

Local Government, Local Governance and Sustainable Development

Getting the Parameters Right

Doreen Atkinson



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Preface

The Human Sciences Research Council publishes a number of Occasional Papers series. These are designed to be quick, convenient vehicles for making timely contributions to debates, disseminating interim research findings and otherwise engaging with the broader research community. Publications in the various series are, in general, work-in-progress which may develop into journal articles, chapters in books or other final products. Authors invite comments and suggestions from readers.

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Her publications during the last five years, include *From a Tier to a Sphere: Local Government in the New South African Constitutional Order* (co-edited with Maxine Reitzes, published by EISA and Heinemann Press, 2000); *Rural Development Framework*, for the Free State Provincial Government; and *A Pathway to Sustainability: Local Agenda 21 in South Africa* (co-edited with Penny Urquhart, for the Department of Environmental Affairs, 2001). She is currently working on municipal capacity-building, especially in the light of the implementation of IDPs; as well as the development of municipal capacity in commercial agricultural areas.

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Getting the Parameters Right

Introduction

Since 1994, South Africa has experienced a steep learning curve with regard to institutional design in general, and local government in particular. When the transition to democracy took place, South Africa inherited a dysfunctional local government system, based on inappropriate jurisdictions, structures and programmes. During the past eight years, great progress has been made in designing municipal systems and governmental principles intended to promote sustainable development.

This chapter will highlight some of the achievements, which have provided the building-blocks for a development-oriented system of government and governance. However, achievements often bring unintended consequences in their wake, giving rise to new problems and challenges. This chapter will also reflect on the short and long term interventions that will need to be made so that the governmental system can deliver the desired outputs and impacts.

Government is a means, not an end. Ultimately, it is a tool, an instrument to achieve a desired (developmental) end-state. At this stage in South Africa's development experience it is

necessary to ask: Have we designed the right kind of instrument? Are we ending up with a hammer or a spanner when we should actually have designed a welder or a pair of bellows? In sum, will our system of government promote development-oriented governance? And what can we do to nudge it increasingly into that direction?

In this chapter, consideration is given to the way in which local government is placed within the total system of government. Consequently, municipalities' external relationships are as important as their internal functioning. It is only within such a holistic view that the future development path of municipalities and local areas can be understood and promoted.

'Government' and 'governance'

'Government' is an institution. An institution, in turn, is a set of internal roles and relationships, rights and obligations, responsibilities and functions. An institution consists of people assigned specific positions, functions and roles within an organised structure. A development-oriented government, therefore, is one that has designed its internal relationships in such a way that specific developmental goals are achieved.

'Governance', in contrast, refers more broadly to the environment in which government functions, and to government's relationships with outside stakeholders. A system of governance refers to government's relationships with the electorate, the public, the consumers of services, and non-state actors. A development-oriented system of governance, therefore, is an institutional environment in which government creates the types of relationships with outside stakeholders that encourage those stakeholders to launch and sustain developmental initiatives.

During the past eight years enormous progress has been made in designing development-oriented government structures and governance systems in South Africa. The most significant innovation has been the formal adoption of 'developmental local

government' as the cornerstone of development policies and programmes. In terms of the *White Paper on Local Government* (1998), the Municipal Structures Act¹ and the Municipal Systems Act,² municipal government has come to the fore as arguably the most important level of government in the overriding purpose of promoting development.

The importance of local government is based on several key factors. Firstly, local government is intrinsically multi-sectoral. It is the only sphere of government that has the mandate to bring together a variety of sectoral issues within one developmental policy, programme or project. Secondly, local government is 'closest to the people'. This oft-used phrase has several aspects. For one thing, municipal offices are often simply geographically closer to residents than other levels of government and, especially for poor people, such offices are often easier to reach. For another thing, local councillors have a much smaller constituency to report to than public representatives at provincial or national level, and can therefore concentrate on issues and local matters that are highly community-specific. More specifically, the ward system of representation – unlike the proportional representation system at provincial and national level – means that councillors must attend to the needs and interests of specific neighbourhoods. Since councils are elected institutions, it means that a councillor who consistently fails to 'deliver' can be removed at the end of his or her term of office – or even during it.

The third important dimension of local government is the spatial one. Increasingly, development theorists and planners have come to realise that development is profoundly labour-intensive. Real development requires ongoing involvement with beneficiaries and communities, whether in the form of leadership development, institutional capacity-building, public participation in planning or project implementation and frequently, conflict management. It simply makes more sense for such developmental activities to be based at a level of government that is staffed by people who are physically accessible to residents, and who preferably live within the local community.

Clearly, then, local government must play a key role within the developmental renaissance that Africa – and South Africa – have embarked upon. In this regard, South Africa is at the cutting-edge of development debates. The claim that municipalities are the primary developmental agency within the governmental system has radical and far-reaching implications for governmental structuring and practices. The real challenge, now, is to work through the implications of these claims and debates. What would ‘developmental municipalities’ look like? How would they function? What would their relationship be with other institutions within the system of government? And what should their relationships of ‘governance’ be with other developmental players?

Municipalities are currently at a critical juncture in their development. Since mid-2001, municipalities have been required to write ‘integrated development plans’ (IDPs). These IDPs are intended to be multi-sectoral programmes, including a wide variety of development, ranging from ‘hard’ services such as water, sanitation, electricity, housing and roads, to ‘soft’ or ‘human development’ issues such as land reform, poverty-alleviation, tourism and local economic development (LED).

Many municipalities completed their IDPs during early 2002. The crucial question now is: Will they have the capacity to implement their IDPs? Or will IDPs become dust-covered tomes that grace municipalities’ bookshelves? This paper will consider some of the developmental questions that arise from the need to implement IDPs. The argument will proceed from questions of internal municipal management, to inter-municipal relations and, finally, to inter-governmental relations. This paper will argue that the creation of developmental local government will require the contribution of every other component of the governmental system. It has to be an institutional ‘rebirth’, based on a profound redesign of the governmental system as a whole. Municipal capacity-building cannot be dealt with in isolation, in piecemeal fashion. It has to be part of a holistic re-orientation of government and governance.

The impending challenge – implementing IDPs

Before 1995, municipalities focused primarily on the regular maintenance of infrastructural services and social facilities. Municipalities maintained streets, water pipes, storm water drainage, electricity networks, parks and cemeteries. When necessary, they planned new housing estates and infrastructure works. On occasion, municipalities adopted innovative economic or tourism strategies, but these tended to be the exception – particularly in the poorer rural areas.

Since 1995, the entire *raison d'être* of municipalities has changed. Municipalities are now required to become the foremost development agencies within the governmental system. The writing of IDPs was the formalisation of this new role – each municipality had to define its own developmental vision and mission, and identify specific programmes and projects.

The completion of IDPs means that, figuratively speaking, 'the dog has caught the bus'. In many municipalities, the developmental challenge is much greater than was ever envisaged. Not only must municipalities undertake a variety of infrastructural projects, but they must also define and implement complex social and economic development projects.

Furthermore, the leadership role of municipalities has become paramount. Until 2000, many national and provincial line departments implemented rapid infrastructure roll-out programmes, within municipal jurisdictions. However, the municipalities largely remained spectators in this process, with effective authority placed firmly within national and provincial departments. This dynamic has been turned on its head. National and provincial departments are now required to tailor their programmes to the IDPs written by municipalities. Furthermore, such departments are required to assist municipalities to take the lead in project implementation. Not only has the dog caught the bus, but the tail is wagging the dog.

What do these changes mean for municipal capacity-building? At least three issues become very important to address. The first is the level of project management capacity within municipalities. The second is the design of municipal organisations. The third is the redefinition of existing functions.

Project management capacity There is a glaring lack of such skills within most municipalities. Until now, municipalities have undertaken development projects simply by using their existing senior and middle-level staff. Typically, heads of technical departments, heads of administrative support departments and environmental health officers have managed projects. This was usually in addition to their normal line functions. Many of these staff members lack project management skills and, in particular, skills of interacting with developing communities. Owing to the existing levels of overwork in municipalities – often because of staff cuts caused by rising wage bills, in turn caused by trade union pressure – many municipalities outsource development projects to consultants. This has been the case, in particular, with water and sanitation projects. Such consultants are typically paid by the Department of Water Affairs, and not by the municipalities.

There is clearly a great need for creating project management capacity within the municipalities, both in terms of staff availability and in terms of relevant skills. One solution is for the municipality to appoint a Head of Development, assisted by one or several project managers.

Design of municipal organisations South African municipalities are typically designed according to conventional line departments (finance, administration, engineering/technical services and, occasionally, social development). There is no uniform placing of functions within municipalities. In some municipalities, for example, libraries and museums fall under ‘administration’, while in others they fall under ‘social development’. Similarly, ‘environmental health’ is put in the

administrative department or the technical department. Sanitation services sometimes fall under 'technical services', and in other cases under 'social development'.

The common thread in this diagnosis is that municipal organisations are, almost invariably, 'input-based' – organised around convenient inputs, such as finance and money – and not 'output-based'. An 'output-based' municipality would look very different. It would focus on infrastructural development, poverty-alleviation or investment promotion, and create a strong developmental department, possibly with these issues as sub-directorates. In such an output-oriented municipality, the administrative, financial and technical departments would be primarily aimed at supporting the developmental department(s). Their allocation of resources would be substantially project and programme-oriented. The developmental departments would be able to call on the supporting departments for resources, in different combinations, on different programmes or projects.

Re-defining functions As noted above, many municipal services with pronounced developmental dimensions have remained minimal or narrowly defined. This explains why a function with such potential developmental impact as the library has been classified as 'administrative', or environmental health officers are classed as 'technical services'. In a truly developmental municipality, libraries would become key sources of public information and awareness-raising. Sanitation would not refer only to the installation of sewerage reticulation or toilets, but to hygiene and environmental health education within the community as well. 'Environmental health' would be used to promote environmental awareness in many interesting and mutually supporting ways, particularly for children. 'Street cleansing' would not only refer to the removal of litter, but also to environmental health education regarding littering and the preservation of open spaces.

There is a great need to think creatively about current municipal functions, and to harness them as part of cross-cutting

developmental programmes and projects. Many of these functions should then be grouped under strong developmental departments. Additional developmental functions, such as local economic development local economic development (LED), land reform and poverty-alleviation, would also be housed in such developmental departments, which would promote co-operation and synergies among sectoral staff (environmental health officers, librarians and other project or programme managers).

The new demarcation of local government

Municipal government has undergone a difficult transition since 1999. In terms of the new demarcation, the original 843 municipalities³ have been reduced to 284.⁴ Several principles informed the demarcation process, including:

- the amalgamation of urban areas and their rural hinterlands;
- the combining of several urban areas within single municipalities, thus reducing the duplication of senior staff;
- the consolidation of municipalities into spatial areas that make sense from an economic, topographical and infrastructural point of view; and
- the inclusion of richer and poorer areas, thus making some redistribution possible.

However, experience since the municipal elections of December 2000 has shown that the administrative dislocation associated with the re-demarcation may have been underestimated. The municipalities that have experienced the easiest adjustment are those where a strong core municipality was combined with rural or peri-urban areas. In cases such as Kimberley, it has been relatively easy for the 'mother municipality' to include its hinterland into its core operations.

In other areas, a variety of painful adjustments have had to be made. The integration of the administrative, financial and information technology systems of several previously autonomous

municipal administrations has proven to be time-consuming, complex and difficult. Some of these problems are due to the inherent incompatibilities of very different municipal administrative systems. For example, staff with very different task descriptions and remuneration levels had to be integrated into a common organogram. The new municipalities had to integrate different tariff structures for municipal services, as well as different levels of municipal rates. Disparate credit control policies and indigent policies had to be aligned. Asset registers and insurance policies needed to be consolidated – often in municipalities already hampered by poor systems of data management. In many cases, towns with strong accumulated financial reserves found those reserves eaten away by towns with huge inherited debts. In other cases, rates systems had to be co-ordinated in areas with different levels of property values, causing a massive decline in revenue.

Many municipalities are still reeling from the financial impact of amalgamation. In addition, some new municipalities experience problems caused by poor political decisions on the part of new and inexperienced councillors. Valuable municipal experience was lost, as senior municipal officials have been encouraged to take voluntary retrenchment packages to make way for more politically attractive appointments.

Over and above the more prosaic aspects of amalgamation, a more fundamental and still unresolved issue has arisen. In many cases small urban communities and far-flung rural communities are located long distances, often more than 50 km, from the new municipal headquarters. What is the most suitable relationship between the municipal head office and the outlying areas – especially other towns – within the jurisdiction of a single municipality? Should significant developmental capacity be located within municipalities' branch offices? Should branch offices have some degree of devolved functions and developmental autonomy? This issue of decentralised administrative activities is an important one since it increases the accessibility of the municipality to far-flung rural communities. Long distances are prohibitive, especially to poorer residents, and this

undermines developmental initiatives and co-ordination. Attention needs to be given to keeping sufficient front-line staff in the outlying areas, who can deal with payments issues and queries, and provide technical operations and maintenance (O&M).

The issue of spatial organisational structuring is of great importance, especially when developmental programmes and projects are contemplated in the outlying areas. Strong project management skills, and adequate qualified and competent staff, are required to drive and guide development projects. When development projects are launched, especially in poor communities, a great deal of hands-on guidance is needed. Development officers need to build up community committees, define the tasks and functions of various stakeholders, develop local leadership, provide administrative support, assist with conflict mediation and engage in all kinds of troubleshooting. Such developmental functions are difficult to implement from a municipal headquarters located more than 50 km distant.

Despite such pressures for the spatial devolution of functions within municipalities, this issue has not been put on the agenda. Most municipalities are still too engrossed in amalgamating the administrations of the erstwhile local governments to think through the far-reaching implications – in particular, the developmental tasks and staff required – for the implementation of their IDPs. At a more fundamental level, however, there is a lack of political clarity about the merits of devolution of functions. In some municipalities, councillors believe that spatial devolution will amount to some kind of fragmentation or balkanisation of communities within their municipality. Clearly, some investigation and debate are required about the merits and problems associated with the spatial distribution of municipal capacity and functions.

One possible solution is to create strong branch offices, managed by multi-skilled development managers, who are responsible for implementing development projects within their localities. They should be supported by strong municipal line departments (such as engineering services, social services,

administrative support and financial management), located at the municipality's head office. Some type of 'matrix' administrative structure is then required, whereby development officers in the localities can draw on the support of the municipal line departments, within specific development projects.

Such an approach will require two types of capacity-building – multi-skilled development management, as well as strong specialist line departments. In addition, municipal managers must exert a strong integrative force in order to secure consensus and co-operation between the spatially-based development officers and the head office staff of the municipal line departments. Such municipal managers need to have sufficient developmental knowledge and experience, as well as appropriate personal qualities, to integrate the spatial and vertical lines of authority within the municipality.

Powers and functions: 'district' and 'local' roles

South Africa has two 'tiers' of local government: district municipalities and local municipalities. Traditionally, district municipalities⁵ have had very limited functions, viz. allocation of capital grants (derived from their levy revenue) to municipalities, and management of a few district-level 'bulk' functions (eg. large-scale water supply). The allocation of powers and functions is now under review. This matter is particularly pressing in view of the fact of the re-demarcation of local governments, and the consequent hotchpotch of district and local government functions which have to be streamlined. Especially in rural areas, where rural councils, assisted by district councils, used to be responsible for municipal services, the position with regard to service delivery is very unclear and often quite chaotic.

There are two contrasting points of view with regard to the future role of district and local municipalities.

District municipalities as the primary developmental tier The first perspective is that most developmental functions should be concentrated at district municipality level. This has three key advantages. First, it is more cost-efficient to build up developmental capacity at the 47 district municipalities, rather than at the 231 local municipalities. Second, it enables a degree of redistribution from the wealthier towns within a district municipality's jurisdiction, to poorer areas. Third, some development functions are best addressed at district-wide level. Some functions involve several local municipalities (eg. district-based tourism), whereas other functions can be done at scale if done within several municipalities simultaneously (eg. rapid roll-out of sanitation projects).

Local municipalities as the primary developmental tier A contrasting point of view holds that as most developmental functions are labourintensive, a great deal of personal contact between programme managers and communities is required. This would entail a primary role for local municipalities (and, possibly, for branch offices of local municipalities). Many district municipalities are simply too geographically large for such a function.

An additional argument is that the main virtue of local municipalities is precisely that they are 'local', i.e. better attuned to the specific needs of localities. Local diversity may require different local developmental policies and programmes and, ultimately, local municipalities should be politically answerable to their communities for the developmental choices they make. This argument puts the developmental ball squarely within the local municipalities' court.

The two arguments both have their merits. Some national departments have already stated their preferences. The Department of Water Affairs and Forestry prefers to bestow the designation of 'Water Services Authorities' on district municipalities; and the Department of Provincial and Local Government (DPLG) is allocating special financial support to

building district-level planning capacity.⁶ In contrast, the system of intergovernmental fiscal allocations, and the distribution of 'equitable share' revenue⁷ is still being channelled to local municipalities. However, a recent court ruling maintained that there is no justification for excluding district municipalities from their part of the equitable share⁸. It is therefore possible that this will strengthen their claim to become the primary developmental tier of local government.

In 2001, the Municipal Structures Amendment Act was passed, which amended Section 84(1) of the Municipal Structures Act. Under the new Act, four key local functions (water, sanitation, electricity and environmental health) were re-allocated to district governments. These provisions are not cast in stone (some exceptions are allowed) and they did not come into operation immediately. A transition period of two years was provided for the provincial governments to authorise the final allocation of functions to district and local governments, according to the prevailing conditions in the respective provinces. In the meantime, the Department of Provincial and Local Government did a capacity assessment of district and local governments to decide which local functions should be reallocated to district municipalities.⁹ It was decided that, where district municipalities are weak and local municipalities strong, the Section 84(1) district functions will be kept at local level; and conversely, where local capacity is weak but district capacity is strong, then even local functions may be located at district level. This creates quite a flexible matrix of possibilities.

However, two additional considerations need to be raised. The first is that the current capacity of municipal government should not necessarily be the sole (or even the main) consideration, in the allocation of functions. A different approach would be to consider the nature of a function, and the type of developmental activities associated with it. For example, 'hard' (infrastructural) services may be more effectively delivered at a district level (i.e. 'at scale'), whereas 'soft' (human) services may be more appropriately placed at local level. A different

example is the case of LED: attracting investment capital may be more effectively done at district level (i.e. marketing the district as a whole as an investment destination), whereas poverty alleviation projects may be better placed at local level (i.e. promoting close interaction with indigent individuals or groups of poor people).

The second issue is that the administrative costs of the re-allocation of functions should not be underestimated. This involves the re-allocation of staff, often to institutions with different salary scales and benefits. It also involves the separating out of municipal revenue into separate ring-fenced functions – a process notoriously difficult in municipalities, where complex systems of cross-subsidisation among functions have evolved over the years. Many municipal officials have job descriptions that range across several functions. For example, to re-allocate water services from local to district municipalities would mean that the local municipalities lose a valuable source of operating revenue, and may well mean the loss of staff members who were responsible for maintaining water services as well as maintaining storm water drainage or water infrastructure on municipal commonage. It is extremely difficult to dismember various existing municipal functions for the sake of re-allocating them to another tier of local government.

This argument implies that, all things being equal, it is probably preferable to leave existing functions where they are (assuming that they are being performed adequately) and to build additional and complementary functions at the other tier of local government. For example, where a function is being performed tolerably well, but not optimally, by a local municipality, it may be possible to build up district-level support functions to complement and support the operations of the local municipality (eg. training, planning or monitoring and evaluation capacity). The Department of Provincial and Local Government has already recognised such an eventuality: ‘Some functions might need to be split with some aspects indicated for partial adjustments.’¹⁰

There is an urgent need for a function-by-function and issue-by-issue assessment of appropriate allocation of responsibilities. It is quite possible that one function (eg. transport) should be largely located at district level, while another function (eg. poverty alleviation) should be primarily located at local level. Some functions (such as environmental management) would cross the district – local divide in several ways, depending on specific issues and problems. For example, air pollution may need to be addressed at district level, while street littering may be regarded as a local issue. Presumably the DPLG would lead the debates and negotiations with various national and provincial line departments so that appropriate outcomes can be ensured for each sector.

Creating a support system for local government

Municipalities' lack of capacity has often been identified as a crucial blockage in delivery. Until now, very few national line departments have taken much effort to pinpoint the actual functions which should be devolved to local government – much less apply their minds to taking concrete steps to building municipalities' capacity. There are two major exceptions. The Department of Provincial and Local Government has initiated several programmes to evaluate municipalities' performance, identify problems and provide training and support.¹¹ The Department of Water Affairs and Forestry (DWAFF) has consistently advocated the building of municipal capacity in water and sanitation delivery. These departments should serve as models and examples for other line departments to follow.

What, then, of other sectors? Several sectoral line departments are responsible for functions (at national and provincial level), which also fall within the Constitution's definition of municipal functions.¹² Municipal health, environmental management, economic development, transport and tourism are only some of the functions that straddle national,

provincial and local boundaries. In many cases, municipalities deal with such functions in an ad hoc and piecemeal way, without policy guidance, technical advice or training being provided by national or provincial departments.

With the expansion of municipal responsibilities – in terms of the new philosophy of ‘developmental local government’, as well as in terms of their new jurisdictions – municipalities are required to undertake an increasing number of functions. Take, for example, land management. Many municipalities are responsible for commonage development (land owned by the municipalities themselves). Until recently, commonage land was typically rented out to nearby commercial farmers. This provided a reliable and indispensable flow of revenue to the municipalities, at minimal financial cost or administrative overhead. In terms of the developmental mandate of municipalities, they now have to end these lucrative rental contracts, and use the commonage land for indigent township residents to improve their food security, and possibly serve as a basis for individuals’ capital accumulation as emergent farmers. This shift of focus has placed enormous administrative burdens on municipalities in terms of project management, interactions with community committees, and infrastructure provision and maintenance. To make matters worse, the use of commonage by emergent farmers has usually meant the loss of land rentals – partly because the level of rent is set at a much lower rate than for commercial farmers, and partly because payment by emergent farming groups is often unreliable.

Where, then, should a municipality turn for support? Three obvious candidates are the provincial Departments of Agriculture (to provide technical agricultural advice and training), the provincial Departments of Economic Affairs (to provide entrepreneurial training and support), and the national Department of Land Affairs (to assist municipalities to set up new systems of land management, in terms of its land reform policy). Very little support has been forthcoming from any of these departments. The Department of Land Affairs has been willing to make capital funding available for the purchase

of additional municipal commonage, but no department has as yet provided management support. District municipalities have played no role whatsoever since land management has never been a district-level function. In this void, municipalities are left to flounder – with deleterious political consequences as community organisations become aggrieved by the apparent lack of municipal support for their developmental needs.

The same void characterises other developmental initiatives. The Department of Provincial and Local Government has made large grants available to municipalities to promote LED. Various entrepreneurial projects have been launched. However, very few municipal staff – if any – have any experience in entrepreneurial support. Many of these projects have encountered severe difficulties as community members battle on by themselves to keep their micro-businesses afloat, and municipalities stand by helplessly, lacking the staff, time and skills to intervene meaningfully. There is a clear responsibility on the part of provincial Departments of Economic Affairs to provide such support.

There is an increasing emphasis on entrepreneurship development in all manner of projects. Water, sanitation and community-based public works projects and housing schemes are all increasingly promoting the development of emergent entrepreneurs as a useful by-product of infrastructure provision. However, the ‘emergence of an entrepreneur’ is not a simple or obvious process. Even where community members do have technical skills (eg. building or plumbing) that is a far cry from being able to write tenders, manage cash flows, secure payment for services, interact with clients, make business decisions and manage labourers. Many emergent entrepreneurs lack basic office infrastructure. Entrepreneurship development is not for the faint-hearted. There is a glaring need for municipalities, in terms of their developmental mandate, to set up business support centres. However, they lack the funding for this – and even if grant money was made available for the construction of a business centre, there are still the problems of covering the ongoing operating costs, as well as finding suitable staff for such

centres. How will municipalities cope with this, if they are not assisted directly by Departments of Economic Affairs?

The same applies to environmental management. Increasingly, municipalities are required to take into account the environmental aspects of development decisions. Municipalities are even required to draft Environmental Management Plans. International programmes such as Local Agenda 21 require that municipalities include environmental issues in virtually all aspects of their functioning, from the design and maintenance of infrastructure to the creation of livelihoods and poverty alleviation projects. Currently, very few municipal staff have any background in environmental management. The most suitable officials are environmental health officers (EHOs), who are usually trained to deal with a very narrow interpretation of environmental health (eg. the inspection of public food facilities). The EHOs are well placed to become more multi-skilled developmental officers, and they would have a natural bent towards environmental questions. But a degree of retraining is required, to reconceptualise environmental issues and to show how such issues can be brought to bear on water, sanitation, solid waste removal, land management, agricultural and poverty-alleviation projects.

Once again, where should municipalities turn to for support with regards to their environmental responsibilities? The provincial Departments of Environmental Affairs are the ideal candidates. As yet, however, those departments have done very little to support municipalities.

There are numerous types of support which national and provincial line departments can provide. The following list is certainly not complete but as a basic guideline, departments should:

- provide policy guidance to councillors, in the drafting of municipal policies and developmental plans;
- assist councils to identify suitable projects;
- tailor their own budgets to support councils in the implementation of such projects;

- assist municipalities to secure donor funding for projects and programmes;
- provide ongoing mentoring, guidance and training to municipal staff members;
- make extension officers available to assist municipalities in the implementation of projects; and
- assist municipalities with the monitoring and evaluation (M&E) of projects and programmes.

In sum, each sectoral line department (eg. Water Affairs, Land Affairs, Transport, Health, Housing, Environmental Affairs, Agriculture, Economic Affairs, Labour, and Minerals and Energy) should have a local government development branch, staffed with officials who have knowledge of municipal legislation and the style of municipal functioning.

Intergovernmental fiscal allocations

This chapter has highlighted the additional municipal capacity that needs to be built in order to achieve an institutional framework for sustainable development at local level. Currently, there are several sources of national funding for municipalities:

- the Equitable Share, originating from National Treasury, which is provided to municipalities to subsidise the municipal accounts of indigent residents;
- municipal infrastructure grants, Community-based Public Works Grants, and LED funding, originating from the Department of Provincial and Local Government;
- Local Government Support Grants, originating in the Department of Provincial and Local Government, and aimed at municipalities experiencing severe financial problems, to strengthen their financial management capacity;
- capital grants made by the Department of Water Affairs and Forestry;

- National Electrification Programme grants, originating in the Department of Minerals and Energy;
- Municipal Capacity-building Grant, primarily for 33 PIMS centres throughout the country;
- Integrated Rural Development Programme Management and Implementation Grants, targeted at 13 rural development nodes; and
- urban renewal projects.

While these grants address various aspects of the developmental challenges of municipalities, none of them provide general financial support for the new developmental mandate of local government – i.e. to implement a variety of programmes and projects identified in IDPs.

There are important new overhead costs which municipalities will need to bear, in order to implement their IDPs. Previous sections in this paper suggested that programme and project management capacity will need to be built, and will probably require new staff – preferably with professional qualifications in development management. Municipalities will also need spatially-based branch offices to drive development projects in remote areas.

In addition to general development management staff, municipalities will also need to re-orient various specialists (eg. librarians, environmental health officers and technical staff) in more developmental approaches to their tasks. This paper also argues the urgent need for national and provincial line departments to provide support (staff, technical advice, policy guidance) to municipalities to launch coherent developmental programmes and projects. Two additional types of intergovernmental financial flows therefore have to be created:

- general development capacity, to fund new posts at municipal level (for development officers, programme managers and project managers). This can be done on the same precedent as the funding for the PIMS centres; and

- sectoral support by line departments, for provincial support staff, local government staff, regular meetings between departments and municipalities, retraining, help-desks, etc.

The implications of implementing IDPs are only now becoming evident. If additional funding streams are not provided, municipalities will experience their new developmental role as nothing other than a huge unfunded mandate.

Conclusion

Municipal governmental and governance capacity will need to be the bedrock on which the rest of the developmental edifice is founded. At this stage, municipalities' internal capacity is extremely limited, and often inappropriate to a broader developmental role. Municipalities also need policy guidance by other governmental agencies (such as line departments) to redesign their policies and programmes, and only then will the 'governance' aspect of municipalities become realistic. Relationships with development partners and stakeholders can only be built once municipalities know what policy options are available, and what programmes are suitable for their localities.

A great deal of effort needs to be expended by national and provincial departments to build up municipal developmental capacity. This will involve the following:

- national and provincial line departments must assess the content of municipal IDPs, and draft a preliminary estimate of the developmental capacity to implement the various programmes and projects identified within the IDPs;
- a consultative process between national and provincial governments should be undertaken to determine the contributions of various line departments to municipal capacity-building; and
- municipal development management should be costed (eg. funding development officers' posts), and the Finance

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and Fiscal Commission should be approached to investigate possible additional intergovernmental transfers to pay for these additional municipal overheads.

These interventions will help to design an intergovernmental system that is equal to the developmental task. This system will provide the wherewithal for fulfilling the developmental mandate – to create an instrument capable of building effective co-operative relations between the three spheres of government, and capable of the task of animating municipalities to become real development facilitators.

Notes

- 1 Act no. 117 of 1998: Local Government: Municipal Structures Act, 1998.
- 2 Act no. 32 of 2000: Local Government: Municipal Systems Act, 2000.
- 3 This was the second major re-demarcation in five years. In 1995, the 1 260 racially-defined municipalities were amalgamated into 843 District Councils, Transitional Local Authorities and Transitional Rural Councils.
- 4 This includes six metropolitan municipalities, 47 district municipalities and 231 local municipalities.
- 5 Before December 2000 they were known as District Councils.
- 6 This involves the creation of Planning and Implementation Support Centres, located at district level, and answerable to district municipalities, even though they are not part of district municipalities' staff establishments. The main function of these centres is to support local municipalities' IDP planning processes.
- 7 Municipalities' portion of the grant funding dispensed by National Treasury to provincial and local governments.
- 8 *Uthukela, Zululand and Amajuba District Municipalities v. the President of the Republic of South Africa.*
- 9 *Local Government Law Bulletin*, April 2001.
- 10 Department of Provincial and Local Government's 'Principle 3'. See *Local Government Law Bulletin*, April 2001.
- 11 For example, Project Viability is aimed at identifying municipalities in financial crisis. Through the provincial Departments of Local Government, consultants are appointed to assist municipalities to set matters right.
- 12 See Schedules 4 and 5 of the Constitution.



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