Affairs and Forestry Budget Speech to Parliament**, May 15, mimeo, 2001.

⁶⁷ RSA (Republic of South Africa), **Briefing by the Parliamentary Portfolio Committee on Minerals and Energy**, March 6, mimeo, 2002. These figures are consistent with Municipal Service Project survey findings (March 2002).

⁶⁸ **Basic Water Provision for All by 2008: Kasrils, Sapa press release**, February 12 2002; **Electrification Plan 'Will Need Huge Subsidies'**, *Business Day*, March 7, 2002.

⁶⁹ It is industrial users who benefit the most from electricity subsidies, however, with the manufacturing sector paying an average of 12.83c/kwh and the mining sector 12.32c/kwh. Moreover, special deals are

sometimes negotiated with large consumers (e.g., Alusaf) with prices as low as 3.5c/kwh (subject to special conditions and certain hours of the day) (Fiil-Flynn, Maj. The Electricity Crisis in Soweto, *Occasional Paper Series No. 4*, Municipal Services Project: Cape Town, 2001).

⁷⁰ For example, approximately one third of the R2.1 billion owed to the Cape Town City Council for services is from businesses, many of which owe more than R100,000 ("Council Takes Aggressive Action to Claim Arrears", *Cape Argus*, February 26, 2002).

⁷¹ For example, the following letters to the editor were sent to the *Cape Argus* on February 26, 2002, in response to an article critiquing the unfair distribution of municipal resources in the upper-income suburb of Durbanville as compared to that of the low-income township of Khayelitsha – both in Cape Town: "What articles like this always fail to point out is that all the people living in Kenridge Road [in Durbanville] pay all their rates and taxes, whereas very few of the people in Khayelitsha pay anything at all. In fact, those of us who live in the Tygerberg are subsidizing Khayelitsha to a very great extent and our suburbs do not have as high a quality of upkeep as we are used to."; "The Cape Argus makes no comparison of the rates paid by residents in Durbanville and those in Khayelitsha...only about 10% of what we pay in rates is actually spent on services in our area – the balance of 90% going to more needy areas. What is going on here?"; What a stupid article about different suburbs. You thankfully highlight the areas in both arrears."

⁷² This figure based on an adult population over the age of 18 years in South Africa of approximately 25 million people (i.e. those who were eligible for selection for this survey). Thirteen percent of this equals 3.25 million.

⁷³ It should also be noted that most low-income households have more than three household members which means that the figures provided here may substantially *underestimate* the actual number of individuals affected.

⁷⁴ Eberhard, Anton and Clive van Horen. **Poverty and Power: Energy and the South African State**. Johannesburg: Pluto Press, 1995.

⁷⁵ Fiil-Flynn, Maj. The Electricity Crisis in Soweto, *Occasional Paper Series No. 4*, Municipal Services Project: Cape Town, 2001.

⁷⁶ Presentation by Joe Ferreira at Masibambane Meeting, Assegay Hotel, 13th February 2003.

⁷⁷ Presentation by Joe Ferreira at Masibambane Meeting, Assegay Hotel, 13th February 2003.

⁷⁸ HSRC. 25 October 2002. Questions and answers booklet. Implications of the National Government division of powers and functions for Water, Sanitation, Municipal Health & Electricity Services between district and local municipalities DRAFT 3.1.

⁷⁹ Roodt, M and Savage, D " (1998) South Africa: The civil society debate" in **Winds of Small Change: civil society interaction with the African state** edited by Hollands, G and Ansell, G East London: Afesis-Corplan.

⁸⁰ Roodt, M and Savage, D (1998) "South Africa: The civil society debate" in **Winds of Small Change: civil society interaction with the African state** edited by Hollands, G and Ansell, G East London: Afesis-Corplan.

⁸¹ Friedman, S and Reitzes, M "Democratization or bureaucratization?" in **Transformation 29, 1996**

⁸² Walzer, M (1992) "The civil society argument" in Moufe, C **Dimensions of radical democracy**. London: Verso.

⁸³ Levin and Weiner (1997) **No more tears, struggles for land in Mpumalanga**. New Jersey: Trenton p254.

⁸⁴ Piliusuk. M et al "Coming together for action: the challenge of contemporary grassroots community organising" in **Journal of Social Issues, Vol 52 No 1 1996**, pp 15-37.

⁸⁵ Oakley and Marsden (1984) **Approaches to rural development**. Geneva: ILO, p27.

⁸⁶ Roodt, M (2001) "Participation, civil society and development" in **Development: theory, policy and practice**. Cape Town: Oxford University Press, p478.

⁸⁷ GEAR focuses on job creation as the main source of income redistribution. This approach is fundamentally a wrong approach for South Africa for two reasons: (a) While there is a common agreement that unemployment must decline, job increases based on 'wage moderation' will actually increase poverty. In fact, a careful reading of the proposed plan shows that income distribution will deteriorate during the course of the program. This is contrary to the RDP's statement that "our growth path must ensure more equitable distribution of income." (b) There is a fundamental problem with an approach that assumes growth leads to redistribution. The complex linkage between better income distribution and growth is completely neglected (See Adelzadeh, Asghar. 1996. From the RDP to GEAR: The Gradual Embracing of Neo-liberalism in Economic Policy. National Institute for Economic Policy. <http://www.niep.org.za/>)

- ⁸⁸ International Organisation Development South Africa (IOD). 2000. "Evaluation of Overseas Development Assistance." Unpublished paper prepared for the Department of Finance. Cited in Von Broembsen, Marlese. 2003. Poverty Alleviation: Beyond the National Small Business Strategy. IDASA Budget Information Service. May. <http://www.idasa.org.za/>
- ⁸⁹ Von Broembsen, Marlese. 2003. Poverty Alleviation: Beyond the National Small Business Strategy. IDASA Budget Information Service. May. <http://www.idasa.org.za/>
- ⁹⁰ For example, the World Bank's Demand-driven rural Investment Fund (DRIF) is a new mechanism for decentralizing decision making authority and financial resources to local governments and communities to use for investments of their choice. To counteract the local government's weak capacity to choose and implement projects well, central governments have often constrained the choices of communities by limiting the types of projects eligible for financing and requiring specific procedures for procurement and disbursement. ([http://wbln0018.worldbank.org/ESSD/NrwTrust.nsf/webpage/attachments/\\$FILE/CDDMNALogframe4_13_01](http://wbln0018.worldbank.org/ESSD/NrwTrust.nsf/webpage/attachments/$FILE/CDDMNALogframe4_13_01)). The World Bank Technical Paper No. 407, explores the extent to which well-designed DRIF rules and incentive structures can substitute for central control. It looks at the different and often conflicting motivations of donors, central governments, and communities and explores how rules can be devised to allow actors to achieve their objectives (<http://publications.worldbank.org>)
- ⁹¹ The World Bank Technical Paper No. 407.
- ⁹² See Local Government: **Municipal Structures Act 117 of 1998, Constitution of 1996, Municipal Systems Act of 2000.**
- ⁹³ **A capacity building and skills development strategy for South African municipalities.** SALGA, May 2003.
- ⁹⁴ Rossouw AMM & PC Crous 2000. **Rapid capacity building for water and waste management at local authority and district council level.** Water Research Commission Report 982/1/00. Water Research Commission, Pretoria.
- ⁹⁵ Rossouw AMM & PC Crous 2000. **Rapid capacity building for water and waste management at local authority and district council level.** Water Research Commission Report 982/1/00. Water Research Commission, Pretoria.
- ⁹⁶ **Decentralized Governance Programme. Strengthening Capacity for People-Centred Development,** Management Development and Governance Division Bureau for Development Policy United Nations Development Programme September 1997.
- ⁹⁷ HSRC report on **Review of Schedules 4&5,** March 2003.
- ⁹⁸ **Local Government White Paper,** 1998, page 17.
- ⁹⁹ Several in depth studies conducted by the HSRC revealed that the problems municipalities are struggling with are to a large extent due to uncertainty about roles, related to this inadequate intergovernmental relations and lack of funding of local government's developmental mandate.
- ¹⁰⁰ **Ministerial Advisory Committee Interim Report on the challenges facing local government,** November 2001.
- ¹⁰¹ **Sector Skills Plan,** LG&WSETA, April 2003. Various sector reports of the Municipal Demarcation board, such as Municipal powers and function health sector report, 2000. http://www.demarcation.org.za/documents/Reports/12_09_2002/Sector_health_July2002.doc.
- ¹⁰² **A capacity building and skills development strategy for South African municipalities.** SALGA, May 2003.
- ¹⁰³ SALGA intends to embark on a nationwide skills audit in the near future to determine the capacity development needs of councilors and officials. (Interview with SALGA official, 11 June 2003).
- ¹⁰⁴ **A capacity building and skills development strategy for South African municipalities.** SALGA, May 2003.
- ¹⁰⁵ Interview with SALGA official, 11 June 2003
- ¹⁰⁶ This need has been identified by the United Nations Capacity Building for Local Governance Programme and Kagiso Trust, 2002.
- ¹⁰⁷ Interview with Lu Heideman, Eastern Cape Socio-Economic Consultative Council, Bisho, April 30, 2003.
- ¹⁰⁸ Interview with Ken Jeenes, Consultant, East London, May 30, 2003.
- ¹⁰⁹ Interview with Ken Jeenes, Consultant, East London, May 30, 2003.
- ¹¹⁰ See for instance, **The principals of developmental local government,** Firoz Khan, 1997.
- ¹¹¹ IGR audit, HSRC studies.
- ¹¹² **The Intergovernmental Relations Audit: Towards a culture of co-operative government. Final report of the Intergovernmental Relations Audit.** December 1999.
- ¹¹³ **Budget Vote speech by Dr Zola Skweyiya, Minister of Social Development, to the National Council of Provinces, Capetown, 15 May 2003.** <http://www.welfare.gov.za>.
- ¹¹⁴ **State of the Nation Address:** 14/02/2003. <http://www.gov.za/events/2003/son03adv.htm>.

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- ¹¹⁵ Ceri Phillips and Guy Thompson What is cost effectiveness? *What is?* Volume 2(3) www.evidence-based-medicine.co.uk
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- ¹²⁰ Patrick Heller. 1999. *The Labor of Development: Workers in the Transformation of Capitalism in Kerala, India*. Cornell University Press: New York.
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- ¹²² Department of Finance. April 2000. A strategic framework for delivering public services through public-private partnerships. Republic of South Africa.
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- ¹²⁹ Schmitz, T. (2000) *Piloting public-public partnerships: successful cost recovery in Rand Water's Odi supply area*, Policy Brief no 19, January 2000, Centre for Policy Studies.
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- ¹³¹ World Bank. 2002. *Reaching the Rural Poor: A Multi-Sectoral Approach to Rural Poverty Reduction*. www.worldbank.or.jp/02event/01seminar/pdf_ts/ts14chaki.pdf
- ¹³² World Bank. 2002. *Reaching the Rural Poor: A Multi-Sectoral Approach to Rural Poverty Reduction*. www.worldbank.or.jp/02event/01seminar/pdf_ts/ts14chaki.pdf
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- ¹³⁴ In a recent study of the sustainability of water projects in KwaZulu-Natal a relatively low level of engagement by councilors was customary and there were no instances of ward committees operating to meet social needs. David Hemson, *The sustainability of community water projects in KwaZulu-Natal, a report to DWAF*, March 2003.