



Decentralisation: The South African Experience

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Introduction

This paper considers the opportunities and challenges presented by the decentralisation of government responsibility to sub-national, particularly provincial or regional tiers of government. It does so through consideration of the South African system of co-operative governance.

The focus of the paper is on opportunities to improve service delivery through greater accountability and transparency, while optimising relations between different tiers of government.

The Concept of Decentralisation

Decentralisation entails the devolving of responsibility to sub-national tiers of government and is often described in terms of political, administrative and fiscal dimensions where:

- » political = power to elect representatives who are able to make various laws and regulations;
- » administrative = responsibility for the provision of certain services and activities; and
- » fiscal = distribution of revenue between different tiers of government and the regions' powers to raise revenue through taxes, charges and surcharges.

Arguments in favour of decentralisation and devolution claim that it can result in:

- greater democratisation in which government is closer to and more accountable to the people it serves;
- more choice for voters as they can be more easily consulted and heard;
- more relevant information about the needs of a region rather than a whole country resulting in greater efficiency;
- improved checks and balances through greater involvement of the population and the ability to compare services with neighbouring regions;
- more innovation which enhances development;
- lower transaction costs; and
- greater efficiency.

Critics of decentralisation point to:

- expanded opportunities for corruption, patronage and 'jobs for pals';
- greater inefficiency due to limited technical capacity;
- increased costs due to a loss of economies of scale including in procurement;
- undermining of national macroeconomic stability; and
- over-bureaucratisation and its attendant costs.

The reality is that every experience of decentralisation is unique and will result in different advantages and disadvantages to the people of the decentralised region.

Brief Background to South Africa's Decentralisation

With the advent of democracy in 1994, after decades of apartheid, South Africa was able to completely redesign its system of governance.

The new democracy under Nelson Mandela created a unitary but decentralised state with three spheres of government: national, provincial and local. The national legislature comprises two houses, the National Assembly and the National Council of Provinces, in which the country's nine provinces are represented. Provinces each have a Provincial Legislature, while local governments are accountable to Local Councils.

National government has exclusive responsibility for macroeconomic policy, foreign affairs, trade, mining, justice, social benefits, public enterprises and defence; and also sets norms and standards for health, education, housing and infrastructure.

Provincial governments are responsible for economic affairs, tourism and share responsibility with national government for health, education, housing, transport, agriculture and policing.

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Local government is responsible for basic service delivery. Poverty alleviation and redressing historical backlogs to engender greater equality are explicitly identified as principles of service delivery.

The constitution entrenches cooperative governance between the three spheres, within which local government is supposed to be autonomous.

The ruling African National Congress (ANC) has a majority of over 60% in the National Assembly, and governs in eight of the nine provinces. The majority of local councils are also controlled by the ANC.

The principle of public participation is entrenched in the constitution and legislation. Along with the supposed autonomy of the local sphere, this principle is often undermined by the ANC's political dominance, with central party policy and loyalty often trumping provincial or local concerns.

While budgeting occurs at every level of government it is dominated by the national executive, with fiscal policy controlled nationally. The basis of the share of revenue to provincial and local governments is determined by a Financial and Fiscal Commission and is set for periods of three years at a time in a Medium Term Expenditure Framework.

20 years after the first democratic elections South Africa has made enormous progress in deracialisation and unifying the nation. However, many challenges remain, especially with regard to levels of corruption, inequality, and the competence and capacity of government, exemplified by problems in the delivery of basic services.

Key Issues in Decentralisation

Interaction Between Spheres of Government

In most parts of the world, the leaders of sub-national spheres of government regularly consider whether their relationship with national government could be improved. This assessment often includes calculations as to whether greater independence from national government might enhance the region politically, economically and with respect to the delivery of services to its people.

While the situation of each region has to be considered on the basis of its own unique characteristics and history, there are certain general observations that can be made.

Competent, transparent fiscal management

Relations between national and provincial governments can best be facilitated by competent and transparent management of fiscal issues. This includes:

- the need for good up-to-date information about the country as a whole and the region. Population numbers, income levels, poverty levels, availability of services, health indicators, education levels and infrastructure reports are among the crucial information required in order to make informed decisions;
- transparency and accuracy in revenue collected at both spheres of government, without which meaningful allocation decisions can't be made;
- formal agreement by the different levels of government on certain agreed national goals such as macroeconomic stability, overall national debt levels, etc.;
- a clear, transparent, negotiated revenue allocation process. Where possible this process should be determined by a formula based on the information available and open to amendment as that information and/or circumstances change;
- transparent, negotiated agreement on responsibility for different functions and appropriate, sufficient revenue allocation for these responsibilities; and
- transparent, negotiated agreement on national minimum norms and standards, and joint oversight of the implementation of these norms and standards.

Trust Building and Dispute Resolution

None of this can happen without the establishment and maintenance of trust between the leaders, at both political and administrative levels, of the different spheres. Where that trust does not exist or is compromised it is worth making the effort to restore trust on small, easily achievable issues first.

Early in South Africa's new government dispensation tension developed between the leaders of the country's richest province, Gauteng, and national leaders around the allocation of revenue. The relationship between the respective Finance Ministers, despite being members of the same political party, became strained. Before resolving the issue of revenue allocation, it was decided to focus on an easier matter: the issuing of gambling licences and the allocation of gambling revenue. Although initially in dispute, this was something that both spheres felt could be resolved. The respective Tourism and Economic Affairs Ministers joined the Finance Ministers in discussions, thus reducing the tense atmosphere that had prevailed.

After discussions amongst the now broader negotiating teams, the national treasury was persuaded to agree to the provinces both issuing and accruing all of their own revenue from this potentially lucrative activity. The Gauteng delegation also accepted that the national department would agree on the total number of licences for the country and, thus, each Province.

After the satisfactory outcome on this secondary issue, discussions about overall revenue allocation could be reactivated between Ministers and officials of the provincial and national treasuries who had now spent more time together and had the experience of reaching agreement.

As South Africa's democracy evolved, the creation of numerous, regular formal negotiating forums between provincial and national ministers and their officials was crucial in building personal relationships and the trust that goes with them.

Where serious disagreements could not be resolved the national ANC would exert its authority, almost always in favour of the national minister. This has, in some instances, created lingering resentment and less than ideal working relationships.

History and experience make it obvious that there will always be some matters that cannot be agreed. For these instances it is vitally important to have in place previously agreed dispute resolution mechanisms, often usefully involving an external mediator or other authority who can make a decision on the disagreement that is binding on both parties.

These disagreements can result from political, ethnic, racial, religious or sectarian differences. In more polarised societies it is even more important to have dispute resolution mechanisms in place even before any disagreements occur. It is politically useful for these mechanisms to be widely known and understood by leaders' constituents so that when the activated mechanism produces a result that is not to the liking of certain constituencies they can be reminded of the existence of the mechanism.

Disagreements and difficulties between national and regional governments are more likely to arise with concurrent functions in which both spheres have a substantial role. In South Africa this arose in the health sector in relation to the HIV and AIDS pandemic which, at one point, affected 6 million South Africans. The national health department, because of the views of the then President, refused to finance or sanction the provision of anti-retroviral medication for those infected. One ANC-run Province and the Province governed by an opposition party, fundamentally disagreed with this policy. They raised their objections with the national ministry which summarily dismissed them. Ultimately, the two provinces took matters into their own hands on what they saw as a 'life-and-death issue': they reallocated their own provincial budgets to increase health spending and provided medication to their citizens affected by the pandemic. They were only able to do this successfully because of the strength of supportive public opinion on the issue which ensured they were able to ignore attempts by the national government to stop their defiance.

An issue also arose in South Africa in relation to the provision of low-cost housing. The national government excluded the province run by an opposition party from receiving funds for a nationally-financed low-cost housing programme. However, before the province could even take the matter to the courts to arbitrate, the Financial and Fiscal Commission intervened to persuade the national government to change its decision.

The Ultimate Goal: Improving Service Delivery

Regional leadership can have significant impact on the quality of service delivery, which is the most visible way in which political leaders can demonstrate their competence and show that they are delivering on their mandate.

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History and experience make it obvious that there will be some matters that cannot be agreed.

However, decentralisation is not just devolution of functions to government but it is also devolution to citizens who can thereby become more involved in the process of government. Ideally, high quality decentralised services also result in greater buy-in from the people to the governing authorities.

There are a number of ways in which a decentralised government can attempt to improve service delivery:

Frameworks, Capacity & Quick Wins

The ideal structure for representation in decentralised regions is geographically determined constituencies with at least one representative for each, who is regularly and directly elected.

These representatives should negotiate and determine the aims and objectives of the decentralised government. In some situations, for example in regions that are highly polarised, this could be done in a process run by informed, external facilitators.

The aims and objectives should be realised in an appropriate regulatory framework. This framework should:

- clarify norms and standards of services so that the recipients know what to expect and those tasked with delivery are clear about their responsibilities;
- clarify how oversight of services will be conducted, clearly identifying accountability mechanisms, including complaints processes and anti-corruption measures;
- identify any concurrent functions and make explicit who, in different tiers of government, is responsible for exactly which activities;

Ideally this framework should be negotiated with all stakeholders and communicated widely. Transparency of the process and its outcomes should be maximised.

The political leadership, again in consultation with the people of the region, need to ensure that the structures of the administration are most appropriate to implement the framework and its objectives. Crucial to this is that the administration has access to accurate statistics about its region. Where these do not exist, and where the resources are available, it is worth considering conducting even a basic census of the population, their material circumstances, their basic needs and the current levels of service delivery.

The political leadership then needs to ensure that the administration who will provide the services has the appropriate skills and resources to deliver their mandate. In transitional contexts it is the building of capacity of both those who provide the services and those who regulate and oversee their delivery that is often neglected. Such capacity building can range from the provision of basic literacy, numeracy and project management skills to sophisticated project-based accounting, and monitoring and evaluation techniques.

A key requirement for the success of any delivery framework is productive, cooperative relationships between politicians and administrators. Regional political leadership must ensure that both these groups understand their different responsibilities and roles, and engage in regular and open dialogue in which they confront relevant issues and differences of opinion when they arise.

It is crucial for a decentralised government to win the confidence of its constituents as rapidly as possible. The key to this is the identification and delivery of important, symbolic quick wins.

In South Africa after the first democratic elections in 1994 which created nine new provinces, these decentralised governments, with support from central government and President Mandela himself, simultaneously made numerous announcements about the reality that it would take many decades to fully address the infrastructure and service delivery backlogs inherited from apartheid, while also identifying a small number of easy-to-implement, immediate projects. These projects included electrification of a few 'African' townships close to existing power supplies and the building of cheap, small houses in conspicuous areas for a few of the 2 million people requiring housing. These developments were loudly trumpeted on various media around the country in an effort to engender patience amongst the majority of people who would have to wait far longer for delivery.

Communication, Oversight & Accountability

Successful decentralisation requires regular communication with the people of the region. This should happen both informally and formally. The regional government should try and ensure that all stakeholders in their area have an opportunity, on a regular basis, to represent their interests. This can range from informal spontaneous meetings with communities to structured, regular opportunities for discussion, negotiations or even, where appropriate and possible, joint decision-making.

In South Africa each large municipal area was required to develop an Integrated Development Plan in consultation with local communities. In the province in which the author operated this was taken further; all economic stakeholders were invited to participate in a Provincial Economic & Development Forum in which strategies for the government to implement were discussed. Sub-structures, such as a provincial Tourism Council, were also created.

All provincial legislation required formal public participation and input before it could be passed. To facilitate this process, especially amongst historically disadvantaged and poor communities, local government liaison offices were established. Citizens could utilise these centres to comment on any aspect of pending legislation or provincial government activity. Officials were employed at the centres to assist people who were either illiterate or had no experience of analysing and commenting on these issues. This ensures regular feedback and engagement with the recipients of services.

A wide range of media is used to make people aware of these initiatives. They include television, radio in rural areas, and even informal community meetings in less formal settlements. All elected members of the Provincial Legislature are required to hold consulting surgeries in their constituency at least weekly.

This communication is, however, of limited value unless both politicians and the administration is held to account in a formalised manner. Ideally, legislative committees should undertake this function, in the first instance. In South Africa's provinces a Finance and Public Accounts Committee oversees the utilisation of all government revenue while portfolio committees conduct oversight of each government department. Administrative heads have to appear regularly before these committees. The country's national Auditor-General has provincial offices and produces an annual report of the spending and performance of each Province for the relevant Provincial Legislature to consider.

Ideally, civil society organisations or where these don't exist, community structures, should be created to also receive regular reports on governance and quiz key political leaders.

In addition to regular feedback and communication with the citizenry, a decentralised government should develop and publicise an explicit anti-corruption strategy. The main elements of such a strategy might include:

- clear and explicit standards of expected behaviour for politicians and officials;
- punishments for transgressions, preferably enshrined in laws or regulations. Ideally these should include personal liability provisions, as is the case in South Africa's Public Finance Management Act where heads of departments or specific individual officials involved in malfeasance are held legally liable for monies misused;
- mechanisms for the anonymous reporting of corruption, conflicts of interest, favouritism, "jobs for pals", etc.;
- diligent enforcement of these standards, with the results of investigations and prosecutions made public;
- where possible and affordable, the creation of a formal anti-corruption body to develop this strategy and implement it. Such a body would ideally include its own investigative and prosecutorial capacity;
- where possible, financial and institutional support for the development of civil society bodies to assist in the fight against corruption.

In South Africa, where anti-corruption enforcement by the state has been relatively unsuccessful, a civil society body, Corruption Watch SA, has very successfully filled the gap. It utilises anonymous text messaging to enable members of the public to inform it of cases of corruption, both big and small, and generates publicity around them to try and compel the state and/or law enforcement agencies to act.

In more polarised societies it is even more important to have dispute resolution mechanisms in place even before any disagreements occur.

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Conclusion

Successful decentralisation is a consequence of appropriate, transparent, accountable legal frameworks; enabled and empowered institutions; cooperation between different levels of government; competent and honest financial management; good service delivery as a reflection of positive results; transparent, rigorous and enforced oversight and accountability; patient and sustained negotiation as part of on-going, regular and open communication with citizens to maximise their buy-in. All of these requirements are ultimately impossible without political will and hard work at all levels of the region.

About the author



Andrew Feinstein served as an ANC Member of Parliament in South Africa from 1994 – 2001. He served first as a member of the Gauteng Provincial Legislature where he chaired the Finance and Economics Committee, acted as Economic Advisor to the Provincial Premier and was involved in the establishment of the provincial Treasury and Department of Economic Affairs; and then the National Parliament where he served primarily on the Finance and Public Accounts Committees. He chaired the committee that drafted the country's Public Finance Management Act and served as Deputy Chair of the country's Audit Commission. He is currently Executive Director of Corruption Watch UK.