

THE ROLE OF CIVIC PARTICIPATION IN THE SOUTH AFRICAN BUDGETING PROCESS

by

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DECLARATION

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DEDICATION

To my family.

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- The Department of Defence and Military Veterans for financial support in the completion of my studies.

ABSTRACT

In 1994, the South African collective landscape changed significantly after the country's first inclusive democratic elections. Essentially, changes required a redress of social and economic imbalances by means of a reconstructed governance system stipulated in the *Constitution of the Republic of South Africa, 1996* (hereafter referred to as the Constitution). It was imperative to align structures to accommodate the needs and aspirations of the broader citizenry, particularly the relationship between the government, the private sector and civil society. Consequently, public involvement in governance matters was emphasised. Municipalities, for instance, had to develop integrated development plans (IDPs) to promote and enhance the notion of developmental local government. Public participation at all levels of government is now steadily evolving, albeit with different approaches regarding inclusivity. South Africa's intergovernmental relations framework, particularly the system of decentralisation and the broader fiscal structure, had to adapt to the democratic environment. Participatory democracy as an instrument to improve governance through transparency and accountability was emphasised.

This research contextualises public participation and participatory budgeting (PB) frameworks from a decentralised perspective to contextualise the role of civic participation in the South African budgeting process. The mixed-methods approach will form the foundational construct of this research. This approach reflects an inquiry involving the collection of qualitative and quantitative data and information. The qualitative field will consist mainly of a theoretical assessment of public participation in the budgeting environment, while the quantitative domain aims to address the current state of public participation and budgeting constructs through indices analysis. A comparative assessment between selected Anglophone countries regarding public participation in budgeting processes forms the framework for this approach.

Key words:

budget; civic engagement; civil society; decentralisation; participation; participatory budgeting; public administration; public participation; subnational government.

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LIST OF ACRONYMS AND ABBREVIATIONS

3E-model	Effectiveness, Economy and Efficiency
ADB	African Development Bank
AG	Auditor General
ANC	African National Congress
CABRI	Collaborative Africa Budget Reform Initiative
CBEF	County Budget and Economic Forum
CBO	community-based organisation
CBP	community-based plan
CDF	Contingency Development Fund
CIC	Commission for the Implementation of the Constitution
CIPFA	Chartered Institute of Public Finance and Accountability
CLGF	Commonwealth Local Government Forum
CMT	Council Management Team
COSATU	Congress of South African Trade Unions
CSO	civil society organisation
DFID	Department for International Development
DPLG	Department of Provincial and Local Government
EAP	Economic Active Profile
ECA	Economic Commission for Africa
EISA	Electoral Institute for Sustainable Democracy in Africa
EIU	Economist Intelligence Unit
EME	emerging market economy
EMM	Ekurhuleni Metropolitan Municipality
EQ	Equalisation
FFC	Financial and Fiscal Commission
GEAR	Growth, Employment and Redistribution
GPL	Gauteng Provincial Legislature
GG	General Government
GTZ	German Agency for Technical Cooperation

IAP2	International Association of Public Participation
IBP	International Budget Partnership
IDP	Integrated Development Plan
IIAG	Ibrahim Index of African Governance
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
LAG	Local Administration Grant
LASDAP	Local Authority Service Delivery Action Plan
LATF	Local Authority Transfer Fund
LGA	Local Government Authority
LGRP	Local Government Reform Programme
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MMC	Malindi Residents Forum
MRF	Malindi Municipal Council
MTEF	Medium-Term Expenditure Framework
NDI	National Democratic Institute
NT	National Treasury
NGO	non-governmental organisation
NPM	New Public Management
NTA	National Taxpayers Association
O&OD	Opportunity and Obstacle to Development
OBI	Open Budget Index
OBS	Open Budget Survey
OECD	Organisation for Economic Cooperation and Development
OGP	Open Government Partnership
PAFHRIER	Policy Analysis, Financial Management, Human Resource Management, Information Management, External Relations
PB	Participatory Budgeting
PBB	performance-based budgeting
PEM	public expenditure management

PER	public expenditure review
PFM	public financial management
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Programme
PMI	Project Management Institute
PMORALG	Prime Minister's Office for Regional Administration and Local Government
POLC	Planning, Organising, Leading, Controlling
POSDCORB	Planning, Organising, Staffing, Directing, Coordinating, Reporting, Budgeting
PPN	Public Policy Network
PPP	public-private partnership
PwC	PricewaterhouseCoopers
QCA	Qualitative Comparative Analysis
RDP	Reconstruction and Development Programme
SACOW	Service Agency Communities in One World
SAI	supreme audit institution
SALGA	South African Local Government Association
SDBIP	Service Delivery and Budget Implementation Plan
SIGMA	Support for Improvement in Governance and Management
SME	subject-matter expert
SWOT	Strengths, Weaknesses, Opportunities and Threats
SWC	sector working group
UNCDF	UN Capital Development Fund
UNDESA	UN Department of Economic and Social Affairs
UNDP	UN Development Programme
UNESCO	UN Educational, Scientific and Cultural Organisation
UNSD	UN Statistics Division
USA	United States of America
WDC	Ward Development Committee
WFD	Westminster Foundation for Democracy
ZBB	zero-based budgeting

LIST OF FOREIGN WORDS

<i>Bougette</i>	“Little purse” in French
<i>Entwicklung</i>	“Development” in German
<i>Izimbizo</i>	“Meeting or gathering” in isiZulu
<i>L’État, c’est moi</i>	“I am the State” (The State is I) in French
<i>Länder</i>	“Countries” in German
<i>Masakhane</i>	“Let us build together” in isiXhosa and isiZulu
<i>Orçamento Participativo</i>	“Participatory Budget” in Portuguese
<i>Ubuntu</i>	“Human kindness” in isiXhosa and isiZulu

CHAPTER 1: RESEARCH PROBLEM AND DESIGN

1.1 INTRODUCTION

Public participation in a government's financial affairs is not a new phenomenon. Democracy underscores participation and, while not always considered a practical arrangement, public participation has become an international trend shaping public policies in the global environment. Developments in this regard have also brought about a variety of public participation mechanisms to secure and maintain a steady involvement to warrant development within a framework of democratic accountability. However, participatory processes differ markedly between democracies, even within established structures and intergovernmental arrangements.

PB, as with many experiences reflecting the potential of rhetoric, referred to by Khawe (2012:166), has become a slogan encompassing a return to direct democracy through grassroots involvement in the budgeting process. Sintomer, Herzberg, Röcke and Allegretti (2012) observe that its success resonates in many countries, both in terms of public participation in local government budget processes and the subsequent changes in community literacy levels resulting from involvement wherever initiatives in this regard has been implemented. Moreover, developing economies have also benefited from participatory initiatives spearheaded by communities directly involved in development projects. However, in some instances, public participation is equated to the idea that local government officials initiate and execute agendas on behalf of the community to safeguard the achievement of strategic development plans, often resulting in participatory activities dominating policy-specific processes instead of budget-specific processes. De Beer (2000:271), for instance, argues that involvement has gained a reputation of co-option within the context of top-down decision-making as opposed to the inclusion of the broader citizenry.

Although this procedural arrangement often relates to environmental arrangements within a specific communal setting, Chavez (2008) argues that direct participation in participatory processes often gets diluted, resulting in communities sometimes not being able to access and spend funds on projects deemed important to them. The Congress of South African Trade Unions (COSATU), in particular, articulates its

concern regarding public participation as referred to in Section 17 of the *Green Paper on National Strategic Planning*, 2009. Section 17, in particular, stipulates that “[there is] no provision for consultation with civil society through a dedicated structured mechanism, but rather through *ad hoc* arrangements at the instance of the Minister” (Govender, 2009).

As a government’s primary economic policy tool, the budget has a twofold purpose: translating planned policy objectives and political commitments into reality based on the state of existing revenue and structuring income sources to raise additional revenue accordingly. The collection and distribution of funds to meet public needs remain a strategic responsibility of any government. This, however, can only succeed within the context of a proper policy framework that allows for credible policy choices and good governance. Good governance and budget transparency, as noted by Kroth (2012:4), allow this while creating an environment for government-public interaction to ensure comprehensive, timely, accurate and useful information to execute good policy choices.

The introductory chapter will present the theoretical construct for selecting an appropriate research approach and will form the baseline for the selected research. The research objective will contextualise the budget process and the role of civil society therein, while the problem statement aims to define this research as an important contribution towards establishing public participation in the South African budget process. The structure of the research and the clarification of important concepts will follow the presentation of benefits, assumptions and limitations related to this research.

1.2 BACKGROUND

The development of PB can be traced back to political developments in Latin America and Eastern Europe during the early 1980s and late 1990s. This form of budgeting has become an important cornerstone of contemporary government initiatives. Given the nature and extent of fiscal decentralisation in South Africa, developmental initiatives require public involvement. The concept of public participation in all spheres of government is embedded in various legislative and regulatory policies to promote an environment of trust and to build a culture in which

policy development and implementation can be internalised through an active citizenry. Consequently, public participation in the policy environment constitutes a significant concept of democracy. The notion of participation signifies the regulation of decisions that might affect individuals as part of the political collective. Budgeting in the public domain is therefore significant since it encompasses the entire process relating to the management and allocation of state resources, more so when broader government policy aims to alleviate the social and economic inequalities of marginalised groups. From a pro-poor policy perspective, in particular, public participation in the budgeting sphere of local government positions the broader community to utilise specific tools and techniques to influence particular developmental processes to achieve desired outcomes, particularly when considering that the budgeting arena is an environment aiming to harmonise the allocation of resources with increased societal demands.

Following to this key perspective, PB also relates to Massuanganhe's (2005:1) view of participatory monitoring and evaluation. Essentially, participation concerns the institutionalisation of systems to establish downward local accountability through the incorporation of inputs to ensure outputs that will likely affect the day-to-day experiences of the broader citizenry in a positive way. To ensure the optimal incorporation of citizen-based inputs, interactive mechanisms contextualise important liaison imperatives between municipal councils and communities regarding issues of mutual concern. From a budgeting perspective, particularly within the framework of social dialogue, community participation in the budgeting process has become commonplace when considering processes of giving advice, the sharing of information, broad consultation, continuous debate and empowerment. The argument can thus be made that a major component of any PB endeavour revolves around the establishment of a system aimed at consolidating budgetary planning initiatives within the arena of community and municipal council interaction.

When public engagement is limited or curtailed, the implementation of government policies frequently face resistance and fail to achieve desired objectives. Direct citizenship, through PB in particular, inculcates improved decision-making and facilitates social interaction and uptake of democratic values and principles. However, the questions of what is deemed adequate participation and how all the stakeholders

can be accommodated equally to participate optimally in the budgeting processes are often raised. Furthermore, informed decisions based on access to budgeting information and engagement processes are a critical outflow of any open budget system. In this regard, openness has the potential to reduce corruption while enhancing socio-economic development. By effectively engaging the public in budget matters, government not only creates an environment for knowledge generation, particularly when incorporating specialised public knowledge, but also an opportunity to improve the quality and effectiveness of government spending.

Nevertheless, the establishment of any participatory budgeting system retains some historical characteristics that will affect future structures. To frame this rationale and to determine the dynamics of participatory mechanisms in the South African environment, three supporting contexts require specific attention. These include a comparative assessment between Anglophone countries, emphasising the development of budgeting and budgeting processes; the historical relationship between South Africa, Kenya and Tanzania within the Anglophone sphere forming the framework for comparative analysis; and the issue of dynamic developmentalism, emphasising the importance of internal dynamics as part of the policy debate.

1.2.1 Comparative assessment between Anglophone countries

An analysis of public participation initiatives in Anglophone countries in which participation in budgeting processes is central to good governance will provide a rich environment for the theoretical construction of a model in which public participation in the South African budgeting process could be augmented. The comparative dimension of this research will focus on the contextualisation of budget initiatives, practices and participatory engagement against the background of decentralisation. A broad assessment of the United Kingdom and New Zealand as two developed economies will be provided, followed by a focused approach when assessing Kenya and Tanzania as two developing economies. The justification for this point of departure stems from the historical relationship as former British colonies. Though, with distinguishable developmental trajectories, the justification for an international comparison of participatory initiatives in local government settings is also founded in the contextual application of decentralisation.

Africa's colonial history is diverse with at least eight mostly European countries having had a significant presence and influence over territories by the early 1900s. Stein (2000:6) notes that the impact of these colonial regimes differed noticeably, particularly *vis-à-vis* administrative processes and economic objectives. France, Belgium and Portugal, for instance, preferred direct rule, whereas Britain relied on indirect rule through localised authorities. The aim of education and training in both French and British colonies were also generalised with a strong focus on the humanities to train the local population for administrative employment as clerks, interpreters, nurses or teachers, albeit in French (in the French colonies) and a mixture of English and indigenous languages in the British colonies. Financial systems also varied. According to Stein (2000:6), British territories had to cover their money base with 100 per cent reserves in London through a balance of payments whereby local currency boards' influence on money depended on the availability of the centralised funds. In contrast, France established the *Colonies Françaises d'Afrique* as a freely exchangeable currency while maintaining central control, although in the absence of comparable reserves. However, the former British and French colonies embraced separate developmental trajectories notwithstanding the legacy systems that established the foundation for contemporary government.

1.2.2 Historical relationship between South Africa, Kenya and Tanzania

The historical relationship between South Africa, Kenya and Tanzania as former British colonies provides the context for international comparison for this research, even though their developmental trajectories differ. These trajectories, when argued from a path dependence theory perspective, depict specific political directions within the democratisation imperative. Path dependence, as argued by David (2006:2), refers to the idea that a significant event or dispersed minor events essentially define the course of history in that “any deterministic system's evolution will be governed by its initial conditions and its ‘laws of motion’ (the dynamic relations).” Crouch and Farrell (2004) and Pierson (2004) (in Page, 2006:88) also refer to the concept as “current and future states, actions, or decisions [resulting from] the path of previous states, actions, or decisions.” When considering the historical influence of British colonialism in East and Southern Africa, the relevance of path dependence theory seems plausible, particularly with reference to inherent administrative, legislative and

regulatory practices after independence. Nevertheless, when considering the diverse developmental trajectories of these countries, a common feature emerges, namely total independence through decentralisation, with Heller (2001:132) emphasising that “the history of colonial rule [in itself] was largely a history of decentralised authority in which order was secured and revenues extracted through local despots.”

1.2.3 Dynamic developmentalism stimulating policy formulation

A supplementary motivation for selecting these countries relates to Heller’s (2001:138) postulation of dynamic developmentalism within an optimist-conflict framework. In this regard, Mullins (1987), Brown (1990) and Walker (1991) (in Kellow & Niemeyer, 1999:206) and Brueckner, Durey Pforr and Mayes (2014:318) describe developmentalism as an interventionist strategy, albeit conservative and structured, to achieve predefined developmental objectives. However, the traditional framework of developmentalism has proved to be largely ineffective. Almond (in Smith, 1985:534), for instance concludes that many developing nations chose authoritarianism instead to counter the difficulties of organised interventionist strategies imposed through developmentalism. The failure of traditional developmentalism resulted in the promotion of new developmentalism as an alternative strategy. New developmentalism, according to Bresser-Pereira (2009:7), concerns a set of principles and policies whereby middle-income (developing) economies seek to align growth-related initiatives with that of developed economies. As a strategy, new developmentalism follows the Keynesian model of macroeconomic development that incorporates specialist contributions from a range of societal sectors.

Heller (2001) describes the optimist-conflict model as a consensus model in the decentralisation debate of new developmentalism. In this context, two opposing transformative visions can be identified: the technocratic vision and the anarcho-communitarian vision. The **technocratic vision** entails the design of appropriate institutions and structures through a technocratic view of public administration equating to the decentralisation imperative, whereas the **anarcho-communitarian vision** purports a vibrant and participatory civil society, defining democracy outside the traditional enactment of liberal democracy. The optimist-conflict model maintains that conflict recognises the tension between the technocratic and anarcho-

communitarian visions, the institutionalised framework and decision-making capability. The optimist notion essentially rejects this conflict as a zero-sum event since, as Heller (2001:138) argues, “high levels of demand making need not necessarily result in institutional overload and ungovernability, much as some routinisation of movement dynamics need not result in demobilisation.” In essence, this model recognises that all transformative processes deal with a mixture of interactions as structural, procedural or functional undercurrents. Conversely, Heller (2001:138) notes that this model recognises the inherent potential of interaction between “representation and participation, public goods and local preferences, and between technocracy and democracy.”

1.3 PROBLEM STATEMENT AND RESEARCH OBJECTIVE

The uptake of PB initiatives depends on the formulation of participatory policies that, according to Tanaka (2007:141), is often limited to periodic elections. Pauw, Woods, Van der Linde, Fourie and Visser (2009:71) also argue that, even though a number of strategic structures have been incorporated into budget policy and decision-making processes, civil society is not formally recognised as an important external stakeholder. Notwithstanding the inclusivity PB generates, due process and lengthy approval mechanisms could potentially distract the attainment of budgeting objectives. Here, Tanaka (2007:142) indicates that, whereas budgeting is already a difficult task for government, increased public participation would further complicate the process as few voters have the time, or even the inclination, to become sufficiently knowledgeable about the intricacies of social, political and economic issues ingrained in the national budget.

Noting that citizen participation in any budgeting process forms the cornerstone of democracy, this perceived "entitlement" often generates controversy and debate, predominantly relating to the question of whether or not the broader citizenry is likely to contribute significantly to the participatory budgeting debate. In the South African context, this is no exception with Fourie and Reutener (2012) indicating the significance of political will as the mainstay of participatory budgeting, emphasising that "public officials might become complacent in their decision-making and may disregard participatory processes for the sake of expedience." Here, Piper and Von Lieres (in Fourie & Reutener, 2012:88) highlight the danger of complacency in an

example of a comment made during an interview with a former City Manager of the eThekweni municipality who implied that public participation might not be that significant, stating that "... we know what people's needs are. Indeed, for the next 100 years the needs will remain the same, although the rank order might well change ... communities will spend their money on things that do not do anything. Communities spend their money on things that have no lasting impact on their lives. All that happens is that the public feels better about developing their area. Interest groups play a more significant role in public participation as they are useful in having more practical goals for the municipality."

Although this might constitute an opinion in the broader context of public policy, the Constitution provides a clear framework for participatory mechanisms, where Sections 59(1)(a), 72(1)(a) and 118(1)(a) clearly introduce a legal obligation on all spheres of government to facilitate public participation when executing their legislative processes. Consequently, the idea of public participation have been incorporated with various degrees of success in municipalities such as Mangaung, Msunduzi, Ekurhuleni, Mantsopa, eThekweni and Buffalo City as part of what South African Cities Network (SACN) (2013:68) refers to as the "caring city concept" of Ubuntu. Nevertheless, public participation in the budgeting environment remains in its infancy.

Furthermore, while municipalities recognise the importance of participation in the budgeting processes, and endeavours to assimilate processes and mechanisms for interaction, active public participation still falls short of being considered innovative in terms of legislative requirements and detailed feedback from the executive regarding public inputs to budget formulation, particularly in the local sphere of government. In addition, the process of public engagement in the budgeting environment is sometimes inundated with conceptual and practical challenges such as information integration and procedural alignment. In this regard, the SACN (2013:16) argues that engaged societies will contribute towards the expansion of sustainable developmental initiatives. It is therefore important to structure participatory budgeting within the broader participatory framework of service delivery improvement in South Africa and assimilate the notion of participatory processes before haphazard initiatives are implemented that might negate future outcomes.

In the light of the above, this research seeks to examine the role of civic participation in the South African budgeting process to determine the context in which active public participation takes place to ensure effective, efficient and equitable delivery of goods and services within the broader framework of participation, democracy, budget openness and decentralisation. The topic of the thesis is: ***Civic participation in the South African budgeting process.***

1.4 CONSIDERING AN APPROPRIATE RESEARCH APPROACH

While the parameters and ultimate objectives of defined projects often define the concept research, Walliman (in Saunders, Lewis & Thornhill, 2007:4) argues that many of the everyday uses of the term research cannot be contextualised as such, particularly if there is a lack of purpose or interpretation in relation to the collection and dissemination of facts, data or information. Defining research and presenting the theory of research, therefore, structure the specific design of this research and contextualise the overall methodological approach.

1.4.1 Defining research

Rajasekar, Philominathan and Chinnathambi (2006:2) note that research can be qualified as the “logical and systematic search for new and useful information on a particular topic.” Saunders, Lewis and Thornhill (2007:610) further argue that research essentially constitute the systematic collection and interpretation of information with a clear purpose to validate specific assumptions. Conversely, the validity of any research enterprise must, according to Bhattacharjee (2012:1), conform to a scientific method and contribute to the body of science. In this regard, Bhattacharjee (2012:2) articulates that scientific knowledge contextualises a “body of laws and theories to explain a phenomenon or behaviour of interest” based on scientific practice. However, Driscoll (2011) argues that the field of any particular research essentially defines its parameters. Engineers, for example, are likely to focus on the application of scientific knowledge, while sociologists might focus more on research surveys, interviews and observations. In this regard, the type of research also denotes the area of focus, with Driscoll (2011:153) arguing that primary research forms the foundational construct of information presented in books, reports and journal articles, as opposed to secondary research.

As part of the foundational construct of research, Saunders, Lewis and Thornhill (2007:591) and Bhattacharjee (2012:2) note an important distinction between applied and basic research. Principally, applied research refers to research that is significant to the scientific environment through the application of scientific knowledge in relation to the physical environment, while the basic research addresses research in relation to the interactive relationship between objects and forces to comprehend processes and their outcomes.

Accordingly, Mouton (in Brynard & Hanekom, 2006:3), depicts four interrelated interpretations of scientific investigation: the goal of science being the search for truth; scientific enquiry as a social activity aimed at solving certain theoretical and empirical problems; scientific investigation as the production of new knowledge; and scientific investigation being a business venture requiring proper management. Huysamen (in Brynard & Hanekom, 2006:7) also affirms that, while basic research might not necessarily be directed at achieving immediate practical results, the possibility of its future application should not be excluded.

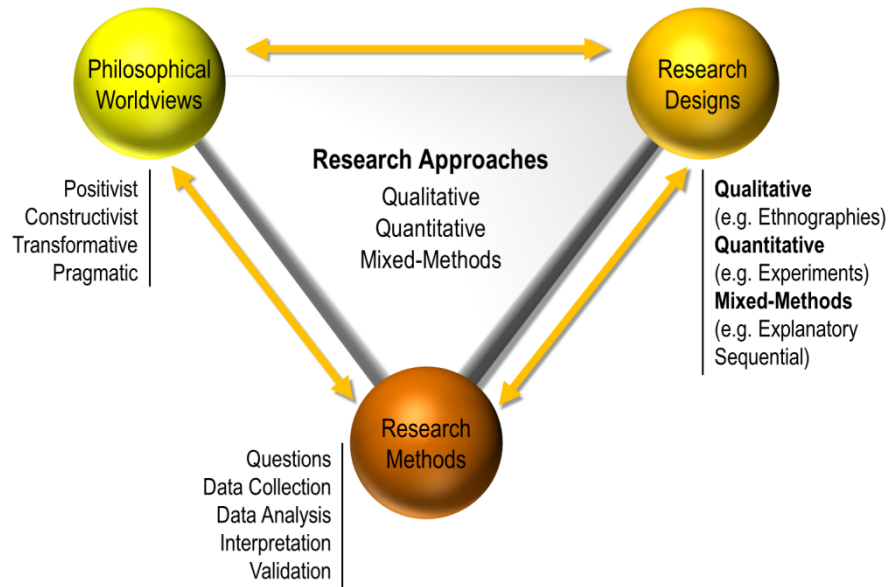
Nevertheless, depending on the purpose of research, Saunders, Lewis and Thornhill (2007:2) and Bhattacharjee (2012:6) assert that research assignments can further be grouped into three types: exploratory research, descriptive research and explanatory research. **Exploratory research** refers to the means of obtaining information on a relatively new interest that has developed, principally when the topic or subject is new or unstudied. This type of research encapsulates the extent of a particular phenomenon, problem or behaviour; can generate untested ideas about that phenomenon; or test the feasibility of undertaking a more extensive study regarding a specific phenomenon. **Descriptive research**, as noted by Bhattacharjee (2012:6) “is directed at making careful observations and detailed documentation of a phenomenon of interest” based on scientific principles, emphasising replicability and precision. Before conducting descriptive research, the researcher must have a clear picture of the phenomena on which data needs to be collected prior to the actual collection of data. **Explanatory research** encapsulates the search for causal relationships between variables. According to Webb and Auriacombe (2006:591), these studies attempt to provide answers to the why and how questions since the purpose could be to generate hypotheses as well as to test and validate theories.

1.4.2 Selecting a research approach

Social scientists, as argued by Mouton (in Webb & Auriacombe, 2006:591), have to select appropriate methodologies to affect the research activity. This theoretical concern reflects the essence of the research methodology as the foundational construct and refers to the means required to execute a particular stage of the research process. Research techniques, on the other hand, refer to a variety of tools that can be utilised when data and information is collected. Creswell (2014) argues that the research framework, depicted in Figure 1.1, revolves around three research approaches that include qualitative research, quantitative research and mixed-methods research.

- a. **Qualitative research.** Qualitative research, as indicated by Creswell (2014:4) refers to the exploration and comprehension of the significance individuals or groups ascribe to a social or human problem. The research process involves inductive data analysis, described by Saunders, Lewis and Thornhill (2007:608) as data that have not been quantified, with the researcher essentially interpreting its meaning through a flexible structure.
- b. **Quantitative research.** Quantitative research, as the other side of the continuum, refers to an approach for testing hypotheses by examining the relationship amongst variables. According to Saunders, Lewis and Thornhill (2007:608), quantitative data refer to numerical data or data that have been quantified and, if interpreted singularly, might not convey the full meaning of the completed research.
- c. **Mixed-methods research.** Mixed-methods research refers to an approach to inquiry relating to inquiry comprising the collection and interpretation of qualitative and quantitative data. Creswell (2014:4) states that this hybrid approach incorporates distinct designs that may involve philosophical assumptions and theoretical frameworks. Williams (2007:70) appropriately argues that this method of research "is an extension of rather than a replacement for the quantitative and qualitative approaches to research."

Figure 1.1: Research approaches



Source: Creswell (2014:5).

Aside from these approaches, Creswell (2014) discusses a supporting structure consisting of three pillars: Philosophical Worldviews (encapsulating the philosophical assumptions in which the research is grounded); Research Designs (the procedures of inquiry); and Methodological Approaches (the manner in which data and information is collected, analysed and interpreted).

- a. **Philosophical Worldviews.** Guba (in Creswell, 2014:6) notes that the term worldview embraces “a basic set of beliefs that guide action” and denotes the general philosophical orientation towards the environment as a prominent influential concern in relation to the research activity.
 - i. **Positivist worldview.** This view contextualises a philosophy in which outcomes are the result of specific causes or actions. Positivist assumptions have traditionally been reflected through the quantitative research paradigm, with the knowledge developed through this approach being based on the observation and measurement of cause and effect.

- ii. **Constructivist worldview.** Often characterised as part of the qualitative research paradigm, constructivism, invariably combined with interpretivism, refers to a foundational construct whereby researchers seek to understand current social and environmental influences by focusing on views and experiences derived through participatory research.
 - iii. **Transformative worldview.** According to Mertens (in Creswell, 2014:9), a transformative worldview depicts research inquiry within the domain of politics and a political change agenda to transform social dynamics on all levels. This position developed during the 1980s in response to imposed structural laws and theories that did not reflect the social aspirations of marginalised communities in relation to issues of power and social justice.
 - iv. **Pragmatic worldview.** As a worldview, Creswell (2014:10) maintains that pragmatism “arises out of actions, situations, and consequences rather than antecedent conditions.” According to Rossman and Wilson (in Creswell, 2014:10), researchers place more emphasis on the research problem and, accordingly, utilise all approaches available to fully comprehend the problem. Pragmatism is often associated with mixed-methods research to determine the nature and extent of a research problem through the application of pluralistic approaches.
- b. **Research Design.** The research design reflects type of study in relation to a chosen approach. Creswell (2014:12) argues that research designs “are types of inquiry within qualitative, quantitative and mixed-methods approaches that provide specific direction for procedures in a research design.” According to Mouton, Auriacombe and Lutabingwa (2006:579), this structural layout emphasises the researcher’s overall strategy for conducting research based on the type of study to address research questions. Furthermore, this structure essentially permits the researcher to answer the research question or to test a particular research hypothesis.

- c. **Methodological Approach.** As part of the research paradigm, the methodological approach reflects the specific techniques relating to the collection, analysis and interpretation of data and information. The choice of methods a researcher decides upon will be based on the selected approach and might vary according to the aims and scope of the research. Bhattacharjee (2012:4) argues that, while the methodological approach represents the “know-how” within the scientific research environment and, although invariant across disciplines, research has to incorporate theoretical skills (tacit skills developed through years of observation and reflection) as the “know-what” to deliver optimal results.

While this theoretical framework represents the parameters for knowledge analysis, Saunders, Lewis and Thornhill (2007:602) argue that the supplementary methodological dimension also addresses the philosophical assumptions underlying the research activity.

1.5 RESEARCH APPROACH, DESIGN AND METHODOLOGY

The importance of this research reflects the need to establish a context in which civil society can become involved in the intricacies of policy formulation in the budgeting environment. This notion is further strengthened alongside Venter and Landsberg’s (2007:81) argument that, even though government influence is always present, most citizens do not immediately comprehend the functions of the different spheres of government, nor government interventions, as they take them for granted. However, De Visser (2009:11) argues that a certain degree of legitimacy must be given to developmental initiatives (national policy) when initiatives are aligned with overall socio-economic development within the municipality’s area of influence, particularly where local communities’ wishes are addressed through broader government policy, structures and partnerships.

1.5.1 Research approach

The mixed-methods approach will form the foundational construct of this research. This approach reflects an inquiry involving the collection of qualitative and quantitative data and information. The core assumption of this form of inquiry is

rooted in the notion that a combination of approaches will provide a comprehensive understanding of public participation in the budgeting environment. The qualitative field will consist mainly of a theoretical assessment of public participation in the budgeting environment, while the quantitative domain aims to address the current state of public participation and budgeting constructs through indices analysis.

1.5.2 Philosophical Worldview: Pragmatic approach

The research will follow a pragmatic approach. The primary advantage of employing this approach exists in the choice to combine both theory and methodological procedures. A comparative assessment between Anglophone countries regarding public participation in budgeting processes forms the framework for this approach. This assessment will cover both the theoretical concepts (historical and functional) of PB as well as the methodological considerations (technical and procedural) through indices analysis.

1.5.3 Research design and methodology

The research design follows a descriptive and observational methodology within the mixed-methods research framework, with indices forming the foundation from which information on PB and practices will be drawn. The primary sources of information for this research are secondary data collected from books, journals, reports, conference proceedings, government publications, newsletters, newspapers and internet sites. Information was collected from open sources, particularly when collecting comparative information relating to PB models in emerging market economies (EMEs). The research methodology consists primarily of secondary research techniques involving data collection, data analysis, interpretation and validation. While the focus of this research is on the developing economies, reference to developed economies serves as a benchmark as part of a comparative assessment. Other Anglophone countries referred to in the indices provide the regional context based on mutually assessed data. It is therefore easy to develop regional profiles based on comparative assessments.

A comparative analysis of indices within the PB environment will be drawn between the United Kingdom and New Zealand, as developed economies, and Kenya, Tanzania and South Africa, as developing economies. These indices include the

Ibrahim Index of African Governance (IIAG), the Economist Intelligence Unit's (EIU) *Democracy Index*, 2014, the International Budget Partnership's (IBP) *Open Budget Survey*, 2015, the Afrobarometer Survey and the *Decentralisation Index*, 2012.

- d. **IIAG.** Established in 2007, the IIAG provides an annual statistical assessment of the quality of governance in African countries since 2000. The IIAG quantitatively measures the quality of governance in African countries through a specific set of governance indicators from diverse sources (IIAG, 2014a). Data presented between 2009 and 2013 will be analysed in this comparative analysis.
- e. **Democracy Index, 2014.** The EIU, an independent business unit within the Economist Group, provides forecasting and advisory services through the Democracy Index. The *Democracy Index*, 2014 will be used to present a comparative analysis. Kekic (2007:2) notes that this index measures the state of democracy in 165 independent states and two territories and is based on five interrelated categories that include *Electoral Process and Pluralism*, *Civil Liberties*, the *Functioning of Government*, *Political Participation* and *Political Culture*.
- f. **Open Budget Survey, 2015.** The Open Budget Survey (OBS) assesses the public availability, comprehensiveness, usefulness and timeliness of strategic budget documents. The *Open Budget Survey*, 2015, covers 140 questions of which 87 emphasise specific aspects of transparency, while 22 address eight key budget documents as strategic instruments within the budget cycle (IBP, 2015a:12).
- g. **Afrobarometer Survey.** The Afrobarometer is a comparative series of surveys in more than 30 African countries on democracy, markets and civil society. According to Bratton and Mattes (2004:53), the methodology concerns the formulation of a set of questions aimed at comparing trends in the social, political and economic environments. This research will focus on surveys conducted in the selected African countries between 2011 and 2012.

- h. **Decentralisation Index, 2012.** Lastly, the *Decentralisation Index, 2012*, developed by Ivanyna and Shah (2012) presents the degree of decentralisation within the selected countries. This index identifies five core elements to provide a unique data set on local governance. The data set covers the political, fiscal and administrative dimensions of 182 countries.

This comparative analysis allows for the delineation of indicators across a wider spectrum to understand the interactive relationship between the citizenry and government institutions responsible for budget policy.

1.6 SIGNIFICANCE OF THE RESEARCH

Public administrators (appointed officials) cannot conduct their functions optimally without considering the financial implication of their activities and envisaged programmes. This is structured within the budgeting framework where an integrated planning mechanism ensures focused, practical and cost-effective outputs. Planning must strengthen the relationship between state and society beyond the electoral cycles and mandates of governments of the day. It is against this background that the role and function of budgeting need to be related (Presidency, 2009:10).

In South Africa, there is an extended focus on policy participation in the local sphere of government where Sections 23(1) and 27(1) of the MFMA require that planning related to the budgeting process must be aligned to a strategic developmental initiative. Municipal IDPs are subsequently developed to comply with this statutory requirement and to promote and enhance developmental local government. This process is also moulded on the 3E model of value for money, noted by Jackson (2012) and measured according to Woodhouse's (1997:47) depiction as effectiveness (relating to outputs), economy (relating to input costs) and efficiency (relating to the relationship between inputs and outputs) — a process framed by the accountability paradigm. It is within this context that public participation programmes are included, although the argument could be posed that this inclusion is negligible due to inhibiting factors ranging from access to meeting venues, interest group identification, communication and even the recognition of developmental suggestions.

Brackertz, Zwart, Meredyth and Ralston (2005:6) argue that a solution to addressing specific and functional interaction, not only between municipal structures, but also between municipal structures and the community at large, might be through a consultative relationship, dedicated participation and consistent engagement between all role-players. This engagement process, therefore, should be based on cognitive information sharing where sound and informed decisions can be made while simultaneously keeping the balance between private and individual interests to pursue the greater public good. Access to the planning and budgeting process, therefore, needs to be managed more interactively through a strategic and integrated approach based on social dialogue. Social dialogue, as indicated by Ratnam and Tomoda (2005:3), comprises the sharing of all relevant information between government representatives and identified external stakeholders such as community representatives or, in some cases, community forums at large. In this context, social dialogue must occur throughout the decision-making and planning process to ensure inclusiveness, while making provision for some form of flexibility to accommodate marginalised communities.

This argument progresses towards the minimal involvement of citizens in the budgeting process. Regardless of the impact of budgets on the well-being of the broader populace, public engagement in budgeting processes remains minimal since budget preparation is often reserved, rightly or wrongly, as the exclusive prerogative of the executive. Often, the budget process itself remains closed and shrouded in bureaucratic secrecy. This analysis, therefore, postulates that the traditional budgeting process is characterised by exclusivity and secrecy and is therefore inherently antithetical to the ideal of good governance. The correlation between participation, social capital and government response can therefore be emphasised as three critical factors in a functioning democracy.

The significance of this research, therefore, reflects on the process and ability of government-public interaction on the local level to address participation in the budgeting process. The intention is to contextualise public involvement in the policy formulation environment in order to establish a conceptual model pertaining to PB. A comparative assessment concerning internal socio-political conflict between South Africa, Kenya and Tanzania is postulated according to Heller's (2001) optimist-

conflict model. This does not necessarily equate to systemic instability, but rather reflects on transitional processes relating to the implementation (and acceptance) of processes or arrangements, which are occasionally prolonged against the background of lingering social and economic problems.

However, while PB remains problematic in terms of both access and understanding of issues relating to budget formulation and implementation, two critical issues will be addressed:

- a. whether PB in the local government environment can be enhanced to effectively and efficiently address community needs as part of the national development trajectory; and
- b. the notion of a conceptual framework to enhance interaction between local government and the citizenry.

Nevertheless, from this perspective there remains uncertainty about when and how to involve public society in the broader process of decision-making. According to Callahan and Kloby (2009:155), evidence already indicates that an active and engaged public society can impact positively on the quality of policy outcomes. Putnam (1995) and Onyx (2000) (in Callahan & Kloby, 2009:156) further argue that communities with higher levels of social capital and an active public society also have better performing governments, which are inherently more responsive to the public they serve. Accordingly, Barber (in Callahan & Kloby, 2009:155) argues that positive outcomes of community participation include better decision-making, social stability through the creation of a sense of community worth, collective decision-making and the acceptance and respect of the democratic governance process.

1.7 BENEFITS, ASSUMPTIONS AND LIMITATIONS

The foremost benefit of the research will be to deliver theoretical input to the field of public administration in an effort to establish working mechanisms for direct public engagement at the local sphere of government. These mechanisms should be able to interact, deliver tangible results through participation and not be structured to deliver assumed results. Although not negating the uniqueness of the South African context of established public engagement activities, the research has the potential to

contribute to the establishment of internationally accepted participatory mechanisms to augment participation in the budgeting environment.

An interesting aspect of the research is the potential for conceptual ambiguity, particularly where participatory procedures and mechanisms will be discussed and assessed. As alluded to earlier, public participation in national budget formulation is sometimes inadequately addressed in terms of the budgeting process itself. However, local government structures are, in theory, best able to comprehend the needs and aspirations of citizens within their sphere of influence. They are also best suited to identify and address potential and mobilise resources. This outlines the foundational construct of the research, noting that local government is probably the most active sphere of government pertaining to interactive policy initiatives.

Various municipalities in South Africa have experimented with selected participatory processes, although not actively pursuing PB in its original form where public society administers funding for developmental programmes. As previously stated, the intention of this research is to develop a comprehensive model for public engagement in policy formulation and implementation relating to the budgeting process. Therefore, it is important to conduct a comparative analysis of PB models between developing economies, such as Kenya, Tanzania and South Africa and developed economies, such as the United Kingdom and New Zealand to comprehend the nature and extent of participatory processes that could be used to develop a suitable model for the South African environment. It is important to assess models in the international environment to present a scientific interpretation of the importance and influence of the context, especially where social, political and economic factors direct internalisation efforts. This research will endeavour to contribute theoretically and empirically to the contextualisation of PB and its applicability, adaptability and internalisation in South Africa.

1.8 STRUCTURE OF THE RESEARCH

The research will be divided into eight chapters as separate but linked segments.

Chapter 1 introduces the research with specific reference to the prominence and interplay of participation and budgeting in a democratic dispensation. The research

objective will be addressed followed by the problem statement, benefits, assumptions and limitations of the research, the research design and methodology.

Chapter 2 contextualises budgeting and PB in the public environment. Specific issues addressed during the research include a differentiation between the State and government, theories of management and administration and an analysis of public administration. The chapter concludes with an analysis of budget theory in the public administration framework as part of the foundational setting for the research.

Chapter 3 addresses decentralisation and budgeting, focusing on the importance of fiscal decentralisation as a critical component of governance, budgeting and participatory democracy. This chapter will address decentralised government and budgeting, the public budgeting theorem, budgeting as a system and a process and specific budgeting techniques. Furthermore, a brief description of participatory and traditional budgeting will be provided, followed by consensual analysis of important issues relating to the budget.

Chapter 4 focuses on the participatory dimension of budgeting. The chapter is divided into two broad categories addressing public participation and PB respectively. Issues that form the mainstay of the argument include public participation as a democratic right, participation in the budgeting process and existing models of PB. Finally, a contextual analysis is provided on public engagement in the budgeting process.

Chapter 5 contextualises the international dimension of PB by focusing on developed economies (the United Kingdom and New Zealand) and developing economies (Kenya and Tanzania) as part of the Anglophone sphere.

Chapter 6 assesses the internal dimension of public participation in the budgeting process. The internal assessment focuses on the financial process in South Africa. Specific issues that will be addressed include financial administration in the macro environment and the legislative and regulatory frameworks governing public participation.

Chapter 7 will analyse the indices of four important indicators in the participatory environment, such as governance, democracy, budget openness and transparency and decentralisation.

Chapter 8 provides an assessment and conclusion to the research. The analysis provided will specifically reflect on the assessment of the aforementioned chapters, with a reflection on the PB construct. Based on the research conducted, this chapter will also provide some recommendations on how PB can be strengthened.

1.9 CLARIFICATION OF KEY CONCEPTS AND TERMS

To contextualise the research problem reflecting public participation in the South African budgeting process, it is necessary to contextualise and define specific concepts relating to participatory democracy.

- a. **Budget.** A budget constitutes an estimation of the revenue and expenses within a dedicated (or specified) future period. Foster and Fozzard (2000:8) contextualise a budget as one of the most important administrative tools relating to the estimation of costs, revenues and resources over a specified period in relation to the attainment of future financial conditions and goals. In this regard, Diutlwileng (2011:3) notes that, as a process, the budget consists of a series of activities (public expenditures) to achieve strategic objectives, integrating political, economic, administrative and social (human rights) frames of reference. The budget, according to Foster and Fozzard (2000:8), can therefore be described as “a document which, once approved by Parliament, authorises the government to raise revenues, incur debts and effect expenditures in order to achieve certain goals.”
- b. **Capacity.** Fukuda-Parr, Lopes and Malik (2002:9) argue that capacity is essentially the ability of persons, establishments and societies to achieve objectives, solve problems and perform functions. According to the United Nations Department of Economic and Social Affairs (UNDESA) (2008a), capacity should be developed at three levels, which include individual (experience, knowledge, technical), organisational (systems and procedures) and systemic (policies,

legislation and social norms). Koma (2010:114) concurs, indicating that capacity denotes “the availability of and access to concrete or tangible resources ... [with the] knowledge to implement policies [to deliver] public services.” Brynard and De Coning (in Koma, 2010:115) further recognise that capacity also comprises a commitment to intangible resources such as leadership.

- c. **Citizen forums.** As a platform for engagement, citizen forums serve as a mechanism to facilitate public participation in the public service and, as stated by the Public Service Commission (PSC) (2008:15), aim to evaluate the delivery of particular services throughout the country. Dwyer (2004:23) argues that, as a means to facilitate debate, citizen forums essentially establish mechanisms “through which people can meet to clarify ideas and share experiences collectively.”
- d. **Citizen satisfaction surveys.** According to the PSC (2008:15), this is a methodology employed to engage with citizens to ascertain their experiences and views on service delivery matters. As a feedback mechanism, this initiative further aims to engage in dialogue to set a proactive agenda and is part of a toolset focusing on communication and interaction between government structures and the broader citizenry.
- e. **Public participation.** Public participation, according to Mufamadi (2012:16), represents “an umbrella concept for the various ways in which the people are mobilised to interact with their public representations and other full-time practitioners of statecraft [to] achieve specified societal goals.” Public participation, therefore, implies the involvement of civil society in a broad range of policy-making issues and decision-making activities regarding the acceptability and applicability of government-initiated programmes.
- f. **Civil society.** The World Health Organisation (WHO) (2015) describes civil society as “a social sphere separate from both the State and the market.” According to Ranchod (2007:2), civil society refers to “the

arena of uncoerced collective action around shared interests, purposes and values.” In the context of this research, the term civil society is defined as a collective, consisting of community-based organisations, the private sector and ordinary citizens other than political office-bearers or appointed officials. Despite the fact that political office-bearers and appointed officials are individually members of society, their official relation to civil society is considered a separate entity due to their association with public office.

- g. **Decentralisation.** Decentralisation, as noted by Gregersen, Contreras-Hermosilla, White and Philips (2004:4), is commonly regarded as a process where the central government transfers powers, functions, responsibilities and resources to local governments and/or to decentralised entities. South Africa’s decentralised system evolved from disparate arrangements prior to the 1994 democratic elections and constitutional negotiations aimed at realising a democratic South Africa. According to Wittenberg (2003:6), several types of intergovernmental relations systems (decentralised arrangements) exist, with South Africa’s system having been modelled on the German structure of cooperative governance where “strong regional and local executives ... maintain some control over what the deconcentrated offices of national line departments do within their territories, while sharing this control with the national ministries.” UNDESA (2008a) depicts decentralisation as a process of striking a balance between the claims of the periphery and the demands of the centre. This arrangement, when properly constructed, provides a framework in which critical issues relating to national strategy aimed at societal development can be coordinated and reconciled.
- h. **Democratic governance.** UNDESA (2008a) describes democratic governance as a process of interaction between the State, civil society and the private sector in which governance is grounded on participation, accountability, transparency, rule of law, separation of powers, access, subsidiarity, equality and press freedom as

fundamentally and universally accepted principles. The Good Governance Learning Network (2008:29) notes that the most common structures reflecting democratic governance in South Africa include the Ward Committee system, alternative arrangements such as Area Coordinating Teams in Cape Town and *Izimbizo*, large-scale community meetings primarily concerned with the advancement of IDPs and budget-related issues at both district and local municipality level.

- i. **Emerging economy.** Hoskisson, Eden, Lau and Wright (2000:249) classify emerging economies in two groups: developing countries, which include those in Asia, Latin America, Africa and the Middle East and transition economies, which include the former Soviet Union and China as low-income, rapid-growth economies institutionalising economic liberalisation as their primary engine of growth. According to Heakal (2009), these so-called developing countries are essentially EMEs since they are fast-growing economies with low to middle per capita income.
- j. **Engaged governance.** UNDESA (2008a) describes engaged governance as “an instrumental arrangement that links people more directly to the decision-making processes in a manner that does not bypass the representational democracy but complements it.” This type of governance essentially enables civil society to actively participate in governance processes, particularly in decision-making processes of the State to increase their influence in public policies and programmes. In this regard, PricewaterhouseCoopers (PwC) (2009:3) stresses the importance of the *King Code of Governance for South Africa, 2009* (hereafter referred to as the King III Report) on the stakeholder-inclusive approach to governance in South Africa. Stakeholder relationships essentially provide a platform through which municipal governments could advance relationships with residents and stakeholders in decision-making processes, particularly *vis-à-vis* spending arrangements.

- k. **Exco Meets the People.** Ndevu (2011) and Ballard (2008) (in Vivier & Wentzel, 2013:240) emphasise the importance of formal channels of communication between a government and its citizens to ensure efficient, effective and responsive government. In this regard, Exco Meets the People is a provincial participatory and communication initiative by the Premier and Members of the Executive Council (MEC) in a province to engage with communities on government policy and service delivery issues (PSC, 2008:15).
- l. **Governance.** The term governance essentially refers to the totality of what governments ought to focus on. According to Atkinson (2002:2), governance denotes the environment in which government functions as well as its relationships with other stakeholders such as the electorate, the public, the consumers of services and non-State actors. A formal definition provided by UNDESA, the United Nations Development Programme (UNDP) and the United Nations Educational, Scientific and Cultural Organisation (UNESCO) (2012:3), states that governance entails “the exercise of political and administrative authority at all levels to manage a country’s affairs ... [through] ... mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.”
- m. **Medium-Term Expenditure Framework (MTEF).** This framework establishes an approach to budgeting and public financial management (PFM) to address known shortcomings of annual (line-item) budgeting such as future costs and benefits and addresses “short-sightedness, conservatism and parochialism.” (Wildavsky in World Bank, 2013a:7). Based on the South African Medium-Term Strategic Framework (a strategic plan formulated by the elected government reflecting both commitments made in the election manifesto and those depicted in the National Development Plan), the MTEF represents the corresponding five-year framework through which expenditure trends are planned.

- n. **PB.** There is no single definition of PB *per se* and its implementation differs significantly between institutions and governments. However, the acceptable consensus relates to public participation and activity in decentralised and democratic local government initiatives, with De Souza (in UN-HABITAT, 2004:20) describing it as “a process of direct, voluntary and universal democracy, where people can debate and decide on public budgets and policy.” Wampler (2007:21) notes that this initiative is also a “decision-making process through which citizens deliberate and negotiate over the distribution of public resources.” According to Smith (2004:7), there is a real potential for implementing PB in South Africa based on the successes identified in a number of Latin American countries. Essentially, a relatively recent history of authoritarian government and democratisation, social stratification patterns, high levels of inequality, historically active civil societies and left-of-centre ruling parties contextualise core similarities.
- o. **PFM.** According to the Chartered Institute of Public Finance and Accountability (CIPFA) (2010:5), PFM “is the system by which financial resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals.” The PFM concept implies the integrated functioning of all components of a country’s budget process, with sound PFM supporting good governance in the management of resources to achieve public policy objectives (CIPFA, 2010:6).
- p. **Subnational government.** According to the International Monetary Fund’s (IMF) *Government Financial Statistics Manual, 2001*, provision is made for the recognition of three levels of government that, as a unit, contextualise the government sector. These levels are referred to as central/national government; state, provincial or regional governments; and local governments. According to Boex (2013:5), subnational government refers to “any government jurisdiction below the national (or central) level and thus includes the State and local government sub-sectors.” The South African administrative framework recognises three

interrelated spheres of government, with the national sphere being responsible for several strategic functions that impact the country as a whole. The subnational levels of government include the provincial and local government spheres. The provincial sphere, as noted by Layman (2003:8), has the primary responsibility for developing policies and service delivery unique to the provincial environment. Section 155(6) of the Constitution further indicates that provincial governments, through legislative or other measures, must support the local government in terms of developmental and enabling mechanisms to perform their functions and manage their own affairs. The local sphere of government renders a variety of services that affect the lives of the broader citizenry, with socio-economic development probably being one of the major responsibilities and objectives of local government. Section 152 of the Constitution imposes a constitutional obligation on local government to adhere to and fulfil those objectives.

- q. **Systems approach.** The relational interconnectedness of individual elements, historical or otherwise, essentially defines a system as opposed to the individual elements themselves. According to Porter-O'Grady, Hawkins and Parker (1997:36), systems thinking encompass this integration of elements, negating the separate functioning of individual elements and can be described as a "seamless linkage of all the elements that define it." In South Africa, the *Intergovernmental Relations Framework Act, 2005* (13 of 2005), regulates the interaction of the three spheres of government through coordination in the implementation of policy and legislation. As a systems mechanism, this Act also regulates the conduct and relationship of government in relation to public service and administration.

These concepts contextualise both the participatory and budgeting dimensions that will be addressed in this research. Their presentation aims to clearly centralise the research objective and eliminate confusion about the PB construct.

1.10 CONCLUSION

The introductory chapter contextualised both the significance of the budget as a tool to achieve government's strategic goals and the importance of public participation in the budgeting process to realise immediate developmental objectives. The underlying argument for the study is posited as the need for civil society to become actively involved in budget planning and execution frameworks to realise the sustainable use of local resources. The outline presented in this chapter contextualises the research in the Public Administration discipline. The research design and methodology placed an additional emphasis on the budgeting environment as the framework governing public participation and from which participatory methodologies can be enhanced. The problem statement is based on the assumption that PB at the local sphere of government is not optimally achieved.

The following chapter reflects on the theoretical foundations of public administration and its influence on the development of the field. Public administration will also be contextualised, while budget theory will be discussed to provide a framework for further analysis in this research.

CHAPTER 2: THEORETICAL BASELINE REGARDING BUDGETING AND PARTICIPATION IN PUBLIC ADMINISTRATION

2.1 INTRODUCTION

The art and practice of public administration forms the foundation of public sector business. Even though scholars such as Simon (1965) and Dahl (1947) (in Naidu, 2005:16) argue that public administration cannot be considered a science, the inherent framework of public administration provides a scientific baseline for analysis and interpretation, particularly in relation to its contemporary understanding. However, as a practice to achieve government goals and objectives, public administration has demonstrated its effectiveness when executed with unambiguous administrative guidelines, vibrancy and a clear political mandate. It is important to note, however, that administration should not be perceived as an aim in itself, but rather as an art form trying to balance the responsibilities of a government within a framework of interactive processes through appropriate checks and balances.

This chapter aims to contextualise specific developments in the administration (and management) environment. Baseline theories relating to management and administration will be presented followed by a definition of public administration and generic functions associated with the environment. The difference between State and government will be expounded upon. An assessment regarding the difference between the State and government will also be provided. Lastly, budget theory will be presented as an approach contextualising the argument for PB and public participation in the budgeting process.

2.2 THEORIES OF MANAGEMENT AND ADMINISTRATION

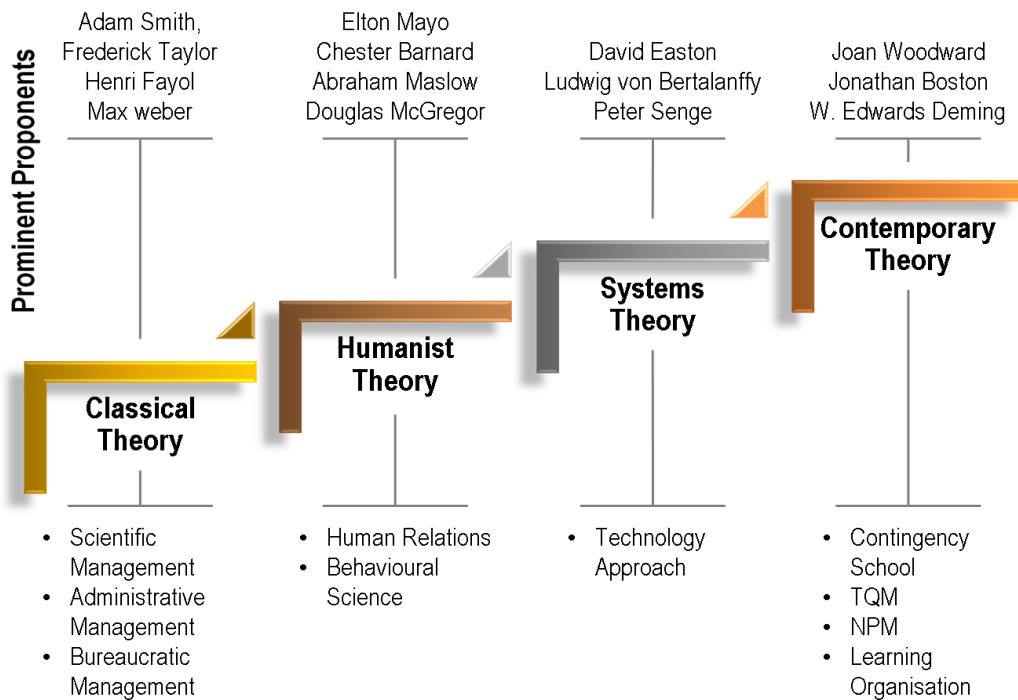
Theory forms the basis from which scientific arguments are developed. However, as Wacker (1998:361) argues, “theory, for theory’s sake, can easily degenerate into an uninteresting art form.” Despite the fact that the importance of theory cannot be refuted, its relevance to practical problems must continuously be considered to achieve scientific objectives.

The argument Wacker (1998:362) supports is based on the concern that the definition of theory must be grounded in good criteria since theory provides:

- a. a framework for analysis;
- b. an efficient methodology regarding field deployment; and
- c. explanatory clarity within the pragmatic domain.

According to Abend (2008:180), lexicographers traced the etymology of the word theory to the Latin and Greek nouns *theoria* and *theoro* respectively, denoting the action of observation or contemplation. Hanekom and Thornhill (in Thornhill & Van Dijk, 2010:96) argue that, while contemplation, speculation and sight form the meaning of the word itself, more relevant interpretations such as a frame of reference, a synonym of thoughts or a conjecture of ideas, abstract generalisation or a summary of phenomena explanation would suffice as a more applicable interpretation. In the public administration environment, theories relating to management and administration, as illustrated by Figure 2.1, have always formed the starting point from which arguments have been constructed. The relevant schools of organisational theory will therefore be analysed.

Figure 2.1: Schools of organisational theories



Source: Own interpretation.

2.2.1 Classical approach

As the oldest school of organisational theory, the classical school defines the organisation in terms of its purpose and formal structure. Mullins and Christy (2011:43) note that the focus is on the relationship and interaction between the individual, work and the organisation to establish efficient ways to realise organisational outputs. Classical theorists include Adam Smith, Frederick Taylor, Henri Fayol and Max Weber. According to LeMay (2006:115), classical theorists argue that the optimal achievement of objectives should be ascribed to a single best way in which organisations are structured. The three most prominent theories within the classical school include scientific theory, which focuses on the systematic study of work methods to improve efficiency, administrative theory, where management processes and principles form the baseline, and bureaucratic theory, focusing on three types of power structures: traditional power, charismatic power and bureaucratic or legal power.

2.2.2 Human relations approach

The human relations school developed out of the classical theories during the 1920s after realising that, despite the fact that structure and technical aspects are important, human dynamics within the organisation cannot be ignored in totality. Human relations theory advocates that relationships between individuals form the construct of management activities as a process where collective actions of individuals are realised. Roethlisberger and Dickson (in Mullins & Christy, 2011:54) note that the infamous Hawthorne experiments brought about a change in the human relations movement. The Hawthorne experiments between 1924 and 1933, as indicated by Barnett (2006:3), concluded that attitudes and productivity in the workplace stems from a hybrid social system in the workplace, the predominant management style and the importance of assistance mechanisms to achieve common objectives.

Although the Hawthorne experiments generated alternatives to contextualise the classical schools' notion of bureaucratic power, Mullins and Christy (2011:56) note, "assumptions which evolved [thereafter] were not necessarily supported by empirical evidence." As a result, neo-human relations theory developed to assess the individual's interactive nature and ability to adjust within an organisation. Prominent

theorists include Abraham Maslow (the hierarchy of human needs depicted) and Douglas McGregor (theories X and Y of managers in organisations). According to Barnett (2006) and Smit, De J. Cronjé, Brevis and Vrba (2007), the major contribution in this regard relates to the study of management, considering personality, values, motivation, group behaviour, leadership, communication and conflict.

2.2.3 Systems approach

A system, as referred to by Boulding (in Shafritz, Ott & Jang, 2005:476), can be described as “any organised collection of parts united by prescribed interactions and designed for the accomplishment of a specific goal or purpose.” Systems analysis, or more significantly General Systems Theory, was first proposed by Ludwig von Bertalanffy in 1951 and has long been implemented in the public administration and management environments. Kast and Rosenzweig (1972:448) indicate that the earliest philosophical arguments between mechanistic and organic models may date back as far as the early 1800s with Hegel’s notion of *Entwicklung*, a triadic process of development.

The systems theory of organisational development focuses on the analysis and comprehension of the entire organisation as an integrated system. Mullins and Christy (2011:58) indicate that the systems approach attempts to reconcile the classical and human relations approaches to integrate their respective technical and psychological approaches (the socio-technical system) within the dynamism of the organisation as part of a total work organisation focusing on the interrelationships of structure and behaviour. Proponents of this approach argue that any change in this socio-technical arrangement (internally or externally) will affect the whole system.

2.2.4 Contingency approach

The contingency school originated in the 1960s and has been primarily applied to managerial issues such as organisational design, job design, leadership programmes and motivational projects. Whereas the classical and human relations approaches focused on different dynamics in the organisation of which either structure or human relations formed the paramount concerns, the contingency approach reintroduced the importance of structure, albeit with a strong focus on systems theory.

According to Hofler (2006:1), the contingency approach to management is founded on the premise that management can be conducted in different ways and that there is no single methodology that can be considered the best. Planning, organising, leading and controlling are therefore, as Barnett (2006:5) indicates, subject to changes in the environment, technology, organisational characteristics, management styles and the attitude of employees. The main reflection of the contingency school is the focus on management principles and processes as depicted in the unique characteristics of each situation.

2.3 A COMPOSITE THEORY FOR PUBLIC PARTICIPATION

When assessing these theories, the human relations approach features prominently as a baseline approach towards the development of a theory for PB. Within this context, three interrelated theories underline participation. Collectively, these theories endorse the practice of democratic and participative practices in decision-making as opposed to imperative decision-making as advocated by scholars such as Immanuel Kant (1724–1804) within the framework of rational autonomy. According to Bowen (2005:194), Kantian philosophy promotes the idea that decisions can only be moral (ethically correct) if they result from an independent decision-maker. Sullivan (1989:48) describes Kant's context of reason as "the faculty of principles." Although the morality of decision-making in the public administration and management environment is not in question, the idea of simplicity in Kant's arguments seems problematic, particularly where the moral character of actions can only be perceived as the result of the principle behind it, rarely taking into consideration the potential consequences.

Public participation, therefore, contradicts classical decision-making usually conducted by a few selected individuals. Within the participatory framework, subordinates in the organisation are given the opportunity to contribute to management decisions. This process also allows them to develop self-confidence, mutual respect and a sense of belonging. Prominent theorists in participative management include Rensis Likert, as the promotor of interactive influence systems, Chris Argyris and Wright Bakke, purporting the concept of the learning organisation, noting that formal or closed systems impact negatively on employees, and Douglas McGregor, infamous for the Theory X and Theory Y management styles.

2.3.1 Likert's management systems

Likert (1961) describes in detail the interrelationship of group decisions and their impact on productivity and concludes that this interactive process affects both the quality and implications of decisions. The four systems of management proposed by Likert (1961) include:

- a. **Exploitative authoritative.** This type of system concerns a rigid hierarchy where rules and regulations that form the construct of employee interaction are paramount, sometimes without thoroughly considering the potential consequences of decisions.
- b. **Benevolent authoritative.** Management presents as approachable while decisions remain centralised and communication continues downwards.
- c. **Consultative.** All employees have the freedom to take part in organisational decisions although managers still control the policy and strategic decision-making of the organisation.
- d. **Participative.** A system promoting an effective form of management on all levels through interactive communication and information flow.

The principle result of Likert's theory of participative management can, according to Katz, Daniel, Kahn and Robert (in Marchant, 1971:49), be described as a framework for the development of the open system theory of organisation within the context of a system comprised of several layers with varying characteristics. Against this background, Marchant (1971:49) specifies that Open Systems Theory pertaining to organisations "recognises a cyclical character in organisational behaviour" and that the environment influences the internal processes of the organisation in one way or another.

2.3.2 Argyris and Bakke's organisational dynamics

As proponents of the humanistic perspective of administrative and management theory, Argyris and Bakke essentially criticise Classical Theory for focusing too much on Closed Systems Theory and argued that this might result in employees becoming

frustrated, which could lead to failure. As a countermeasure to the classical notion of closed systems theory, the fusion process developed Argyris and Bakke propagates an integrated social and personal approach. Flippo (1968:94) clarifies that “this process is defined as a combination of two simultaneous sub-processes — a socialising one where the organisation adapts the human being to its ends and a personalizing one effected when the individual adapts and alters the organisation to his ends.” Argyris specifically emphasises the lack of congruence between organisational and human needs, with organisations focusing solely on the achievement of goals through functional management processes, while negating the interpersonal relationships between employees.

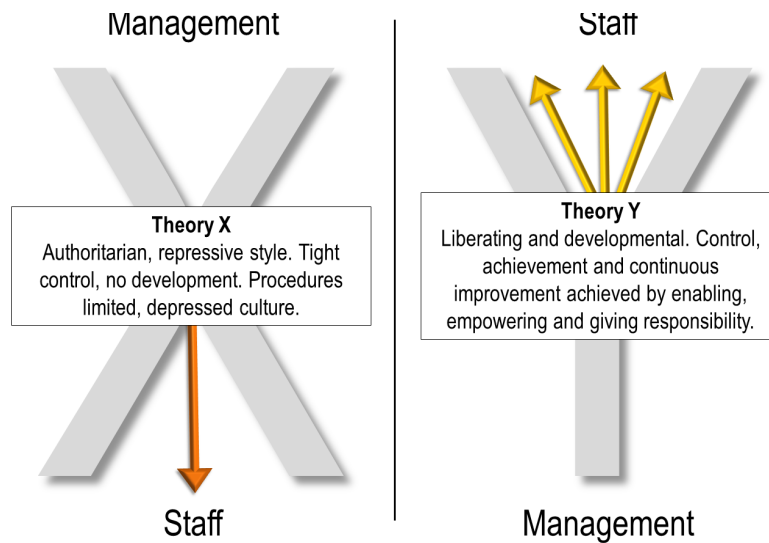
Joshi (2013:269), in clarifying Argyris and Bakkes’ contention that, as a human thinking machine, humans strive to get involved in organisational activities as opposed to being assigned remedial, passive tasks, stresses that the fusion process combines organisational goals with employee performance to achieve common goals and objectives. Miles (in Saunders & Lovell, 1969:353) emphasises that Argyris recognises the need for alternative organisational models through the study of formal and informal dimensions to better comprehend the organisation’s structure as a pattern of parts that forms the structural integrity through their interrelatedness and evolve when new stimuli are introduced and where the environment can only be controlled up to a certain point before self-maintenance is required. According to Flippo (1964:95), this rationale resulted in the development of a tentative model for comprehending the organisational mix that includes dimensions such as control, awareness, internal and external influence, problem-solving and organisational objectives.

2.3.3 McGregor’s motivational theory

McGregor emphasises the humanistic perspective through participation and involvement in organisational decision-making processes. This necessitated the development of Theory X and Theory Y as two competing theories about human nature and the psychological contract prevalent between employers and employees clarified in Figure 2.2. Various authors have already interpreted and applied these theories in the organisational management environment. Hindle (in Mohamed & Nor, 2013:716), for instance, indicates that Theory X refers to “an authoritarian style

where the emphasis is on productivity, on the concept of a fair day's work, on the evils of feather-bedding and restriction of output, [and] on rewards for performance." Theory Y depicts the participative style of management, which presupposes that organisational goals and objectives are likely to be achieved when people exercise self-discipline and self-control.

Figure 2.2: McGregor's motivational theory



Source: Chapman (2002).

Stewart (2010:1) interprets Theory X as contextualising the inherent idleness and self-centredness of human beings who already lack ambition, dislike change and thrive on dependency with “the corresponding managerial approach [emphasising] total control.” Theory Y, on the other hand, regards human beings as responsible, active shapers of themselves and their environment, with as little as possible interference through management dogma. Theory X emphasises structure, rules and procedures, while Theory Y focuses on the successful alignment of people within an organisation to achieve productivity and efficiency through high job satisfaction.

When considering these theories and their impact on the interactive nature of the organisation, the arguments of systems theory, human relations theory, contingency theory and some elements of classical theory essentially contextualise participative budgeting and the role of civil society therein.

2.4 PUBLIC ADMINISTRATION

Public administration and management share certain commonalities regarding the historical approaches to organisation, management and administration. Against this background, UNDP provides two clear meanings of public administration as indicated by UNESCO (2006:5):

- a. the collective apparatus (machinery) of government, which consists of personnel, policies, institutions and systems responsible for directing the affairs of government and its related interactions with stakeholders on all levels; and
- b. the management and implementation of government activities concerned with the enactment of laws, regulations and decisions of government as well as the management activity related to the provision of public services.

Nevertheless, the concept public administration has been conceptualised in different ways, with several definitions referring to the relationship with management, denoting activities and initiatives to organise government functions in a specific manner to address the collective needs of individuals. The traditional definition of public administration contextualises processes and activities in the political, managerial, occupational and legal environments and based on the functioning of the State and State machinery. Ong'anya (2010) refers to this as “government in action, a collective effort of getting things done in accordance with the laid-down procedures and within the legal framework.”

Against this background, Stillman (1980:3) argues that public administration relates to the activities of government branches to formulate and implement public policies that involve cooperative human actions. Pauw (1999:22) concurs and regards public administration as “the organised, non-political, executive functions of the State.” This argument essentially contextualises Section 195 of the Constitution, particularly in relation to the promotion of democratic values and principles. As a field of study, Public Administration refers to the subject content or curriculum, with Pauw (1999:10) arguing “the [use of] capital letters in ‘Public Administration’ denotes the subject

[while] the lower case in 'public administration' denotes that which is investigated by the subject."

Based on these categories that cover such a broad field, Shafritz, Russel and Borick (2009:7) affirm the dilemma of categorising public administration too narrowly and therefore assess them separately to develop a contextual narrative. Naidu (2005:10) concurs and argues that public administration "has certain special characteristics" unique to the public environment in which it is structured. Based on this definition, public administration comprises a political-, legal-, managerial-, and occupational dimension.

2.4.1 Political dimension

Public administration cannot exist outside the political framework, a framework governing all facets of human interaction through established rules and regulations. It is both a profession and an activity and, as Waldo (in Shafritz, Russel & Borick, 2009:8) argues, "it enables us to understand differences in administration between different societies which would be inexplicable if we were limited to viewing administration analytically in terms of the universals of administration itself." According to Shafritz, Russel and Borick (2009), public administration in the political dimension is defined by what government does, the directness and indirectness concerning the delivery of goods and services, its influence inside and outside of the policy, its concern for and collective action in favour of the public interest.

2.4.2 Legal dimension

Rosenbloom (1983:223) maintains that procedural due process, individual substantive rights and the judiciary value of equity are the three central values embodying the legal approach to public administration. The procedural process has long been recognised as a value comprising a variety of requirements and standards that include fundamental fairness requiring procedures to protect individuals from malicious, arbitrary, capricious or unconstitutional harm. When considering the substantive individual rights, the judiciary interprets the maximisation of these rights and liberties as a core necessity in a political system. Only when specific and necessary government functions need to be executed might these rights be breached. However, Rosenbloom (1983:223) clarifies that, in these circumstances,

arguments must be aligned with judicial doctrines. Equity, although subject to capricious interpretation, concerns the balance of interests between the public and private spheres and encompasses the constitutional requirement of equal protection should rights have been violated by administrative action.

2.4.3 Managerial dimension

Public administration is an integral part of the management component of government, especially in democratic states where, as Shafritz, Russel and Borick (2009:17) argue, government agencies utilise Acts to solidify administrative practices. According to Schurz (1894:3), the core attribute of public administration in the managerial dimension contextualise the notion that “the business of government shall be carried on in a sound business-like manner.” Wilson (1887:197), in particular, maintains that public administration designates “a field of business” and argues that “it is the object of administrative study to discover, first, what government can properly and successfully do, and, secondly, how it can do these proper things with the utmost possible efficiency and at the least possible cost either of money or of energy.”

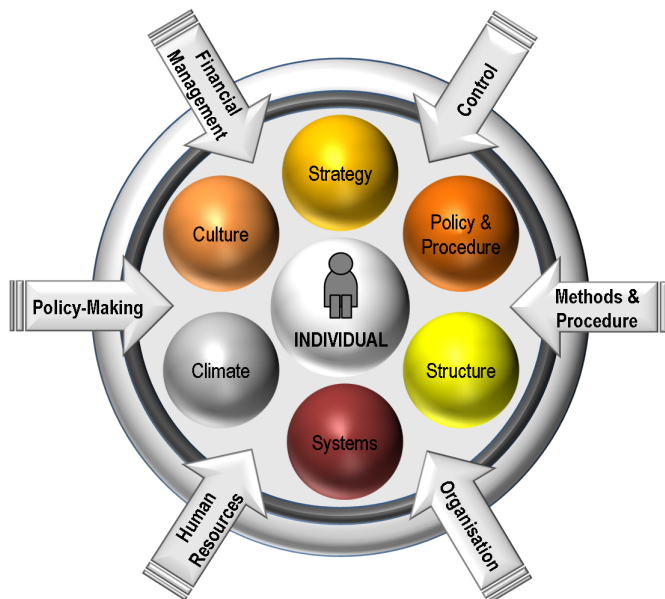
2.4.4 Occupational dimension

The occupational dimension of public administration cannot be disputed since it is the framework in which public administrators (appointed officials) conduct their tasks. Accordingly, Shafritz, Russel and Borick (2009:20) identify two unambiguous categories: the strategic dimension, where officials are involved in policy and programme formulation, and the day-to-day dimension, where the bulk of administrative actions transpire. Various public sector occupational fields exist and it is within the occupational dimension where the political, legal and managerial dimensions are integrated. The public domain (of public administration) involves decisions that affect people’s lives and, as indicated by Harmon and Mayer (1986:23), utilise public resources in the name of the public. In this regard, Shafritz, Russel and Borick (2009:7) note that, as a profession, public administration has developed values and ethical standards, but as an activity, it merely reflects the cultural norms, beliefs and power relations of society. In essence, the field of public

administration overarches all levels of society and, in the government sphere, management in the narrowest sense and strategic planning in the broadest.

Assessing the dimensions of public administration provides a clear understanding of the governance role of government. According to Cheema (2004:3), this role defines the political and legal baseline, sets the framework for job creation in the private sector and facilitates social and political interaction within the civil society sphere. The contextual reinforcement of governance should, however, not be considered coincidental since its essence, according to Cheema (2004:3) “is to foster interaction between these three types of actors to promote people-centred development.” The focus of this research, therefore, will be on public administration depicting the practice of administration.

Figure 2.3: Generic functions of public administration



Source: Adapted from Silbiger (2005:140) and Cloete (1981).

2.5 GENERIC FUNCTIONS OF PUBLIC ADMINISTRATION

Public administration equates to two interrelated activities described by Marini (2000:3) as a professional practice (vocation, occupation or field of activity) and an academic field structured towards the comprehension, development, criticism and improvement of the professional practice while training individuals for that practice.

This two-pronged approach relates to the combination of the management activity in its narrowest sense (bookkeeping, personnel management and policy implementation) and the planning, formulating, modifying and determining of goals and objectives in the strategic range of activities. Cloete (1981) affirms this contextualisation by advocating six generic administrative and managerial processes or functions. These generic principles comprise policy-making, organisation, financing, human resources management, determination of work procedures and control and are represented in Figure 2.3 in relation to the typical governance framework of contemporary organisations.

2.5.1 Policy formulation, implementation and analysis

Policy has many meanings and it is often associated with the context and stated objectives of a specific scenario. Almond (in Jreisat, 2002:79) indicates that public policies “encompass all those authoritative public decisions that governments make.” In essence, policy analysis, as part of the broader policy process, remains a systematic study of a range of actions to select the most appropriate to achieve specific objectives. Pearce and Robinson (1991:317) assert that the term policy contextualises a plethora of definitions in both the administrative and management literature, with various authors and practitioners equating policy with strategy, while others align the organisation’s mission, purpose or culture (on the lower level) or purpose, mission or strategy (on the higher level) to policy. Cochran, Meyer, Carr and Cayer (2009:1) for instance, refer to public policy as “the actions of government and the intentions that determine those actions”, while Geurts (2011:6) argues that policies denote the “political, management, financial and administrative mechanisms that are arranged to achieve explicit goals.”

The linear model of policy-making is the most commonly used tool within the policy-making environment. This model delineates policy-making as a structured problem-solving process where decisions are made in a series of sequential phases starting with problem identification and ending in the evaluation of outcomes. Sutton (1999:9) indicates that this model assumes a rational approach from policy makers and that a logical sequence follows with the identification and analysis of all relevant information.

Although the policy process and its inherent phases rarely vary between disciplines, Sutton (1999:5) argues that the traditional linear model of policy-making is inadequate and that policy and policy implementation should rather be comprehended as a “chaos of purposes and accidents” where a combination of policy narratives across various disciplines should rather be considered as a plausible alternative. The type of policy decisions governments make, especially when considering Jreisat’s (2002:79) analysis that “policy reflects a regime’s values, the commitments of relevant institutions, and even the views of the whole society” should also be considered. Hallsworth, Parker and Rutter (2011:4) also note that, although the purported stages of policy-making remain inseparable, they rarely overlap. This can partly be ascribed to the paucity of policy problems and solutions, following one after another instead of emerging together. Nevertheless, the dynamic field of policy in the pursuit of government objectives remains a core element within the administrative environment that will be, according to Hamdok (2001:2), conducive to economic growth, redistribution, public participation, cohesion and stability.

2.5.2 Organising

The organisational dimension of public sector institutions can be assessed strategically or functionally. On a strategic level, Casini (2007:16) argues that the models of central administration in modern states originate from two archetypes: the French ministerial model, focused on the executive and the Anglo-Saxon departmental model, a more flexible arrangement characterised by a separation of political and administrative functions and duties. The central organisations of all states have, however, undergone significant reforms during the late 20th century.

According to Gualmini (in Casini, 2007:15), these reforms relate to the rationalisation of the bureaucracy against the background of administrative decentralisation, the liberalisation of markets and the privatisation of public enterprises. On a functional level, organisation refers to the classification of tasks, posts and procedural actions within the working environment to allow for the logical flow of structural arrangements to achieve organisational objectives. In this regard, Cloete (1991:112) refers to organising as “classifying and grouping functions as well as allocating the groups of functions to institutions and workers in an orderly pattern [to ensure that] everything the workers do will be aimed at achieving predetermined objectives.”

The coordination of different roles of individuals within the organisation essentially refers to the broader strategic objective of maintaining the organisational structure and integrity to create an environment where policy outputs or financial achievement can be achieved through performance objectives. Though this may be considered as the purpose of an organisational structure, Olum (2004:4) notes that problems are often encountered when designing an organisational structure, especially when considering alignment between the kind of job that needs to be done and the recruitment of the right people to do that job. In this context, Cloete (1991:113) argues that organising involves more than the arrangement of individuals and groups in a specific order and that attention should be given to mutual relations of individuals within the unit and coordination of functions and tasks.

2.5.3 Financial management and administration

Financial management and administration, while being part of the functional arrangement within the field of public administration, almost certainly forms the core of government administration since the State needs to utilise public money efficiently, effectively and economically to render goods and services. The collection of public money through legislation governing revenue collection concerns, what Botes, Brynard, Fourie and Roux (1997/8:314) refer to as taxes, tariffs, levies, fees, fines and loans, with the distribution thereof being referred to as “distributive justice” according to Pauw, Woods, Van der Linde, Fourie and Visser (2009:16). The process of financial management is also outlined in the model of value for money, which, according to Woodhouse’s (1997:47) depiction concerns the 3E-model as described in Chapter 1.

Since all facets of PFM remain central to government service delivery, budgeting remains as a critical component. UNDESA (1998:115) and the Organisation for Economic Cooperation and Development (OECD) (2014:1), for instance, indicate that although the budgeting process incorporates decision-making on all public finance matters, inclusive of the actual management of revenue and expenditures, it reflects the true intentions of government, essentially providing a blueprint to translate funds into programmes and projects. While the scale of budgeting has increased over the decades, budgeting has long been a function of the State. Nevertheless, the OECD (2014:1) affirms that budgeting encompasses all levels of government and that it

should not only constitute a specialised activity at the national/central level of government.

Furthermore, while budgeting practices vary across countries according to traditional, cultural and institutional factors, the OECD (2014) stipulates that common elements of modern budgeting practices can be presented as high-level principles to guide and inform budget processes and reforms. These generic principles emphasise that:

- a. budgets should be managed within clear, credible and predictable limits for fiscal policy;
- b. there should be a close alignment of budgets with the medium-term strategic priorities of government;
- c. the capital budgeting framework should reflect national development needs in a cost-effective and coherent manner;
- d. budget documents and data should be open, transparent and accountable;
- e. debate surrounding budgetary choices should be realistic, inclusive and participative;
- f. budgets should represent a comprehensive, accurate and reliable account of the public finances;
- g. the execution of the budget should be a planned, managed and monitored undertaking;
- h. performance, evaluation and value for money should form the core construct of the budgeting process;
- i. longer-term sustainability and other financial risks should be identified, assessed and managed prudently; and
- j. the integrity and quality of budget forecasts, fiscal plans and budgetary implementation should be promoted through rigorous quality assurance measures.

Although these principles address various phases of the budgeting process, aside from the inherent focus on participatory practices focusing on quality, effectiveness and sustainability, the budget itself needs to conform to standardised principles. According to Fölscher and Cole (2006:3) and UNDESA (1998:115), the following principles require consideration:

- a. the preparation and execution of the budget as an executive function, inclusive of political oversight;
- b. the authorisation and enforcement of budget accountability as a legislative function;
- c. the budget cycle as a periodical, annual event;
- d. the authorisation of specified objects of expenditure in the budget according to government departments;
- e. comprehensiveness of all government income and expenditure;
- f. budgetary accounts as uniform statements for all transactions;
- g. a single consolidated fund as the destination for all revenues and the source of all expenditures covered in the budget;
- h. the strategic use of information;
- i. changing behaviour through changing incentives; and
- j. ensuring budget stability and predictability.

Budget preparation and implementation, therefore, remain prerequisites for the successful implementation of government policy. All government departments are required to provide estimates of expenditure and a budget plan to allocate available resources equitably for the successful implementation of government projects.

2.5.4 Human resource management and administration

The management of human resources and the inherent administration of the function form a pivotal part of public administration and management. Whereas the term

human resource management has replaced the term personnel management as the overarching concept of managing people in organisations, the management of the personnel function remains evident. Here, Erasmus, Swanepoel, Schenk, Van Der Westhuizen and Wessels (2008:12) distinguish between what is considered human resource management and the human resource function. Human resource management is described as a specialised activity realising effective institutional performance and service delivery through established procedures and the integration of policy concerns, organisation, financing and controlling; while the human resource function (formerly known as personnel management) deals primarily with staff-related issues and activities of human resource management through line function employees.

Armstrong (2006:3) defines human resource management as “a strategic and coherent approach to the management of an organisation’s most valued assets” (its people), while Storey (in Armstrong, 2006:3) contextualises human resource management as “a set of interrelated policies with an ideological and philosophical underpinning.” The human resource management framework, as stipulated by Armstrong (2006:4), is an interlinked system where philosophies, strategies, policies, processes, practices and programmes function as an integrated and coherent system.

Various human resource management models have been developed over the decades. The classic human resource model, based on Ulrich’s (1997) assessment of the human resource function, is commonly utilised. This model consists of three fundamental elements that include an in-house human resource service centre tasked with routine, transactional human resource assignments, centres of expertise that provide specialist advice on employee relations and development within the organisational influence sphere and human resource teams seconded to business units to provide leadership teams with support on personnel matters.

2.5.5 Methods and procedure

The need for the establishment of appropriate methods and procedures cannot be negated. Methods and procedure concern the means and techniques relevant for the execution of tasks and actions. In essence, methods and procedure are premised

along the notion that specific procedures and methods are required when employees perform set tasks. Cloete (1991:175) depicts two types of work procedures in the public sector: procedures that have to be followed when new strategies are implemented and procedures that have to be adhered to when addressing the technical aspects related to the first.

Environmental changes often impact on the type of methods or procedure that might be required. Specific environmental changes, such as digital data communication and e-mail services have in many cases already replaced formal paper correspondence within and between government departments. This has brought about the institution of new security-related mechanisms relating to the handling of digital correspondence, especially the storage thereof and future reference thereto. Changes such as this require clear and objective procedural mechanisms. According to Cloete (1991:175) and Botes, Brynard, Fourie and Roux (1997/8:217), formal written procedures derived from institutionalised policy directives are necessary to structure work processes and procedures, initiate clear work assignments, ensure uniform and integrated action, establish a mechanism for the orderly revision (if required) of work procedures and communicate the range of services and goods that might be available to citizens.

2.5.6 Control

Control forms an integral part of the public administration and management environment. Griffen (1992:12) depicts this function as the monitoring of organisational processes to achieve specific objectives. However, Berland and Dreveton (2006:1) contend that “the implementation of management control devices in the public sector [remains] a ... difficult challenge.” Scherrer (1988) and Collier (1984) (in Pearce & Robinson, 1991:5) refer to the control function from a strategy monitoring perspective and indicate that control is necessary to achieve desired objectives. The importance of control as a measuring tool for potential subjective policy processes is emphasised by DeNoble, Gustafson and Herbert (in Pearce & Robinson, 1991:15).

Notwithstanding the argument regarding the importance of control, where authors such as Kelly (1984) and Lorange and Murphy (1984) (in Pearce & Robinson,

1991:15) and Smit and De J. Cronjé (1992:426) refer to control as the final step in the management process, control may be perceived as a myth. According to Meyer and Rowan (in Berland & Dreyton, 2006:6), formal institutions have a specific role to “give the appearance of reality” that is derived from public opinion, education and social prestige frameworks. In support of this argument, Saint-Germain (in Berland & Dreyton, 2006:5) argues that the optimal utilisation of management control remains immaterial since actors in public organisations often struggle to identify their missions and objectives.

However, control, through specified procedures and aimed at achieving agreeable objectives effectively measures performance against fixed goals and plans, indicating the possibility of negative deviations and, by introducing corrective measures, assists in ensuring the achievement of desired goals and objectives. From a budgeting perspective, Olum (2004:5) argues that control equates to the assessing and amending of subordinates’ activities to ensure that events conform to set objectives where control “measures performance against goals and plans, shows where negative deviations exist and, by putting in motion actions to correct deviations, helps ensure accomplishment of plans.”

2.5.7 Management

Cloete (1991:202) argues that, while being mindful that the functions of public administration include more than what is usually referred to by the word management, the terms public administration and public management are often used interchangeably. According to Lynn (2001:2), the arguments to the effect that management and administration differ fundamentally have been ongoing regardless of the arbitrary context thereof. Perry and Kraemer (in Lynn, 2001:2) for instance, support the idea that public management contextualises the idea of confined management within an institutional hierarchy and that, as a new phenomenon, “public management [is a] special focus of modern public administration.”

Consequently, public management, as indicated by Lynn (2001:1), refers to the temperament and skills of individuals to organise, motivate and direct the actions of others either inside or outside the framework of government to achieve goals “that warrant the use of public authority.” Cloete (1991:203) elaborates that every generic

administrative function in public administration consists of two dimensions: the conceptual or directive dimension and the managerial dimension. The former refers to institutionalised functions performed by heads of government departments or senior executives of public institutions as representatives of the specific government service, while the latter focuses on the execution of conventional tasks by mandated officials. Therefore, management, as indicated by Pearce and Robinson (1991:16), should be viewed as a process where the flow of information involves historical, current and projection data based on environmental influences on the actions of the organisation in a specific context.

2.6 NEW PUBLIC MANAGEMENT AND PUBLIC ADMINISTRATION

Freysen (in Vyas-Doorgapersad, 2011:236) notes that, while there is a relationship and correlation between universally accepted approaches such as POSDCORB, POLC and PAFHRIER, Cloete's (1981) principles constitute a paradigm in Public Administration based on its logical construct and universal acceptance. However, Vyas-Doorgapersad (2011) argues that New Public Management (NPM), as the driver of contemporary public sector reform, might actually replace this traditional paradigm. Additionally, Hood (1991:3) contends that the ascendance of NPM since the middle 1970s constitutes a noticeable international trend in public administration, predominantly against the background of the development of four additional administrative megatrends contextualised as:

- a. attempts to decelerate government growth in view of overt public spending and staffing argued by Dunsire and Hood (in Hood, 1991:3);
- b. the move towards privatisation and quasi-privatisation from core government institutions, with renewed emphasis on sponsored service provision as described by Hood, Schuppert and Dunleavy (in Hood, 1991:3);
- c. the development of automation, particularly in the field of Information Technology, in the production and delivery of services; and
- d. a stronger focus on the development of an international agenda, increasingly focused on general issues of public management, policy

design, decision analysis and intergovernmental relations, over-and-above the older tradition of individual country public administration spheres.

In this regard, O'Flynn (in Vyas-Doorgapersad, 2011:238) postulates that NPM can be perceived as a transformative process breaking away from the “repressive, autocratic and conservative paradigm of public administration that followed top-down hierarchies.” Furthermore, Nasrullah (in Vyas-Doorgapersad, 2011:238) argues that the components of NPM include, amongst others, a shift to decentralised decision-making, wider human resources management, the implementation of private sector management practices and an emphasis on competitive service delivery. Gore (in LeMay, 2006:131) further affirms that NPM remains integral to the “reinventing government movement”, particularly with its manifestation in the United States of America's (USA) National Performance Review. NPM theorists advocate a change from the traditional administrative bureaucracy to a more entrepreneurial-inclined organisation where policy decisions become market-driven through the incorporation of the public choice model.

According to Arnold, Gore and Lowery (in LeMay, 2006:131), the emphasis of the NPM movement is on exploring the dynamics between the executive-bureaucratic relationships. For this reason, Vyas-Doorgapersad (2011) presents the prominent elements of NPM as decentralised management, outsourcing, performance contracting and corporatisation. Notwithstanding NPM's contribution, Hood (1991:3) describes its usefulness as a convenience in relation to broadly similar administrative doctrines that dominated the OECD countries' reform agendas in the late 1970s. Lynn (1998:232) further argues that NPM is an “ephemeral theme likely to fade” with the “temporary excitement” likely to pave the way for newer developments in terms of tools and strategies just like the Planning-Programming-Budgeting System, zero-based budgeting (ZBB), Management by Objectives (MBO), Total Quality Management and Reinventing Government.

As a new paradigm, NPM's attempt to transform the public sector through reforms focusing on results in terms of efficiency, effectiveness and service quality, appears to be aligned with the larger political theory of governance and public administration. In this regard, Kaboolian (1998:189) contends that NPM as a reform movement in the

public sector is shaped by the assumptions of the public choice approach, principal-agent theory and transaction cost economies with political roles such as voter, bureaucrat and elected representative being modelled on market analogies. However, Chipkin and Meny-Gibert (2012:109) argue that in the South African context, NPM techniques “were applied neither wholesale nor uncritically by the [African National Congress (ANC)] government, especially in relation to its political roots in ‘neoliberal’ critiques of social democracy.”

Consequently, the application and integration of Cloete’s (1981) principles of public administration remain valid in the context of public administration and the management environment in South Africa, while the incorporation of NPM still requires a gradual integration with these fundamental principles. The OECD and Support for Improvement in Governance and Management (SIGMA) (2014) also advocate the traditional principles of administration in relation to its contribution in the shaping of the management and administration environments as part of public administration reform.

2.7 STATE AND GOVERNMENT

The concepts *State* and *government* are often used interchangeably in everyday conversation. According to Robinson (2013:556), “using the terms ambiguously or synonymously reduces the terminological specificity available to describe political phenomena.” Hughes (2012) provides an illustrative argument, indicating that a well-known historical reference to this conflicting interpretation of power and influence have been attributed to Louis XIV when he apparently exclaimed *L’État, c’est moi* ‘I am the State’ — in reference to the government and the State whose authority he had control over. Although no actual proof of this exists, Louis XIV and a small group of special advisers were responsible for decision-making and this probably granted the monarch a sense of entitlement. Conversely, as Hughes (2012) notes, legal documents of the time clearly distinguished between the power, position and status of the monarch in relation to the kingdom.

2.7.1 Defining the State within the context of public administration

Willoughby (1896:8) argues that “by the term government is designated the organisation of the State, — the machinery through which its purposes are

formulated and executed ... [and that] ... while the term State is, when strictly considered, an abstract term, government is emphatically concrete.” Chamberlain (1898:3) concurs and emphasises that “the State is the precedent, underlying verity which government is intended to embody and represent [whereas] the government is the organisation through which the State acts, a contrivance whose sole use is to realise the purpose of the State.” Marek (in Robinson, 2013:559) also provides a core interjection in that “the identity and continuity of the State are not affected by changes of government.” Therefore, the death of a ruler or a change in government through elective processes does not constitute the end of the State. Table 2.1 depicts the differences between the State and government.

Table 2.1: Differences between State and government

State	Government
Consists of population, territory, government and sovereignty.	Part of the State.
Possesses original powers.	Powers are derived from the State.
Permanent and continues forever.	Temporary and can vary.
Abstract and invisible.	Concrete and visible.

Source: Adapted from Murali, Kumaresan Raja, Palanisamy and Sundararaman (2005:20).

When referring to the State, Murali, Kumaresan Raja, Palanisamy and Sundararaman (2005:20) emphasise four inalienable elements that include population, territory, government and sovereignty. In this context, the State is an organic concept of which the government is a part, an agent of the State. Chamberlain (1898:3) indicates that the State, perceived in varying degrees of realisation, essentially contextualises the political ideal as the moral ideal where justice forms the foundational baseline. Although not negating the importance of government in this regard, Chamberlain (1893) argues that these characteristics may be incorporated in the government sphere to reinforce the State’s existence.

Weber’s definition (in Robinson, 2013:561) contextualises the State “as the form of human community [that] lays claim to the monopoly of legitimate physical violence within a particular territory.” As a compulsory political institution the State, therefore, maintains a monopoly to use force within its territorial boundaries. However,

Cudworth, Hall and McGovern (2007:1) emphasise that there is little academic consensus on an appropriate definition of the State, while Barrow (1993:9), on the other hand, terms the State a compounded entity with a variety of interrelated overlapping theories of political phenomena.

Table 2.2: Conventional categories of State and administrative arrangements

Type of State	The State's role/function (Institution)	Organisation (Administration)
Classical State	<ul style="list-style-type: none"> • Providing a social contract according to the rules of the political environment. • Applying the rule of law. • Providing a market-related policy framework. 	<ul style="list-style-type: none"> • Structured by people of standing (the aristocracy). • Structure shifted to those with economic means to influence. • Typical state that incorporated nationally defined territory.
Interventionist State	<ul style="list-style-type: none"> • Widespread demand for increased State intervention in the provision of social welfare. • Government intervention to construct an industrial economic base. • State ownership of production means. 	<ul style="list-style-type: none"> • Typical social democracies. • Regime-driven industrialising States. • Strict bureaucracy through hierarchy. • Administrative corps trained to perform public service tasks.
Neoliberal State	<ul style="list-style-type: none"> • The State's role is redefined. • The application of the "Washington Consensus" through a minimalist State role in the economy. 	<ul style="list-style-type: none"> • NPM. • Private sector strong influence on public managers regarding organisational design and development. • Strong focus on service delivery. • Lean administration focusing on value for taxpayers' money.
Neo-Keynesian State (Developmental State)	<ul style="list-style-type: none"> • The State is the regulator. • There is a strong developmental role. • The State is (also) the facilitator. 	<ul style="list-style-type: none"> • Customers (citizens paying taxes for the receipt of goods and services) are perceived as end users of services. • Strong focus on performance management. • Strategic governance. • Civil society incorporated into governance issues. • Focus on participatory decision-making.

Source: Adapted from Swilling (1999:22-35) and Engel (2010).

Article I of the *Convention on the Rights and Duties of States*, 1933 (hereafter referred to as the Montevideo Convention) clearly distinguishes between State and

government by way of indicating that “the State as a person of international law should possess the following qualifications: a permanent population; a defined territory; government; and capacity to enter into relations with other States.” Article IX of the Montevideo Convention also stipulates that all inhabitants of a geographical entity as stipulated in Article I have equal rights and the same protection of the law “and that national authorities and foreigners may not claim rights other or more extensive than those of the nationals.” Depending on the constitutional arrangements within States, all legally qualifying citizens as residents within a country are therefore eligible to participate in policy matters affecting them or their communities in general. Table 2.2 distinguishes between the different types of State, including the differences between the political and administrative levels.

2.7.2 Roles and functions of the State

The functions of the State have been categorised for a long time. Almond and Powell (1966) for instance, note five strategic capabilities as the baseline argument for the existence of the State. These capabilities include the regulation, extraction, distribution, symbolism and responsiveness.

Ahmad and Eijaz (2011:195) expand on these capabilities and argue their relevancy as part of the broader political system based on David Easton’s Systems Theory model. However, Ahmad and Eijaz (2011:194) argue that a comprehension of these capabilities requires an understanding of a country’s political party system, its form of government and judicial system.

- a. **Regulative capability.** Since the State is often perceived as the owner and manager of resources within its territorial boundaries, the State needs to manage these through regulatory policies and actions. While the regulatory function differs between political systems, the essence of its application relates to the achievement of the State’s broad policy objectives through the application of law and order. According to Almond and Powell (1966:196) and Ahmad and Eijaz (2011:195), regulation in this regard can be defined as the capacity of the political system to control the conduct of individuals and groups. In essence, the

regulative function of the State sets the framework for stability and prosperity.

- b. **Extractive capability.** The creation of wealth and opportunity within the State forms the baseline argument according to Almond and Powell (1966:196). Ahmad and Eijaz (2011:195) further assert that the extractive function accentuates the State's ability and potential to withdraw tangible or intangible resources at all levels of government and society to achieve its objectives. The approach to the creation of wealth differs between States and regulatory practices governing the transfer and acquisition of resources should therefore be observed to ensure economic stability.
- c. **Distributive capability.** The central issue relating to the management of public resources, and PFM in particular, relates to the mobilisation of resources and the management thereof, the how of the distribution of goods and services. The management of public finances as a redistributive concern entails resource mobilisation, the prioritisation of government programmes and the budgetary process. In this way, Ahmad and Eijaz (2011:195) argue that "the equitable distribution of economic fruits not only satisfies the people but also realise them to participate in the political system, regardless [of] all kinds of ethnic conflicts." Conversely, Bekker (1994:110) declares that the distribution function of the State's resources remains contentious, mainly because strategic policy and issues faced by government structures regarding the withdrawal of resources might destabilise the political system on the one side, while creating new development and redistributive opportunities on the other.
- d. **Symbolic capability.** The symbolic capability, as described by Almond and Powell (1966:199) relates to the creation of national unity and the ability of the State to instil "effective symbol flow from the political system into the society." This capability, therefore, contextualises the State's ability to unify the broader populace through institutionalised symbols such as the national flag, the national anthem or unique

unifying practices. Clark (1974:19) further contends that developmental regimes might have goals that are more radical and that “symbolism in politics may serve not only to retain power, but also to mould a new political culture and community elite as well.”

- e. **Responsive capability.** According to Almond and Powell (1966:201), the responsive function of the State entails the ability to react on intra- and intersystem demands and pressures. In essence, this function concerns the way in which the system is perceived by the broader citizenry. Here, communication and trust form the framework of State-citizen interaction to ensure stability. The values of citizens and the ability of the established political institutions to adequately address these, remain imperative. Chambers, Cummings and Nixon (2015:16) argue that the problem-solving approach essentially contextualises the responsive capability of the State. This approach, however, should emphasise political entrepreneurship that involves experimentation and activities structured according to changing circumstances.

Venter and Landsberg (2007:86) also group the functions of the State and State interventions into four strategic categories: power functions, security and protection functions, economic functions and redistribution functions. Taking into account the functions described by Almond and Powell (1966), Venter and Landsberg (2007:86) maintain that “these functions are evident in the form of public goods and services that are provided by the State in order to provide a suitable environment in which individuals, groups and societies can strive to maintain or improve the quality of their lives.”

Ghani, Lockhart and Carnahan (2005), on the other hand, distinguish between 10 core functions of the State as “functions [that] can be legitimately debated” and that these functions should serve as a “state-building [challenge] across the international community.” These functions include the legitimate monopoly on the means of production, administrative control, management of public finances, investment in human capital, delineation of citizenship rights and duties, provision of infrastructure services, formation of the market, management of the State’s assets, international relations and the rule of law.

The integral argument is based on the apparent overlapping of State and government responsibilities within the context of the 'new role of the State' in which NPM features strongly and where governments' agendas aim to increase sustainability and development. The context of Ghani, Lockhart and Carnahan's (2005) hybrid classification does not negate the centrality of the State, rather it focuses on governments' ability to manage structures to maintain the State's objectives and achieve its goals. Nevertheless, the interrelatedness of State and government functions can appropriately be categorised when considering the South African environment prior to the onset of democracy in 1994. In this regard, Venter and Landsberg (2007:85) clearly stipulate that the State and its policies tend to be interventionist on both the political and economic levels. Political intervention emerges in the form of restrictions on political freedoms, while economic intervention transpires in the form of overregulation. This two-pronged approach essentially results in a variety of negative consequences filtering through to sectors such as agriculture, mining, health and education, including service delivery issues prominent within the municipal sphere.

2.8 BUDGET THEORY AND PUBLIC ADMINISTRATION

Budgeting is an important activity in any financial planning and management environment and, as a cyclical decision-making process, it allows for the achievement of organisational priorities and objectives through limited fiscal resources. According to Lynch (2012:1), budget proposals inherently seek to alter a budget process to produce specific budgetary outcomes. Von Hagen (2007:29) also asserts that the budget itself is the outcome of the budgeting process and the inherent decisions concerning the utilisation of public resources as a continuous process from the drafting stage through to implementation.

The allocation and availability of economic resources in monetary terms form the framework from which a budget can be developed and, as Harper (1995:318) indicates, must be a tangible plan developed for a specific timeframe. A budget can therefore be described as a definite statement drawn up for a specific period to achieve envisaged policy objectives. When considering the conventional schools of administration and management (classical, human relations, systems and contingency), the politics-administration dichotomy as emphasised by Taylor (1911)

and Fayol (1949) becomes clear and this necessitates deliberation on Wilson's (1887) idea that government must become more practical and well-organised to render effective services. Various theories have been developed in this regard, with many focusing on the budget and budgeting processes. Therefore, focusing on budget theory, in this regard, establishes a framework from which public participation in the budgeting process can be assessed.

Whereas the budget and budgeting refer to either the plan or the process of government finance administration, budget theory can be conceptualised as the academic study of budgeting within the framework of existing social, political and economic interaction between the State, government and civil society. Budget theory essentially concerns the study of funding relating to government projects through established processes and approved mechanisms. This relates to the fundamental question Key (1940:1138) presents when asking "on what basis shall it be decided to allocate X dollars to activity A instead of activity B?" Taylor (in Key, 1940:1140) also questions the methodology to be applied when addressing the distribution of economic resources within a community.

As with most theoretical constructs in public administration, budget theory also consists of descriptive, normative and positive theory. The aforementioned theories are discussed briefly.

2.8.1 Descriptive theory

The literature advancing descriptive theory, for example, emphasise the importance of politics, bureaucracy and economic conditions in shaping the public budgeting processes. The classic representation of descriptive theory, as referred to by Suhonen (2007:8), concerns the rational actions following from the *how* of behaviour and, in most cases, the point of reference is through empirical experiments that have indicated behaviour contrary to normative theory. The dominance of incrementalism post-World War II emphasised stability and as LeLoup (2002:2) indicates, growth with a strong focus on bottom-up micro budgeting as an outflow of government policy.

Aaron Wildavsky is closely associated with the concept of incrementalism. Wildavsky (1964) argues that future budgets are the consequence of current budgets and that budgeting is not a rational economic decision process undertaken by the government

alone. Furthermore, within the confines of budget theory, negotiations and bargaining contextualise the theory of incrementalism. As Rubin (1990:186) states, “incrementalism argued that budgeting does not really deal with policy that is dealt with somewhere else.”

According to Wildavsky (1964:15), “the beginning of wisdom about an agency budget is that it is almost never actively reviewed as a whole every year [and that] it is based on last year’s budget with special attention given to a narrow range of increases or decreases.” This approach, according to Rubin (1990) and LeLoup (2002), and augmented by Richard Fenno’s study *The Power of the Purse: Appropriations Politics in Congress*, proved stable and predictable with average increases of between five and ten per cent. Rubin (1990:185) states that incrementalism served both the normative and descriptive contexts but was inadequate due to its nature of preventing those responsible for budgeting to theorise about the potential consequences of external influences on the budget. Although not necessarily problematic when considering its decentralised nature, incrementalism transferred attention from local scenarios to central concerns, while assuming that departments and agencies would likely receive allocations resulting from a moderate growth in revenue.

2.8.2 Normative theory

Theorists supporting normative theory advocate performance-based budgeting (PBB) strategies through performance-based information, which is perceived as a critical element in future resource allocation. Normative theory, as depicted by the Stanford Encyclopaedia of Philosophy (2014), refers to how people *should* behave in situations requiring immediate decisions and, as an expression of action, behavioural models in this regard emphasise rationality and not necessarily conduct outside of the theoretical paradigm.

Meyers (1996:171) argues that the modern debate concerning normative budgeting originated in the 1940s when Valdimer O. Key published the article *The Lack of Budgetary Theory*. Key’s (1940:1143) main argument relates to “the doctrine of marginal utility, developed most finely in the analysis of the market economy [which] has a ring of unreality when applied to public expenditures.” In essence, Key’s (1940)

concern centred on the spending of public money in the absence of real and measurable objectives. This realigned the focus on public administration and governance in particular. Rubin (1990:179) argues that public accountability formed the core of some arguments and that its success depended on improving the quality of budget information, not by adding new services to the budget repertoire, but by reassessing the cost of rendering these services, placing a stronger focus on planning in the budget.

A number of so-called rational approaches developed after World War II as economists tried to address the issue of welfare economics with Rhoads (in Meyers, 1996:172) indicating that the notion of the "social welfare function" presented difficulty in interpretation due to what Meyers (1996:172) describes as "an aggregation of personal preferences into a social ranking that could guide budgetary decision-making." Specific rationalist approaches that developed were based on the financial systems variant promoted by private sector accountants and included, amongst others, programme budgeting, performance budgeting and, more recently, MBO.

2.8.3 Positive theory

Positive theorists, instead, are concerned with what *will* happen (or at least what is likely to happen) when directed policies are applied to achieve defined objectives. According to Key (1940:1140), Mabel Walker postulated a positive budget theory concerning the distribution of expenditures, presenting this as one of the earlier progressive theories relating to budgeting. Beckett (2002:23) indicates that this was to provide a theory formulated around economic thought where statistical data analysis could be applied to obtain descriptive deductions. This approach also served to provide theory to ease decision-making regarding the allocation of government resources. From a public administration perspective, Moe (1994:17) contends that organisation theory always shaped the argument amongst scholars who believed that "good government required the separation of politics and administration" with bureaucracy being structured along business principles.

Still, the integration of politics and organisation has always proved to be difficult and with the recognition of new institutionalism, Moe (1994:20) upholds that a new emphasis on perceiving government as endogenous developed. As part of these

developments, the sociological approach addresses, amongst others, preferences and legitimacy, while the economic approach includes social science, which includes agenda control and formal decision-making procedures, and new economics of organisation, focusing on the economic approach to explain the basic properties of the organisation, which include, amongst others, control, authority, cooperation and decentralisation.

2.9 CONTEXTUALISING PUBLIC ENGAGEMENT IN THE BUDGETING PROCESS

Public budgeting is an integral part of the government's administrative process with a range of actors responsible for executing policies to achieve predetermined objectives. A structured system of powers (legislative, executive and judicial) and control measures constitutes the framework in which budgeting takes place in most democracies. Morgan, Robinson, Barden and Strachota (2002:3) argue that this structured system presents two important advantages: the allocation of clearly defined tasks and responsibilities and an opportunity for the broader citizenry to debate the achievement of developmental objectives through baseline legislation.

Public engagement in the financial management and administration environment of public sector organisations entails the concept and process of PB. Fair Share (in UN-HABITAT & MDP, 2008:3) defines PB as "a process whereby communities work together with elected and unelected officials to develop policies and budgets for the community." According to Wampler (2012:3) active citizen participation extends the possibility of political renewal through debate as it provides citizens, rather than politicians, with authoritative power. Furthermore, He (in Ahenkan, Bawole & Domfeh, 2013:55) maintains that the process itself can be considered a mechanism for "administrative incorporation, expanding participation and narrowing contestation."

In this regard, descriptive and normative theory compliments financial administration in the public administration domain. Both theories are relevant and valid. Here, Rubin (1990:179) argues that the descriptive dimension of budget theory embraces the meticulous observation or participation in public sector activities, while the normative dimension seeks to provide advice and possible solutions based on the range of observations conducted. Although this contextual argument signifies the importance

of the relationship between the descriptive and normative constructs, Rubin (1990:179) asserts that the breach between theory and practice may become disproportionate “if the explanatory power of the descriptive theory is too weak, or if the advice of normative theory is not adopted by public officials.”

Deliberative public administration, with specific emphasis on public engagement and participation, is increasingly being recognised as a viable option in the policy formulation environment. In this regard, Baccaro and Papadakis (2008:5) argue that the rationale for group involvement centres on the presumed knowledge of experienced problems and the identification of potential solutions. According to Bohman (in Baccaro & Papadakis, 2008:6) coordination in these settings is assumed deliberative where dialogue serves as the foundational construct to try and solve issues that are often problematic through interpersonal coordination and cooperation. It should be noted, however, that this Habermasian view of deliberation is, according to Baccaro and Papadakis (2008:9) “not an attribute of particular consensus-generating conversations but rather a systematic attribute of a well-functioning constitutional democracy in which a myriad discourses taking place at different levels are woven together.”

Even though the assimilation of civil society members and organisational dynamics differs between countries according to the dominant political system and overarching legislation, the prevailing structure of public sector organisations guides public engagement practices. UNDESA (2008b:55) stipulates that the commonly accepted model for engagement relates to a three-way division of membership between government, the private sector and trade unions, with some institutions also incorporating specific civil society members such as academics and NGO representatives. Nabatchi (2014:2), therefore, contends that public engagement infrastructure is a prerequisite for successful and effective engagement. From an organisational alignment perspective, this includes the integration of conveners, facilitators and experts to organise and support ongoing dialogue through structures that are either directly or indirectly linked to the institutional construct of the public sector organisation.

When considering the need for good governance, citizens are often involved through accountability mechanisms such as budget reviews. Here, UNESCO (2002:3) affirms

the importance of scrutinising governance methodologies, institutional capacity, policy-making, administrative procedures and technological initiatives, particularly in relation to the implementation of the Millennium Declaration. In this regard, the human resource management function plays an important role as it encompasses the selection, appointment and management of individuals throughout the process. The appointment of capable and qualified community representatives and local government administrators is critical towards the achievement of predetermined PB outcomes. However, while significant effort is placed on an organisation's human resource division to communicate budget-related concerns, the danger of established external elite groups, capable of sustaining their own human resource management processes, cannot be negated. In critiquing these elites, Masser (2013) argues that participatory offerings might enable these groups to gain disproportionate influence within the participatory process since they are often well-organised and financially sustainable.

2.10 CONCLUSION

This chapter focused on the theoretical construct of public administration, its context, development and applicability within the broader governance environment relating to budgeting. A distinction was made between the State and government, concepts often used interchangeably to denote the functions of administration. Theories of management and administration also emphasised different schools of thought, indicating the rich history of the field's development. Specific attention was devoted to theories relating to participative management as these also present a unique directional focus for public participation in the budgeting process. From a functional perspective, the six core functions of public administration contextualise an integrated environment to ensure optimal procedural integration. Specific theories relating to budgeting further addressed the baseline argument of the budgeting construct. Lastly, three pertinent and inclusive theories presented the foundation for public participation in contexts where creative and vibrant decision-making is required.

The next chapter will address decentralisation and public budgeting, establishing the foundation for the argument relating to PB. Specific attention will be given to the budgeting process, while fiscal decentralisation will be assessed as part of the democratic imperative for public participation in the budgeting process.

CHAPTER 3: DECENTRALISATION AND PUBLIC BUDGETING

3.1 INTRODUCTION

Democratisation and democratic practices have been instilled in a number of countries since the early 1990s, the extent of which is visible through participatory policies and practices in some developing economies, notwithstanding the improvement of existing participatory practices in developed economies. Participatory democracy, with specific reference to public participation in financial matters, is not possible without strong decentralised systems. Decentralisation implies a framework of credible systems and processes aimed at incorporating the broader citizenry in subnational budget matters as a plausible alternative to highly centralised government structures. Hankla (2008:635) indicates that authors such as Manor (1999), Gurgur and Shah (2002), Crook (2003) and Huther and Shah (1998) promote transparency and accountability as the pillars of decentralisation, advancing the idea that “citizens can better supervise leaders at the regional level.” However, fiscal decentralisation consists of various integrated practices such as the budget and the budgeting processes, all of which need to be considered to construct a meaningful analysis of public participation.

This chapter will consider the decentralisation and budgeting hypothesis. The concept of decentralisation will be explored to provide a better understanding of the role thereof in the budgeting process. Budgeting assessment forms the baseline from which the participatory argument will follow in Chapter 4.

3.2 DECENTRALISED GOVERNMENT AND BUDGETING

Government structures differ throughout the world and their configuration influences the way in which public services are rendered. Mishra (2012:8) asserts that within these structural establishments, particularly in developing democracies, patterns of participation differ, with citizens having to face various obstacles to establish participatory opportunities, while those in established democracies tend to move from conventional politics to unconventional politics almost seamlessly. Public participation processes in decentralised environments also vary in form and degree throughout the world and, notwithstanding the context in which these activities take place, the aim remains to involve stakeholders from all levels in the decision-making process.

Nevertheless, Olowu and Wunsch (1990), Putman (1993) (in Beuermann & Amelina, 2014:2) and Oates (1972) argue that the effects of decentralisation on public service delivery are unclear, notwithstanding localism where citizens might experience closeness in terms of decision-making. In this regard, Beuermann and Amelina (2014:2), contend that decentralisation might contextualise two possibilities: government responsiveness or degraded public service provision. While Wallis and Oates (in Beuermann & Amelina, 2014:2) advance government responsiveness within the framework of tailored services, Sverrisson (1999), Prud'Homme (1995), Samoff (1990), Smith (1985) and Tanzi (1995) (in Beuermann & Amelina, 2014:2) emphasise the possibility of inefficiency resulting from degraded public service provision within a decentralised environment.

Irrespective of the direction in which arguments might progress, decentralisation's relevance remains invaluable within the budgeting and PB environment in particular. Decentralisation is a viable vehicle to incorporate broader civil society. However, its success depends on environmental dynamics and the application of regulative mechanisms to improve and develop its sustainability, with Faguet (2011:2) presenting four arguments in support of the contextual divergence of decentralisation. These include: improved accountability and responsiveness, reduced abuses of power through appropriate transfer mechanisms, improved political stability where marginalised groups might be afforded the opportunity to take part in decision-making processes and increased political competition. Conversely, Ivanyna and Shah (2012:3) identify four benefits that could result from decentralisation:

- a. the sustainment of a combination of public services according to the preferences of local residents against an incentive programme that addresses the efficient provision of these services;
- b. the generation of public value based on geographic location where local governments will be in a position to explore proximity-based resources as part of developmental initiatives;
- c. reduced transactional costs should residents decide to hold local government accountable for improper and inefficient service delivery; and

- d. the development of network-based governance as a partnership mechanism between private sector and public sphere interests.

The decentralisation argument therefore shapes public participation in planning and budgeting processes. Fiscal decentralisation in particular has the potential to enhance efficiency and accountability through collective budgetary decisions. Here, Oates' (1972:55) decentralisation theorem proposes the allocation of services according to specific geographic arrangements to ensure both the effective delivery of services and the internalisation of benefits and costs. Furthermore, Okrah and Boamah (2013:73) contend that this fiscal proximity model might provide a causal link between the needs of the broader community and subsequent public expenditure. This argument aligns with Oates' (1972) assessment that local governments comprehend the needs and concerns of local residents where decision-making follows from the services that they require within an environment where competition thrives because of scaled-down bureaucratic formalities.

3.2.1 Contextualising decentralisation

The decentralised concept entails social, political, environmental and economic arrangements within a geographically defined structure. Adding to a national government, further arrangements can include intermediate governments that, according to Boadway and Shah (2007:xxvii), might be referred to as states, provinces, cantons, *Länder* or prefectures and local government structures such as municipalities with relatively narrow responsibilities. The structure of governments can also be federal where different levels have autonomous responsibilities while, in other cases, these subnational levels could merely be extensions of the national government. Subnational arrangements connect and extend both administrative and representative responsibilities between institutions and the broader citizenry.

Decentralisation is defined and interpreted subjectively. According to Tausz (in Nikolov, 2006:3), the concept encapsulates a trend, a policy, a methodology, a theory, a process, a concept or a term. Sridharan (2012:4) affirms that developmental theorists contextualise decentralisation differently, ranging from fiscal decentralisation to political or institutional decentralisation to incentive systems, a primary concern in economic theory and the emergence of informal organisations in governance

matters. VanSant (in Sridharan, 2012:4) clearly denotes the decentralised relationship as one that “constitutes the reciprocal transfer of authority and responsibility between local and national authorities.”

Powers and functions are displaced from the national/central core to political office-bearers and appointed officials and, depending on the core political objectives of the State, this displacement process necessitates an adaptation to address specific output-related issues. Nikolov (2006:3) concurs, stating that the most common definition of decentralisation relates to the transfer of public functions from the central government to local governments, civil societies and NGOs, asserting on them the means to execute central/national government responsibilities at the lowest level. The UNDP (1999:3) further provides an important contextual clarification indicating that decentralisation is not an alternative for centralisation and that both are needed in complementary roles through which the most effective arrangements should result in the achievement of objectives. Decentralisation encompasses more than public sector, civil service or administrative reform since it involves integrated relationships of all the societal sectors through which programmes and policies have to be achieved.

The functions of the different levels/tiers/spheres of government are allocated on either an exclusive or congruent basis. Strategic issues, such as the broader public administration, national defence, water and energy resource planning and education are the exclusive responsibility of the national/federal government. Broader socio-economic services are divided between the national/federal and intermediate governments (provincial/state governments) and these commonly include issues of a broader social nature that flow from national government’s strategic policy priorities based on the legislative framework of the different spheres of government.

While the provincial/state governments are often mandated to develop policies unique to their influence sphere, a foremost responsibility and objective of local government remains socio-economic development through the sustainable and affordable delivery of public goods and services. Therefore, as Sharma (in Edoun & Jahed, 2009:6) maintains, “development ... is viewed as a process of social action in which citizens or local people at the district, area and village or grassroots levels

organise, plan and take action in partnership with government to improve the political and socio-economic conditions of the locality.”

3.2.2 Types and forms of decentralisation

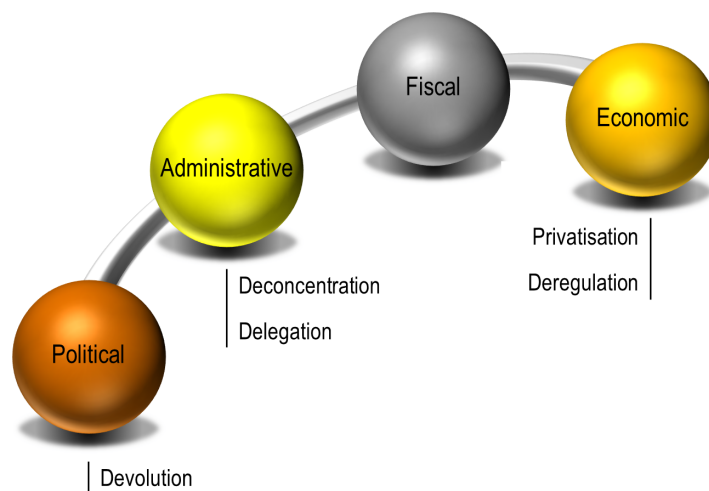
Decentralisation and governance often form a symbiotic relationship with many governments assimilating these processes from the early 1990s. According to Dillinger (in Cheema & Rondinelli, 2007:8), nearly 84 per cent of countries with a population of more than five million had embraced some form of decentralisation. This figure escalated to nearly 95 per cent by the 1990s for those countries with some form of democratic political system that accommodated subnational administrations and by 2000, democratic states outranked non-democratic dispensations worldwide. Notwithstanding these developments, Cheema and Rondinelli (2007:8) disclose that decentralisation cannot be postulated as a panacea for ineffective governance and that, regardless of its advantages, empirical relationships between decentralisation and good governance have been inconclusive. The parallel structures and partnership arrangements between governments and international donor agencies remain of critical concern. These, according to Cheema and Rondinelli (2007:11) include:

- a. governance and administration structures as external arrangements;
- b. procedural and private investment arrangements;
- c. public-private joint ventures;
- d. public service wholesaling;
- e. government-civil society partnerships; and
- f. independent civil society organisations.

Decentralisation, therefore, has the potential to improve governance and political stability, with international development organisations and aid agencies asserting its contribution towards government efficiency, effectiveness and accountability. It is important to note that decentralisation does not imply federalism, with Hunter (1977:3) arguing that, while the transfer context within a decentralised structure

denotes that subnational structures retain their authority, spheres or tiers of government in a federal system are provided with specific powers through constitutional arrangements. As a process, Cheema and Rondinelli (2007:6) argue that decentralisation is an all-inclusive concept consisting of conventional arrangements that embrace the political, administrative, fiscal and economic domains as presented in Figure 3.1.

Figure 3.1: Decentralisation



Source: Adapted from Nafay (2012).

- a. **Political decentralisation.** The focus of political decentralisation is to provide citizens or their elected representatives with more power to influence public policy. The arrangement signifies changes in the structure of government through the devolution of powers and authority and is often associated with pluralistic politics and representative government. Established institutions and procedures allow freedom of association and participation within the broader political framework to provide and acquire beneficial services through the mobilisation of social and financial resources to influence political decision-making.
- b. **Administrative decentralisation.** The deconcentration of central government structures and bureaucracies forms the core construct of administrative decentralisation. Administrative decentralisation seeks to

redistribute authority, responsibility and financial resources through a plethora of public services between the different levels of government structures and bureaucracies. This distributive arrangement may be through territorial units associated with federalism or bodies entitled to self-sufficiency and is often associated with the principle of subsidiarity.

- c. **Fiscal decentralisation.** Fiscal responsibility is a critical component of decentralisation. The sharing of public revenues between all levels of government through public revenue acquirement and expenditure mechanisms denotes fiscal decentralisation. This arrangement includes the means and mechanisms for fiscal cooperation in the sharing of revenue, fiscal delegation in acquiring public revenue and expenditure allocation and fiscal autonomy of the national, regional or local governments.
- d. **Economic decentralisation.** Sometimes referred to as market decentralisation, this arrangement allows private sector interests to articulate public sector requirements. Economic decentralisation includes market liberalisation, deregulation, the privatisation of government enterprises and public-private partnerships.

Sridharan (2012:4) states that these dimensions, which include functions, resource accessibility, autonomy and accountability, are re-engineered in to ensure the efficient, effective and accountable delivery of public services within the governance framework. The arrangements depicted by Cheema and Rondinelli (2007), amongst others, also signify an expansion of the rationale, objectives and forms of decentralisation and, as Cheema (2011:4) indicates, “now [advocates] decentralisation as an instrument for developing local government and civil society’s capacity, giving greater political representation to diverse groups without destabilising the State [while] promoting creativity and innovations.”

Although decentralisation is a complex and multifaceted process, the general acceptance is to sub-classify administrative decentralisation into deconcentration, delegation and devolution as referred to by Rondinelli (in Rondinelli, Nellis & Cheema, 1983:14) and Cohen and Peterson (in UNDP, 1999) and economic

decentralisation into privatisation and deregulation. However, this organisational arrangement is open to interpretation, as depicted in Table 3.1, with some governments combining all four types depending on the structure of government and internal administrative arrangements.

Table 3.1: Decentralised governance

Type of unit to which authority is transferred	Aspect of Governance transferred or shared			Generic name
	Political (policy or decision-making)	Economic or financial resource management	Administration and service delivery	
Autonomous lower-level units	Devolution	Devolution	Devolution	Devolution
Semi-autonomous lower-level units	Delegation	Delegation	Delegation	Delegation
Subordinate lower-level units	Directing	Allocating	Tasking	Deconcentration
External (non-governmental units at any level)	Deregulation	Privatisation	Contracting	Divestment

Source: UNDP (in UNDP, 1999:7).

Dickovick (2014:194) argues that decentralisation has long been the primary foundational construct of governance initiatives promoted by donor agencies in developing economies, while Kiwanuka (2012:45) argues that “decentralisation has emerged as a highly popular strategy for improving public sector efficiency, responsiveness and accountability in the developing world.” Decentralisation incorporates several arrangements, notably deconcentration, delegation, devolution and deregulation/privatisation.

- a. **Deconcentration.** Often considered the weakest form of decentralisation, deconcentration denotes a redistribution or transfer of limited decision-making authority and financial management responsibilities between the various levels of government without any significant independent local inputs. According to the UNDP (1999:6), this type of decentralisation, although being the least extensive in terms of administrative arrangements, is commonplace in developing

countries and generally occurs when tasks are deconcentrated to a horizontally integrated administrative system.

- b. **Delegation.** This type of decentralisation, as indicated by Mullins (2004:3), refers to the transfer of responsibility from the central/national government to semi-autonomous units or organisations not wholly controlled by that authority, but ultimately accountable to it. Amongst others, Cistulli (2002) indicates that this usually refers to subnational housing authorities, transportation authorities and regional development corporations.
- c. **Devolution.** This type of administrative decentralisation denotes most political decentralisation. Devolution transpires when the central/national government relinquishes certain functions by transferring full authority to semi-autonomous units of local government. According to the UNDP (1999:6) devolution, in its purest form, has five fundamental characteristics:
 - i. autonomous, independent and separate levels of government;
 - ii. local governments with clearly defined boundaries and legally recognised mechanisms to provide public functions;
 - iii. local governments embracing a corporate status with powers to secure resources to performs their functions;
 - iv. an institutional characteristic where citizens perceive local governments as both organisations providing services and government institutions over which they have control; and
 - v. a reciprocal arrangement where both the central/national government and local governments benefit from the delivery of public goods and services.
- d. **Privatisation and deregulation.** The most decentralised form of these organisational arrangements is market decentralisation, precisely because decision-making power is transferred from the public sector to

private organisations and/or institutions. Privatisation allows private enterprises to bid for and render public services that had previously been reserved for government. The deregulation arrangement consists of transferring services to the private sector which then has the sole responsibility of rendering these services within the broader government regulatory framework. With privatisation being increasingly considered as a viable alternative to the delivery of public services, Cheema (1983) and Roth (1987) (in Rondinelli, McCullough & Johnson, 1989:72) indicate that some governments in developing countries, in particular, have divested themselves from important responsibilities through arranged transfer mechanisms.

Notwithstanding the applicable decentralisation arrangement within the subnational structures of government, support remains imperative, with Nikolov (2006:4) upholding the UNDP argument that “decentralization of the public sector, in itself, will not be effective unless support is also provided to strengthen local governance, involving the public, private and civil sectors.”

3.3 FISCAL DECENTRALISATION, TRANSPARENCY AND BUDGETING

Shah (2007:1) argues that intergovernmental transfers finance about 60 per cent of subnational expenditures in developing countries alone and, although the major benefit relate to expenditure financing, these transfers allow for the establishment of monitoring and evaluation mechanisms to improve the efficiency, equity and accountability relating to service delivery projects. The delivery of adequate services, however, remains a concern in terms of affordability. Nevertheless, the equitable distribution of funds cannot be negated.

Whereas all decentralisation models are important within the budgeting environment, fiscal decentralisation and transparency form the framework for PB and the budgeting process at the local government level. The decentralisation paradigm in this context is broadly referred to as intergovernmental fiscal transfers, with Islam (in Boadway & Shah, 2007:xvii) noting that these transfers are essentially used to ensure the equitable distribution of funds to address the policy expenditure needs at various levels of government to create a common economic union. Notwithstanding the type

of decentralised government system or the administrative relationship between the levels of government, the arrangement of these transfers determines the manner in which the different levels of government will be able to influence fiscal management, macroeconomic stability, distributional equity, allocation efficiency and public service delivery.

However, the transfer of funds within a decentralised environment cannot be perceived as a remedy to achieve service delivery success. According to Elhiraika (2007:1), commensurate revenue assignments, inadequate access to financial markets and administrative capacity within the local government environment often present as stumbling blocks to attain stability through decentralised funding. Additionally, political decentralisation is often substituted with administrative deconcentration or administrative delegation.

Elhiraika (2007:3) further advocates that this concern is evident in most countries where decision-making is displaced to regional or local officials of the central/national government by selected appointed individuals (administrative deconcentration) or where local governments assume responsibilities or undertake activities on behalf of the central/national government (administrative delegation). One solution to this problem, according to Fosu and Ryan (in Elhiraika, 2007:1), lies in capacity building where the institutional capability of the subnational government is strengthened to ensure accountability and interactivity between civil society, political office-bearers and appointed officials.

3.3.1 Contextualising fiscal decentralisation

Porcelli (2009:1) defines fiscal decentralisation as “a two-dimensional policy institution that involves either decentralisation of a tax instrument, when local governments have the power to raise taxes, or decentralisation of expenditures when local governments bear the responsibility for implementing expenditure functions.” This definition is important, particularly the latter part that relates to the service delivery responsibility of local government as well as the involvement of civil society in the policy frameworks relating to budgeting and expenditure allocations.

Boschmann (2009:6) supplements this characterisation by adding that, as the devolution of taxing and spending powers increases, fiscal decentralisation provides

local governments with a considerable powerbase to mobilise resources through taxing authorities accompanied by strong tax bases. From a participatory perspective, in theory at least, fiscal decentralisation allows and encourages public participation since noteworthy decisions have to be made on the allocation of funds to ensure sustainability of projects or the development of new initiatives.

In addition, the division of responsibilities, particularly relating to the fiscal dimension as a baseline to deliver services, often presents a concern. Depending on the capacity to administer assigned/allocated funds, subnational governments might either impede or advance service delivery. Likewise, Guimaraes (in Elhiraika, 2007:1) argue that central governments “often keep very tight control over regional and local governments that also lack administrative capacity to formulate and implement adequate responses to local community needs and constraints.” Although being a political and policy issue, specific preconditions to establish successful relationships between the different levels of government characterise the nature, extent and type of local arrangement. According to the World Bank (1989:88), this comprises:

- a. a strong system of local government in a democratic political dispensation;
- b. equality in partnership to realise regional and national developmental objectives;
- c. a fair division of functions between national and local government;
- d. the equitable distribution of financial resources between the levels of government;
- e. a fair distribution of human resources between national and local government, taking into account justifiable remuneration structures;
- f. institutionalised checks and balances between national and local government;
- g. comprehensive and adequate consultation between the levels of government and a regular flow of sufficient information between all levels of government;

- h. comprehensive public participation at all levels of administration and government;
- i. an established legislative foundation governing interactivity between the levels of government; and
- j. a balance between the political and administrative interface.

Irrespective of the structure of government, Boadway and Shah (2007:xxvii) stipulate that subnational governments are rarely autonomous regarding financial matters notwithstanding their revenue-raising capabilities that are often inadequate to address expenditure responsibilities. This essentially necessitates a reliance on financial transfers from the national level.

3.3.2 Fiscal balance and fiscal autonomy

Boadway and Shah (2007:xxviii) observe that an important feature of responsibility allocation exist in the mutuality of interest across the levels of government, particularly regarding the design of expenditure programmes and the delivery of services. Mutual interest arises from a commitment to implement broader policy initiatives. Moreover, mutual interest serves as a monitoring mechanism concerning the efficiency of expenditure mechanisms and congruent decision-making, mainly where expenditure decisions might impede the implementation of broader national policy objectives such as health, education and welfare, a dual responsibility between the national/central level and provincial/state level. Most systems of intergovernmental transfers are therefore structured to influence spending and delivery programmes.

Fiscal decentralisation's success, therefore, depends on a workable and sustainable system. This is clarified by Bahl (2008:8) as a conscious decision by government on the scale of devolution to subnational governments (expenditure autonomy) and the establishment of a supporting system of horizontal and vertical fiscal balance.

- a. **Expenditure autonomy.** This relates to the amount of discretion subnational governments are afforded in compiling budgets. Expenditure autonomy differs globally with some governments curtailing expenditures dramatically through legislation, while others allow

subnational governments to shape and finance their budgets according to immediate developmental objectives. Proponents of decentralisation, as indicated by Smart (2007:204), argue that decentralisation has often been projected as a viable option to increase policy responsiveness and accountability, particularly in view of central governments' trends to provide uniform public programmes as opposed to local governments' ability to provide unique services to citizens in their immediate influence sphere.

- b. **Fiscal balance.** Bahl (2008:8) contextualises both a vertical and horizontal component of fiscal balance. Vertical fiscal balance refers to an intergovernmental fiscal system in which each level of government commands resources necessary to finance a minimum level of services for which it is responsible. Horizontal fiscal balance refers to the degree to which subnational governments are positioned to deliver minimum levels of services with the resources at their disposal. In this regard, Yemek (2005:8) states that national governments have a broader base of tax instruments, while subnational governments have limited taxation and borrowing powers. The result, according to Smart (2007:205), is typically a "vertical gap between revenue and expenditure on own account at the central and local levels" where subnational levels of government rely on transfers to augment this deficiency.

Expenditure autonomy and fiscal balance impact directly on the nature and extent to which participation in local government budgets will be allowed. When considering fiscal decentralisation, Krenjova and Raudla (2013:36) remark that an important measure is the degree to which autonomous revenue sources are accessible to local governments. Accessibility, therefore, determines the amount of funds theoretically available for allocation towards the capital budget. The larger the revenue pool, the more likely it becomes for the public to participate in budgeting projects.

3.3.3 Budget transparency

When considering fiscal decentralisation in context, and PB in particular, the need for budget transparency becomes evident. Budget transparency is probably the most

important barometer of programme and policy performance in local government. With several municipal governments ascribing to the subsidiarity principle, indicated by Bosnich (2015) as an organising principle advocating the decentralisation of decisions to the lowest or least centralised competent authority, Caamaño-Alegre, Lago-Peñas, Reyes-Santias and Santiago-Boubeta (2011:2) assert that there is an increasing interest in participatory democracy, specifically public policies and the way in which money is spent. However, De Mello (2011:284) argues that literature focusing on the decentralisation imperative to advance social capital also focuses on empirical evidence that suggests that “decentralisation may harm social capital to the extent that it creates opportunities for capture by local elites and civil servants.”

Charles Tiebout, a widely cited proponent of fiscal federalism, further indicates the importance of decentralised decision-making to fiscal performance at the lower levels of government in this regard. Though not directly emphasising transparency as such, Tiebout (1956) argues that consumers need to be fully aware of revenue and expenditure patterns in their respective communities and that this awareness effectively determines their internalisation of geographical loyalty. This model focuses on local government expenditure patterns based on migratory principles within the context of positive political theory, with the main argument revolving around the decentralisation of intergovernmental competition based on civil society preferences.

Tiebout (1956:417) proposes a “satisfactory theory of public finance [where] it would be desirable (1) to force the voter to reveal his preferences; (2) to be able to satisfy them in the same sense that a private goods market does; and (3) to tax him accordingly.” This not only generates Pareto efficient patterns of services and resultant taxation where the mobility of citizens (migratory patterns) provides a sorting mechanism for preferred goods and services, but also forces local governments to ensure that the budgeting process remains open and transparent. Local governments, therefore, have to compete amongst themselves to deliver preferred goods and services economically, efficiently and effectively within a sustainable economic environment, while applying market principles openly as required within democratic dispensations. However, public information strategies, budget demystification and effective participation strategies, as promoted by the

Economic Commission for Africa (ECA) (2005:8), are important prerequisites for effective and inclusive budgeting within a decentralised fiscal framework.

The impact of fiscal decentralisation on the quality of governance has not always been addressed comprehensively. According to Faguet (2014:2), this can be ascribed to the availability of qualitative data and stakeholders' interests in programme outputs as opposed to governance outcomes. In addition, measuring budget transparency and the impact of decentralisation depicts some difficulties, particularly when considering the range of policies as part of any government's developmental framework or strategy. Hood (2006:3) clearly indicates that "like many other notions of a quasi-religious nature, transparency is more often preached than practiced, more often invoked than defined, and indeed might ironically be said to be mystic in essence, at least to some extent."

Consequently, Ivanyna and Shah's (2012:5) analysis suggests that the assessment and evaluation of local government fiscal decentralisation should include the following criteria:

- a. the range of local functions;
- b. the level of local government autonomy regarding its capacity and ability to determine revenue baselines;
- c. the degree of transparency, predictability and conditionality of higher-level transfers;
- d. the balance between revenue, tasks and responsibilities;
- e. the degree of self-financing of local expenditures;
- f. responsibility and control over municipal and social services;
- g. the degree of autonomy in planning and procurement;
- h. the ability to source funds domestically and from foreign sources, with the ability to issue bonds accordingly; and

- i. the probability of higher-level government assistance for capital expenditure.

The probability of budgeting practices being more transparent is contained in Alt, Lassen and Rose's (in Caamaño-Alegre, Lago-Peñas, Reyes-Santias & Santiago-Boubeta, 2011:5) argument which focuses on systems advocating and advancing competition (multi-party democracy advocating liberalist economic ideals such as privatisation and deregulation) within a framework of high political turnover where incumbents reinforce arrangements for transparency through established regulatory frameworks. Here, political competition is governed by democratic principles within a free-market economy that enforces fiscal transparency. In this context, Wehner and De Renzio (2013:96) emphasise that a (democratic) government's information dissemination philosophy is inherently political and that change is governed by citizens' right to vote, thereby affirming the nature of competition, while Alt and Lassen (2006:531) argue that "fiscal transparency allows voters, interest groups and competing political parties to observe — or infer with better precision — causes and consequences of government's fiscal policy, either directly or through the media."

3.4 PUBLIC BUDGETING CONSTRUCT

Budgeting is an important mechanism for financial planning and management and, as a cyclical decision-making process, it allows for the achievement of organisational priorities and objectives through limited fiscal resources. As one of the most important oversight functions of the Parliament of South Africa, Diutlwileng (2011:8) argues that the budget not only reflects the choices of government, but also serves as a tool to achieve these objectives. The correct application of budgeting can contribute significantly to greater efficiency, effectiveness and accountability within any organisation if a level of synergy exists between the policy direction and the fiscal framework. Being part of the control environment relating to the efficient, effective and economic utilisation of resources, budgets are also an indistinguishable part of the broader planning and policy environment.

Budlender, Sharp and Allen (1998:31) argue that government budgets essentially comprise three central economic functions:

- a. resource allocation, relating to the provision of goods and services according to specific allocation priorities between the various government functions;
- b. income and wealth distribution according to budget policy as a form of redressing inequalities in income and wealth; and
- c. economic stabilisation to promote developmental priorities and ascertain stability in both the macro and micro economic environments.

Mahlangu and Mphela (2011:16) maintain that South Africa's transition in the early 1990s essentially resulted in the development of a new budget management system that resulted in the assertion of policies geared towards social redress. In this regard, the South African budget process has been structured according to a forward-looking system referred to as the MTEF with the aim of structuring fiscal targets while allocating resources to achieve strategic priorities. However, the extent of budget success is dependent on its internalisation and, as Raghunandan, Ramgulam and Raghunandan-Mohammed (2012:110) argue, "its acceptance and the attitudes of workers towards it." The success of budgets, and the budgeting process in particular, therefore depends on its acknowledgement through the behavioural processes of all involved role-players.

3.4.1 Defining a public budget

Raghunandan, Ramgulam and Raghunandan-Mohammed (2012:110) emphasise that all enterprises regardless of size, complexity or sector, rely on budgets and appropriate systems to achieve strategic goals. In this regard, Shah, Robinson, Drake and Fabozzi (in Raghunandan, Ramgulam & Raghunandan-Mohammed, 2012:110) assert the importance of budgeting in relation to organisational goals, objectives, responsibility allocation and execution. According to Fabozzi (in Raghunandan, Ramgulam & Raghunandan-Mohammed, 2012:110) a financing and investment strategy linked to these outcomes will further direct the organisation to determine investment opportunities and financing mechanisms with the budgeting process amalgamating decisions relating to capital budgets, capital structure and working capital.

A good budgeting process depends on a range of interrelated factors and, as described by Tayib and Hussin (2005:43), must provide information and still focus on outcomes against the backdrop of an engaging environment. This engaging environment requires good decisions, appropriate control mechanisms and excellence to achieve objectives in the integration of new acquisitions, pricing and reengineering activities if the need arises to negate previously poorly formulated budgets. Likewise, Walter-Steiss and O'C Nwagwu (2014:1) indicate that budgeting involves the specific or systematic evaluation of preceding commitments and the consequences of these commitments.

The budget itself, according to Snyder (in Walter-Steiss & O'C Nwagwu, 2014:1) is "the financial articulation of the activities of a government unit ... which recognises anticipated revenues, authorises activities and appropriate expenditures." Norton and Elson (2002:5) describe the budget as "a document that, once approved by the legislature, authorises the government to raise revenue, incur debts and effect expenditures in order to achieve certain goals." The budget can therefore be described alongside Campbell's (in Raghunandan, Ramgulam & Raghunandan-Mohammed, 2012:111) interpretation as a quantitative analysis of policy-related issues during a specific timeframe to achieve organisational objectives within the construct of management prerogatives through the allocation of funds.

The definition of a budget does not differ throughout the literature. The online *Business Directory* (2015), for instance, defines a budget as "an estimate of costs, revenues, and resources over a specific period, reflecting a reading of future financial conditions and goals", with the OECD (2002:8) referring to a budget as "the government's key policy document" that should be comprehensive in its portrayal of all government revenue and expenditure. Additional features added to the conceptualisation of a budget include submissions according to set timescales, detailed commentary on revenue and expenditure programmes, specified forecasts based on past analysis, comparative information, legislative adherence, a comprehensive discussion of government's financial assets and liabilities and that expenditures should be classified according to administrative units, for example ministries or agencies.

3.4.2 Contemporary public budgeting

The word budget, as indicated by Saunders (2004), is derived from the French word *bougette*, a small leather bag in which the Lord of the Exchequer carried a document to Parliament, proposing the country's fiscal commitments for the coming year. This document eventually became known by the name of the container used to transport it. Budgets are critical for the execution of management functions. As a policy instrument, Norton and Elson (2002:5) explain that the budget dates back to the late 19th century when, prior to its uptake, most countries had weak administrative systems, particularly relating to idiosyncratic processes, executive power and little central control.

According to Walter-Steiss and O'C Nwagwu (2014:9), historically, the fiscal control aspects of budgeting received much emphasis, either in practice or in the literature relating to public budgeting. Viewed primarily as an extension of the accounting and management control system reviewing expenditure estimates for various programmes in monetary terms through inclusive objects of expenditures, the validity of budget requests has largely been adjudicated through comparisons with previous levels of expenditures. This object-of-expenditure approach was commonplace in its public application during the 1920s through a meticulous recording of spending requirements and commitments as the basis for fiscal control. Additional fiscal accounting systems developed in parallel and gradually replaced the preoccupation with detailed procedures for budgeting and accounting. By the late 1930s, budgeting practices started to focus on performance efficiencies, culminating in the concept of performance budgeting in the late 1940s and early 1950s.

Extensive international budget reforms mainly evolved from the request of the *USA Commission on Organisation of the Executive Branch of Government* (in Walter-Steiss & O'C Nwagwu, 2014:10) to "focus attention upon the general character and relative importance of the work to be done, or upon the service to be rendered, rather than upon the things to be acquired, such as personal services, supplies, equipment, and so on." Here, the main consideration is centred on the aim and purpose of the budget that constitutes the achievement of the objectives through specifically allocated funds as opposed to only focusing on what money is spent on.

However, according to Walter-Steiss and O'C Nwagwu (2014:10), contemporary assessments of public budgeting seldom consider the performance budget format in detail, although some of its attributes, such as formulating budget categories in functional terms and relating work-cost measurements to encourage efficiency and economic performance through prescribed activities, have become integral parts of modern budgeting systems.

3.4.3 Budget principles

The correct application of budgeting can contribute significantly to greater efficiency, effectiveness and accountability within any organisation if a level of synergy exists between the policy direction and the fiscal framework. The budget determines the origin and application of public financial resources and, as stated by Norton and Elson (2002:5), forms an integral part in the process of government, fulfilling economic, political, social, legal and administrative functions. Smith (1944:181) argues that a budget's importance in a democratic setting is aligned to both the legislative and executive management environments according to specific principles, which include the following:

- a. **Publicity.** Public budgeting should be conducted in the open, specifically during the strategic stages of the budgeting process, which include executive recommendation, legislative consideration and budget execution.
- b. **Clarity.** The information contained in the budget should also be comprehensible, particularly when considering low literacy levels in many developing countries.
- c. **Comprehensiveness.** The budget should also include all revenues and expenditures, effectively reflecting all government activities without exception.
- d. **Unity.** Government receipts should be recorded into one general fund for financing all expenditures, with earmarked and special funds preferably being kept to a minimum.

- e. **Specificity.** Legislative appropriations (receipts and appropriations) should be specific and in detail with the transfer of items only being allowed in exceptional circumstances.
- f. **Prior authorisation.** The spending of money (the enactment of the budget) requires authorisation before implementation and it should include estimates for all foreseeable needs, thereby reducing supplementary appropriations as far as possible.
- g. **Periodicity.** Spending should be confined to a specific period of time and any appropriation not enacted by the end of the period needs to roll over or be re-appropriated.
- h. **Accuracy.** Revenue and expenditure estimates should be accurate, with no artificial inflation of expenditure estimates or providing hidden reserves by underestimating revenues.

The application of these principles further emphasise the incorporation of governance principles specified by the International Federation of Accountants (2001) and the Australian National Audit Office (2003) (in Fourie, 2012:129). These principles include accountability, transparency and openness, integrity, stewardship, leadership and efficiency. However, although Smith's (1944) and Fourie's (2012) assessments reflect the concept of good governance, this seemingly utopian standard is sometimes difficult to achieve in democratic environments and calls for the implementation of transparency measures to achieve accountability. Nevertheless, good governance remains important in the implementation of participatory initiatives in any budgeting framework.

3.5 BUDGETING AS A SYSTEM AND A PROCESS

The most important actors in the budgeting process are the legislature and the executive budget office. Their roles nevertheless vary with Posner and Park (2007:1) noting historical, constitutional and political contexts reinforced by legal and procedural aspects as the major influences. The constitutional division of power between states regarding the executive and legislative branches, however, influences the predominant budgeting culture. Considering this, the argument can be posed that

budgeting can be considered both a system and a process as it takes place within a system based on certain procedural arrangements.

3.5.1 Budgeting as a system

Foster (1965:19) opines that budget systems are often referred to as management planning and control systems, where the emphasis falls on planning through control. Based on this assessment, budgeting can be described as both a system and a process, a mutually complementing concept structured to achieve projected objectives through the application of standardised rules and procedures. However, a process cannot develop on its own. When considering the budget process, it requires a structured context in the form of a system that sets the baseline through interactive arrangements from which a process can develop.

The system construct of budgeting refers to the structure and size of a government and the interplay between public and private activities that influences the budget process, with Lee and Johnson (1998:16) describing it as an interactive practice between institutional structures where competing norms and values influence the relationship between actors contesting to produce outputs. This interaction denotes the activities within a system, which according to Hall and Fagen (1956:18), can be defined as “a set of objects together with relationships between the objects and between their attributes.”

Regardless of the prevailing system of government, Allen and Tommasi (2001:19) consider two compelling criteria for governments to perform their assigned roles comprehensively: the proper collection of sufficient resources from the economy, on the one side and the efficient, effective and responsive distribution of these resources on the other. Here, the national budget forms the primary instrument through which these transactions occur, albeit in the strategic framework of public expenditure management (PEM). The PEM is the primary instrument of government policy and, with it being instrumental in nature, there should be a clear distinction between the expenditure policy question of what is to be done and the expenditure management question of how it is to be done.

Accordingly, Allen and Tommasi (2001:19) emphasise three complementary and interdependent objectives obligatory in all budget systems:

- a. **Maintenance of aggregate fiscal discipline.** The effective control of the budget is synonymous to fiscal control. This is accomplished through the introduction of expenditure limits, disciplined financial management, a supportive regulatory framework and policies aimed at achieving government's outlined financial objectives.
- b. **Allocation of resources based on government priorities.** Allocative efficiency denotes the capacity to establish priorities within the budget, to distribute resources accordingly, to redirect priorities, programmes and resources and to address new opportunities aligned with government's objectives. In this context, effectiveness relates to the notion that public money spent on acquisitions and/or investments must have a positive impact within a constructive developmental scenario.
- c. **Promotion of efficient service delivery.** The utilisation of allocated budget resources should be conducted with technical and operational efficiency to ensure the optimal implementation and delivery of goods and services at the lowest cost. Policy formulation and planning should also ensure the timely achievement of objectives.

These objectives can only be achieved within a proper PEM framework. It is therefore imperative that fiscal discipline be maintained to ensure effective PFM. However, the success of any budgeting system to improve fiscal efficiency depends on political will and commitment. According to Allen and Tommasi (2001:22), the political dimension of the budget system is inescapable, notwithstanding the existence of rules and procedures as guiding mechanisms in the policy environment. This contextual view emphasises Petrei's (in Allen & Tommasi, 2001:21) perception that, with the exception of investment projects, "resource distribution amongst programmes is perhaps the least technical part of the budget process" since political office-bearers, as the principal agents, determine budget allocations according to a specific political trajectory and that they "have developed a certain intuition about what people want."

3.5.2 Budgeting as a process

The budget process, as indicated by Isaksen, Amundsen, Wiig and Abreu (2007:vi) includes the political, bureaucratic and technical procedures relating to the

compilation and implementation of the budget. Notwithstanding the policy foundation of any budgeting process, interrelated activities comprise the formulation of priorities, administrative and technical integration by administrative officials, legislative approval, implementation of budget provisions, constant annual revision and auditing.

However, the budget and its interrelated process fulfil a variety of roles. Amans and Villesèque-Dubus (in Amans, Mazars-Chapelon & Villesèque-Dubus, 2012:208) rationalise two important roles of the budget: instrumental and socio-political. The instrumental role, as indicated by Simons (in Amans, Mazars-Chapelon & Villesèque-Dubus, 2012:208) relates to the functions of resource allocation, forecast and diagnosis within the context of strategic planning whereby operational forecast provides the translation of goals into plans to implement control systems to monitor and evaluate results. Amans, Mazars-Chapelon and Villesèque-Dubus (2012:209) state that this dimension of the budgeting environment aligns with the organisational structure, enabling the control of identified results, goals and responsibilities against predetermined standards to identify deviations from performance standards.

The accountability dimension, according to Merchant (in Amans, Mazars-Chapelon & Villesèque-Dubus, 2012:209), consequently relates only to costs that can be influenced. This instrumental role focuses more on the administrative context of the budget as an instrument to execute government policy, effectively emphasising control on outputs. The socio-political role, however, emphasises the execution of so-called political promises whereby, besides having an interactive function, as stated by Argyris and Schön (1974) and Burchell, Clubb, Hopwood, Hugues and Nahapiet (1980) (in Amans, Mazars-Chapelon & Villesèque-Dubus, 2012:209), and a communication and coordination function, as indicated by Chapman (1998), Gervais (1997) and Bouquin (2001) (in Amans, Mazars-Chapelon & Villesèque-Dubus, 2012:209); Cyert and March (in Amans, Mazars-Chapelon & Villesèque-Dubus, 2012:210) indicate that budgets are also constituted as coalitions of interests.

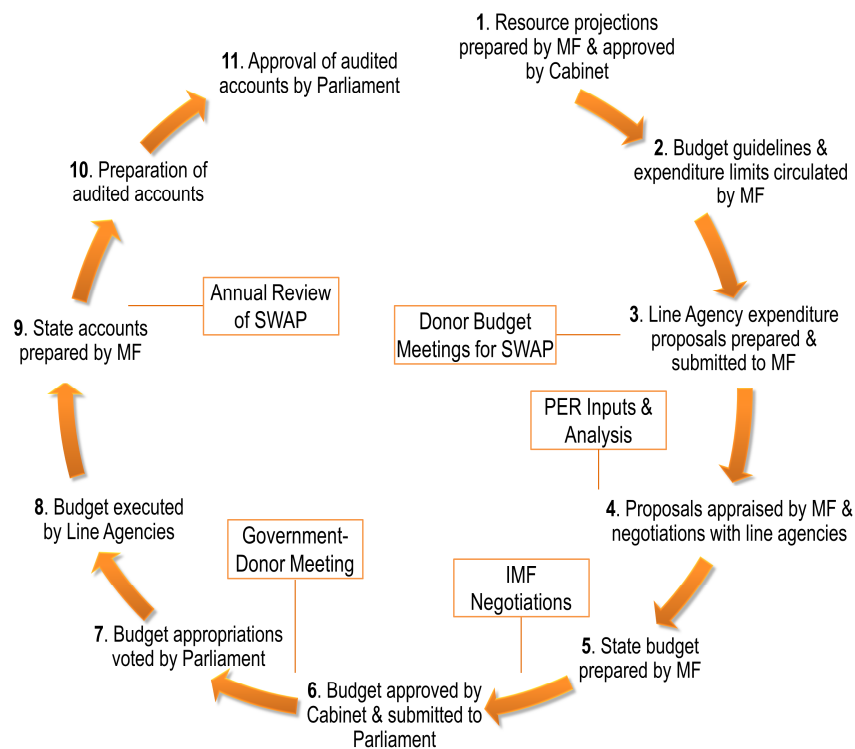
Budget accountability concerns policy directives that aim to achieve specific goals, but where the latter are uncertain within a particular socio-political framework. Budgets can therefore serve as legitimate policy tools to rationalise and justify the achievement of specific political goals. The contextual analysis relating to the normative dimension of the budget in a democratic society, as indicated by Isaksen,

Amundsen, Wiig and Abreu (2007:vi), should also reflect the aims and aspirations of the broader populace by being participatory, transparent and developmental.

3.6 BUDGET CYCLE

The budget process is cyclical and, in most countries, an annual process. Norton and Elson (2002:6) specify two ways in which the budget cycle can be characterised:

Figure 3.2: Westminster/Commonwealth budget cycle



Source: Foster and Fozzard (2000:14).

- a. a strict bureaucratic system where the Westminster/Commonwealth model, indicated in Figure 3.2, advocated by Foster and Fozzard (in Norton & Elson, 2002:7) focuses on the budget itself, outlining the bureaucratic tasks associated with functional stages ranging from formulation to audit and evaluation, with the broader policy process and policy issues as external to the budget process; or

- b. a cyclical system advocated by the World Bank (in Norton & Elson, 2002:9) focusing on the genetic, logical flow of different stages of the policy process, arguing for an integrated policy, planning and budgeting (resource management) cycle evolving through specific stages.

3.6.1 Westminster/Commonwealth model

Budget preparation usually starts with an assessment of gross domestic product growth, domestic revenue and general financial flows. Based on macroeconomic forecasts, the Ministry of Finance then draws up a paper of budget guidelines and structures a baseline argument on which spending departments should prepare their budget bids for the coming financial year. Departments and agencies prepare budget submissions to the Ministry of Finance that reconciles the bids from individual spending departments against the availability of resources.

Following these discussions, the Ministry of Finance then compiles the overall budget consistent with the resource envelope during the year and then submits it to Cabinet. The budget is then presented and debated in Parliament, where after it is published with detailed estimates of expenditures. The formal authority to spend in Commonwealth countries is vested in Parliament through voting mechanisms and upon approval of budget appropriations, resources are released to the different spending agencies. Although overemphasised, Foster and Fozzard (2000:7) emphasise five core aspects relating to the 11-stage budget cycle that requires continuous attention:

- a. **Flexibility of the budget process.** The idealised budget cycle is not unidirectional, with proposals for decisive outputs, such as the overall resource envelope, sector limits and budget proposals subject to constant review and revision, particularly where unforeseen circumstances might influence budget execution.
- b. **Cyclicity of the budget process.** The cyclical process is typically three years, where budget preparation may start a year or more before the current budget year, execution lasts a year, taking a further year to prepare and audit the final accounts. Norton and Elson (2002:6) observe that external factors have a significant influence on the cyclical

process, with post-conflict situations in particular requiring the total reconstruction of the government apparatus and as Foster and Fozzard (2000:7) note, might lead to either incremental and unrealistic budgets, or the acceptance of more than one budget before the final budget.

- c. **Importance of strategy and process.** Developmental initiatives can often not be addressed in an annual budget as this requires sustained implementation policies and reforms over a longer period. The budget cycle therefore needs to be structured within the strategic policy and planning process that provides a detailed assessment of outcomes.
- d. **Information flow and decision-making.** The variety of role-players in the budget process makes it difficult for any one agency to have a clear view of the complete process, especially where only a few departments are involved in strategic stages of the budget cycle. However, the flow of information between departments is not always consistent and this might result in the execution of policies without taking into account appropriate budget alterations.
- e. **Monitoring and evaluation.** These characteristics impede on the closure of the feedback loop. As a planning cycle, the budget cycle requires constant monitoring and evaluation. However, planning often commences with the availability of the most recent data and, consequently, analysts tend to negate the monitoring and evaluation effort in favour of expediency.

Although various factors influence the planning process and eventual compilation of a budget, Foster and Fozzard (2000:18) reason that part of the problem resides in accounts not being consolidated timeously due to "lags in the presentation of data by line agencies and regional authorities [...] and arrears in payments resulting from delays in processing of payment orders by the line agencies."

3.6.2 World Bank/Department for International Development model

According to the World Bank (1998:31), the linking of policy, planning and budgeting across the government sector results in better control of expenditure and greater

efficiency and effectiveness in implementing policies, programmes and projects. De Renzio and Smith (2005:1) concur with this association, particularly in developing economies where scarce resources have to be used effectively and efficiently. The model presented by the World Bank, and emphasised by the Department for International Development (DFID), originated from a failure to link policy, planning and budgeting, with the World Bank (1998:31) arguing that this failure may be the single most important factor contributing to reduced budgeting outcomes at the macro, strategic and operational levels in developing economies.

The World Bank (1998:31) also states that a number of developing economies have fragmented planning and policy systems, with planning often confined to investment activities that rely on sequential donor-funded projects. Existing planning processes already incorporate capital expenditures, whereas recurrent expenditures are pre-committed as a large portion of the wage bill. Annual budgeting is therefore only limited to allocating resources either sparsely across selected investment projects or to the nonwage portion of the recurrent budget. The unpredictability of funding further contributes to poor operational-level performance within public sectors. As stated by the World Bank (1998:31), this is often the result of treating the budget "as an annual funding exercise, not a policy-based exercise" which is exacerbated by the lack of authority and responsibility within the management environment. In this regard, PwC (2010:5) maintains that the traditional broad-based, bottom-up budget forecasts not only consume "enormous amounts of time and resources", but also yields little return value, consequently slowing down the adoption of alternative budgeting methodologies.

Although there are divergent budget processes between countries, most budget processes consist of six generic repetitive stages. These are contextualised by the DFID (2001:11) as follows:

- a. **Policy review.** This relates to a review and evaluation of results relating to public expenditure and may take the form of an annual public expenditure review (PER) or established legislative processes.
- b. **Strategic planning.** The setting of expenditure targets based on macroeconomic projections is typically conducted for a three- to five-

year period and it is within this framework that medium-term policy targets and expenditure priorities are developed and quantified.

- c. **Budget preparation.** During this stage expenditure bids, drawn up within budget guidelines and expenditure limits by the Ministry of Finance, are submitted and scrutinised. This stage culminates in the preparation of the budget by the Ministry of Finance, review by Parliament and legislative approval.
- d. **Budget execution.** Upon approval of budget appropriations, resources are released to the spending agencies to implement expenditure programmes.
- e. **Accounting and monitoring of expenditures and revenues.** During this stage, the level and alignment of revenue and expenditure is scrutinised and aligned with expenditure outputs.
- f. **Reporting and audit.** As a natural outflow from the previous step, reporting and audit provides for the Auditor General (AG) to review compliance with the budget and report to the Public Accounts Committee, where after Parliament is advised to institute corrective actions if necessary.

The World Bank's (1998:32) argument in favour of integrated policy, planning and budgeting relates to the execution of expenditure programmes based on policy priorities and budget realities — core issues in the strategic environment. As with any financial exercise, an effective balance has to be obtained between achievable objectives and available funds. As a framework, a medium-term budgeting approach provides such a balance as it has the potential to harmonise tension between policy objectives and budget realities evident in the budget cycle, allowing spending agencies to plan and manage resources effectively, efficiently and economically within a structured framework.

With the delivery of public services sometimes a contentious issue, particularly regarding the value-for-money approach, good control over public expenditure remains essential. The use of a medium-term perspective on budgeting validates the

use of specific instruments such as MTEFs, a valid vehicle for incorporating policy, planning and budgeting. The intricacy of MTEFs, according to De Renzio and Smith (2005:1), is grounded in the link between short-term macroeconomic objectives and longer-term demands on budget resources leading to "improved policy-making and planning and more efficient and effective service delivery." Equally, the World Bank (1998:34) specifies that an overarching governance framework and institutionalised mechanisms are fundamental in strengthening the synergy between policy, planning and budgeting to facilitate strategic resource allocation decisions.

Although not negating the value or validity of this model, Norton and Elson (2002:6) argue that, while these functional stages can be a useful normative device in an ideal world, complex and pragmatic realities of multiple influences on the budget cycle infringe on its usefulness.

3.7 BUDGETING TECHNIQUES

A variety of factors, such as historical administrative practices, economic development and cultural diversity, often determine the type of budgeting approach to be applied in a country. In addition, countries also have different processes for defining and determining the collection, allocation and spending of public resources and, as indicated by the Overseas Development Institute (in Bloj, 2009:9), the manner in which public resources are utilised is indicative of the achievement of public policies. The theoretical baseline of budgeting approaches also varies in academia.

According to Morgan, Robinson, Barden and Strachota (2002:72), two dissimilar philosophical methodologies contextualise public budgeting: one emphasising the reflection of constituent interest groups through budgets, while the other adheres to a planning and information-driven methodology, contextualising the importance of rational planning, efficiency and effectiveness through budget allocations. Regardless of the budgeting approach, Morgan, Robinson, Barden and Strachota (2002:71) argue that budgeting formats establish rules regulating the process (the decision rules), continuously measuring successes through standards (the rules of evidence).

As discussed earlier, the budget process comprises various repetitive stages within a fiscal or budget year and, although different from a calendar year, has broad long-

term implications beyond that fiscal year, particularly when integrated into medium-term fiscal frameworks. However, some authors, as indicated by Ibrahim (2013:88), have different approaches to the application of terminology, particularly when considering the usage of programme budget or performance budget. Although not refuting the validity of arguments relating to the various contexts, the outcome of any budget approach outweighs semantics and each must define a budget holistically. A pragmatic approach will therefore be followed to contextualise different outcomes-related approaches within the field of budgeting.

Table 3.2 relates Rose's (in Fölscher, 2007a:120) contextualisation of approaches and definitions.

Table 3.2: Defining selected budgeting approaches

Budgeting approach	Definition
Programme budgeting	An early approach that involved the identification of programmes with operational aims whereby costs and revenues were attached.
Output budgeting	A term used to describe the approach to budgeting in the United Kingdom's central government in the 1970s. This approach is broadly similar to performance budgeting.
Performance budgeting	This refers to the linking of the expected results to budgets. It is similar to programme budgeting, except that it emphasises the targeting and measuring of outputs and performance, whereby data is analysed against aims and standards. It is globally used to incorporate a range of specific processes.
Planning-programming-budgeting system	This approach was developed in the United States of America (USA) as a defence budget analysis tool before being applied in all federal agencies.
Management by Objectives	Being a successor to the PPBS, this approach linked agencies' objectives to budget requests. It introduced management responsibility for achieving outputs and outcomes.
Output-purchase budgeting	This is the New Zealand form of performance budgeting where ministers purchase outputs from executive agencies with their available funds.

Source: Rose (in Fölscher, 2007a:120).

3.7.1 Line-item budgeting

Line-item budgeting is an expenditure control approach and universally recognised as a management control tool. Technically referred to as object code budgeting, expenditure code budgeting or incremental budgeting, line-item budgeting was introduced in the early 20th century as a measure to decrease political corruption.

According to Morgan, Robinson, Barden and Strachota (2002:77), the intention was to manage public money from the point of appropriation to the point of expenditure through the introduction of detailed object codes and individual items of expenditure. According to Wanat (in Ibrahim, 2013:88), lump-sum allocations to communities or institutions was commonplace before the introduction of this approach. By linking codes to expenditure items and allocating set-funds to the accomplishment thereof, expenditure could be controlled to a certain degree, with Morgan, Robinson, Barden and Strachota (2002:77) stating that the approach's value in promoting financial accountability resulted in it becoming a commonly used budgeting format throughout the public sector.

However, line-item budgeting embodies several impediments to promoting efficient and effective public planning and management. According to Shah and Shen (2007:139), line-item budgets only emphasise inputs, provide information on the amount of money spent as opposed to the objects of spending, do not link inputs with outputs, incline to focus decision-making on details rather than efficiency and lead to micromanagement by central budget offices as opposed to cultivating managerial discretion.

3.7.2 Programme and performance budgeting

The programme and performance budgeting system, as indicated by Ibrahim (2013:91), emerged from the rigidity of line-item budgeting against the background of increasing government commitments in a changing socio-economic environment. Fourie (2012:126) also emphasise the subsequent reworking of service delivery initiatives to produce high-quality public services as not to be “criticized for being inefficient”. According to Morgan, Robinson, Barden and Strachota (2002:83), the implementation of programme budgets structure traditional expenditure categories depicted in line-item budgets into larger units of activities performed by an agency or managed by a programme, with the purpose of underscoring the units of activity that the object codes support. Budget officials and economists, in particular, view programme budgeting as a framework guiding resource allocation decisions, while political office-bearers, appointed officials and scholars within the field of public administration reason that it is primarily a vehicle for operationalising performance management in the public sector. Ibrahim (2013:90), however, reasons that

performance budget and programme budget are two sides of the same coin, although sometimes being classified as separate concerns.

Ibrahim (2013:91) conceptualises programme and performance budgeting by stating that "... the idea behind the programme and performance budget approach is, first, to propose that money distribute — customarily — to different departments according to specific types of expenditure ... (line-item); be spent, secondly, according to the developed, detailed listing of all activities of the whole organisation or department ... (programme); in order to perform — thirdly — a listing of specific work in return ... (performance)." Based on this analysis, Ibrahim (2013:91) deduces that an accurate programme and performance budget approach incorporates two components: detailed programmes and expected performance.

3.7.2.1 Programme budgeting

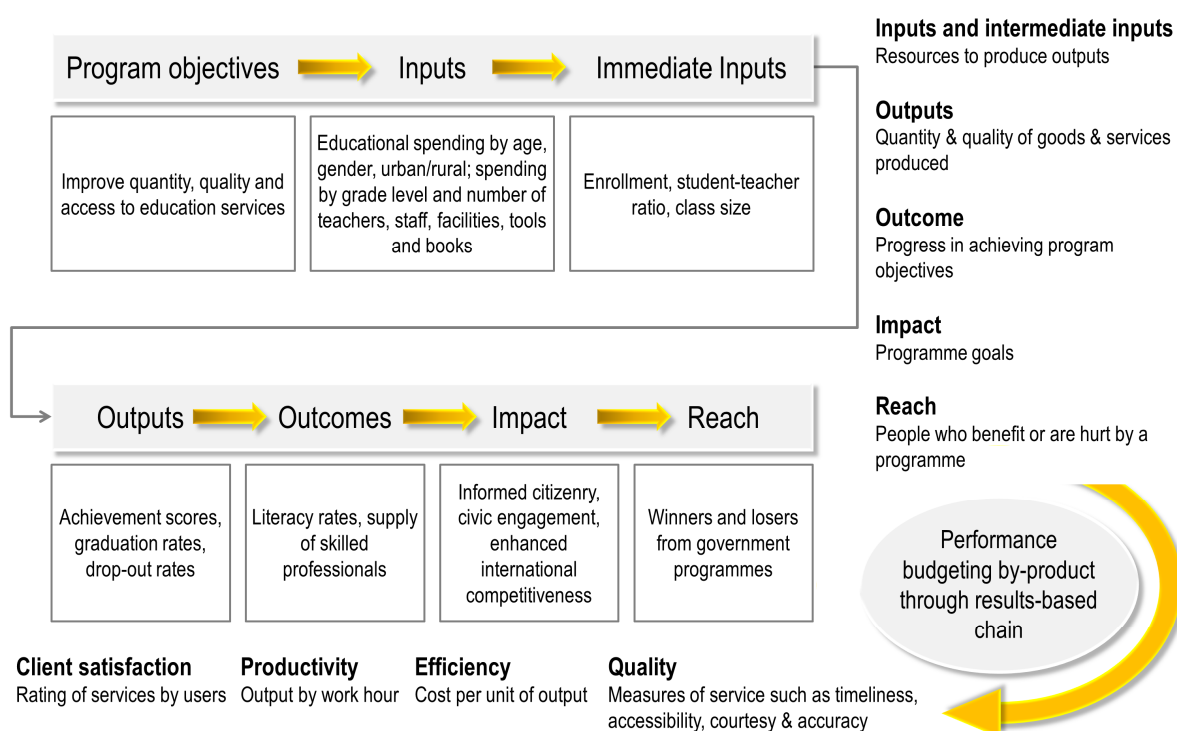
Programme budgeting developed from the realisation that budgeting should also concern the planned achievements of governments and not only focus on the planning of inputs. Some advantages of programme budgeting, according to Ibrahim (2013:92), include direction-setting based on the clarity of activities, rationality in spending, ease of review and approval methodology, effective control of money, shaping policies into objectives and integrating the budget more closely with programmes. However, there are clear disadvantages of relying primarily on programme-based budget information. According to Morgan, Robinson, Barden and Strachota (2002:85), insufficient detailed line-item historical information can obscure sub-programme changes and information on the efficiency of a programme's operation. Additional disadvantages, according to Ibrahim (2013:94) include reluctance to change, problematic conceptualisation of definitions, difficulty in obtaining accurate and pertinent data and difficulty in determining an accurate timeline of costs and benefits.

3.7.2.2 Performance-based budgeting

According to Shah and Shen (2007:143), PBB, as depicted in Figure 3.3, relates to a system of budgeting that "presents the purpose and objectives for which funds are required, the costs of programmes and associated activities proposed for achieving those objectives, and the outputs to be produced or services to be rendered under

each programme.” Morgan, Robinson, Barden and Strachota (2002:98) expound that PBB denotes any number of budgeting formats aimed at integrating the measurement of results and that, unlike programme budgeting where the goal is to assemble and budget to structured objectives, PBB systematically incorporates the measurement activity with the goal to utilise the results of this measurement to allocate public resources. Despite the fact that performance budgeting presents certain advantages, Ibrahim (2013:92) refers to specific disadvantages that have to be taken into account. These include the opportunity to inflate expenditures, the non-achievement of participation at all levels, difficult performance standards that might not be measured accurately, stated objectives that may not reflect citizen's needs and the possible negation of alternative approaches to task accomplishment.

Figure 3.3: Performance budgeting results chain



Source: Adapted from Shah and Shen (2007:143).

3.7.3 Zero-based budgeting

ZBB requires agencies to conduct their budgeting decisions without previous baseline considerations, essentially starting the budgeting process with a clean slate and with only an allocated amount of money. According to Fölscher (2007a:122),

ZBB assumes a zero base at the beginning of each budget cycle and all spending agencies are required to develop new requests for funding based on a complete analysis of envisaged programmes. Although agency planning starts anew with every budget cycle, prescriptions guide the process. With spending agencies, for instance, being broken down into decision units such as programmes, sub-programmes and/or institutions, Mengistu (in Fölscher, 2007a:123), notes that each decision unit develops specific decision packages that describe funding levels, activities, resource requirements and objectives. These packages are then ranked in order of priority before an operating budget is prepared, where after specific decision packages are then selected by the decision unit.

With distinctive strengths and weaknesses, Ibrahim (2013:88) states that the different budget approaches cannot be applied indiscriminately to any given situation or financial environment and that the operational environment of the organisation would likely determine the type of approach to be utilised. However, although unique with specific strengths and weaknesses, none of these approaches can be regarded as a complete solution when considering budget deficiencies and a solution likely depends on the type of objectives to be achieved and the inherent contextual construct of the organisation within a particular environment.

3.8 A CONSENSUS ON KEY ISSUES RELATING TO THE BUDGET

Steiss and O'C Nwagwu (2014:1) argue that budgeting involves the specific or systematic evaluation of preceding commitments and consequences in relation to anticipated outcomes or accomplishments. The budget itself, as indicated by Snyder (in Steiss & O'C Nwagwu, 2014:1), forms the financial articulation of planned government activities by considering revenue and expenditures and, as Norton and Elson (2002:5) describe, once approved, authorises the government to initiate policies to achieve certain goals.

Therefore, while budgets aim to contextualise planned objectives in financial terms, there remains a difference in emphasis, target groups and objectives, especially when considering the role of civil society in local government budgeting. There is an emerging consensus on important issues relating to the analysis of the budget process. According to Norton and Elson (2002:6) these issues include:

- a. the incorporation of policy and planning into the budget planning process with a specific emphasis on promoting real results or outcomes as opposed to issues of economy or efficiency alone, which are means rather than ends in themselves;
- b. an understanding that the process of resource allocation is more politically inclined than technocratic and that political objectives and the political process in particular, should form part of budget analysis;
- c. a holistic understanding of public expenditure systems that cannot be separated from macroeconomic and revenue issues that determine the allocation of funds within the broader developmental framework; and
- d. the actual allocations that translate neither automatically nor accurately into budgetary outcomes and that the process whereby budget execution takes place actually determines what money is to be spent and by whom.

Kim (2006:188) also argues that a good budget classification system, in particular, should contextualise the following:

- a. **Legislative arrangements.** Legislative arrangements must provide a structure for the approval of the government budget.
- b. **Administrative considerations.** All responsible role-players in the public financial environment should be clearly identified and include those within the executive branch, particularly central agencies such as finance, planning or budgeting ministries, as well as line ministries and spending agencies such as government organisations.
- c. **Financial clarity.** The central arrangement resides in the financial dimension to facilitate government budgeting, accounting, reporting and auditing through the detailed classification and integration of revenues and expenditures into the government's accounting framework.
- d. **Analytical preciseness.** An analytical capability must be in place to scrutinise the impact of government transactions in the macroeconomic

environment (macro-fiscal analysis) and intervening mechanisms in the policy and programme environments through regulatory activities.

- e. **Managerial decisiveness.** The utilisation and improvement of resources aimed at delivering government objectives have to be properly managed and, should additional performance indicators be required, meaningfully developed.

To address these requirements, Kim (2006:189) emphasises the selective utilisation of specific budget types or classification systems, particularly the functional budget, organisational or administrative budgets, programme, operational or structure budgets and input, object, economic or accounting budgets, with the latter often being referred to as economic classification budgets.

Norton and Elson (2002:6) further stipulate that the consensus on the budgeting and PEM frameworks has resulted in an increasing awareness on a range of operational priorities required to strengthen PEM processes. First, to be effective as an instrument of political accountability and socio-economic developmental concerns, the budget (including the budget process itself) should be universal and integrated. Second, the budget process should be aligned within a broader policy and planning process to ensure equitable public accountability. Third, the policy environment must be well-defined and there must be a clear national strategy to improve the effectiveness of PEM. Fourth, systems must be in place to manage, monitor and evaluate the recording and reporting of expenditures to assess its alignment with broader policy objectives relating to budget allocations and targeted expenditures. Lastly, transparency and openness in the management of public expenditures remain paramount in the establishment of effective political and public accountability.

3.9 CONCLUSION

The above analysis presented decentralisation as a prerequisite for budgeting processes at the local government level, particularly when considering fiscal decentralisation and the opportunities presented for public participation. Governance and decentralisation form a symbiotic relationship and, within democratic societies at least, creates opportunities for constructive engagement. However, decentralisation only provides a framework for policy enactment and, should these policies not be

effective, or at least address critical developmental issues arbitrarily, structural adjustments will likely fail. The budgeting construct, in particular, also denotes specific principles and, although being assessed in general, provides a clear framework for the budgeting activity at the local government level. The budget can be described as both a system and a process, with strategy and direction being determined through the broader macro environment (system), whereas organisational dynamics, in particular, affect local government budgeting activities (process). This has a direct influence on PB processes and public participation initiatives. The different budgeting techniques were also highlighted, with programme and performance budgeting remaining the fundamental processes for PB activities.

The following chapter will focus on the participatory dimension of budgeting with specific reference to the classical interpretation of public participation in a democratic context and PB, focusing of public participation in the budgeting process. The social accountability and trust paradigms will also be discussed where after a detailed analysis of prerequisites and frameworks relating to public participation will be provided. The argument in favour of PB concludes with an analysis of existing models, notwithstanding their partial acceptance in the international environment.

CHAPTER 4: PARTICIPATORY DIMENSION OF BUDGETING

4.1 INTRODUCTION

This chapter will argue the meaning, role and function of public participation as part of the accountability paradigm in the budget process. There is, however, an important conceptual difference between public participation and PB. Public participation denotes broad participatory practices in democratic dispensations and does not necessarily include PB. Public participation in general is, however, an important primer towards the realisation of participatory practices in budgeting processes. Democratisation and democratic practices have been institutionalised in a number of countries since the early 1990s, the extent of which is visible through the construct of participatory activities in several developing economies, notwithstanding the improvement of existing participatory practices in developed economies. Although public participation involves community decision-making as part of the broader governance imperative, structures and processes differ across decentralised governments, especially in identifying priorities, resource allocation, involvement in developmental initiatives and the monitoring and evaluation of existing projects.

This chapter will contextualise the role and function of civil society in both generalised and specialised participatory activities. The accountability dimension of governance will also be assessed in relation to decentralised governance and participatory democracy.

4.2 PUBLIC PARTICIPATION AS A DEMOCRATIC IMPERATIVE

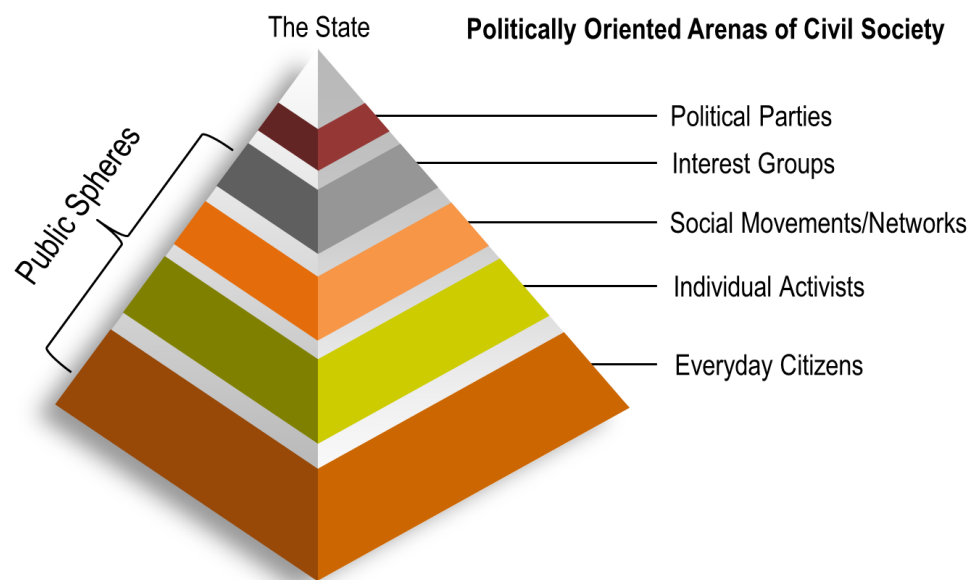
Public participation can be regarded as democracy in practice, with theories of community participation in governance-related activities of public institutions having received extensive academic attention, particularly in relation to the need for and influence of participatory activities. Frequently, the study of this subject field denotes areas related to civil society, participation and engagement.

4.2.1 Contextualising civil society

Even though civil society, as indicated in Figure 4.1, is a widely used term, it is a complex concept with Paffenholz and Spurk (2006:2) stating that there is no

commonly agreed definition. Its contextual classification also results in various interpretations. Hendriks (2006:488) concurs that the concept itself is highly contested and frequently used interchangeably with terms such as the public sphere and/or community. The National Democratic Institute (NDI) provides an appropriate definition in this regard. According to the NDI (2009:10), civil society refers to “all sorts of voluntary collective activities organised around shared interests, values and objectives [with diverse activities such as] supporting independent education, or affecting public policy [where] citizens may come together outside of government to inform, bring pressure to bear on, or reinforce policies.”

Figure 4.1: Civil society and public spheres



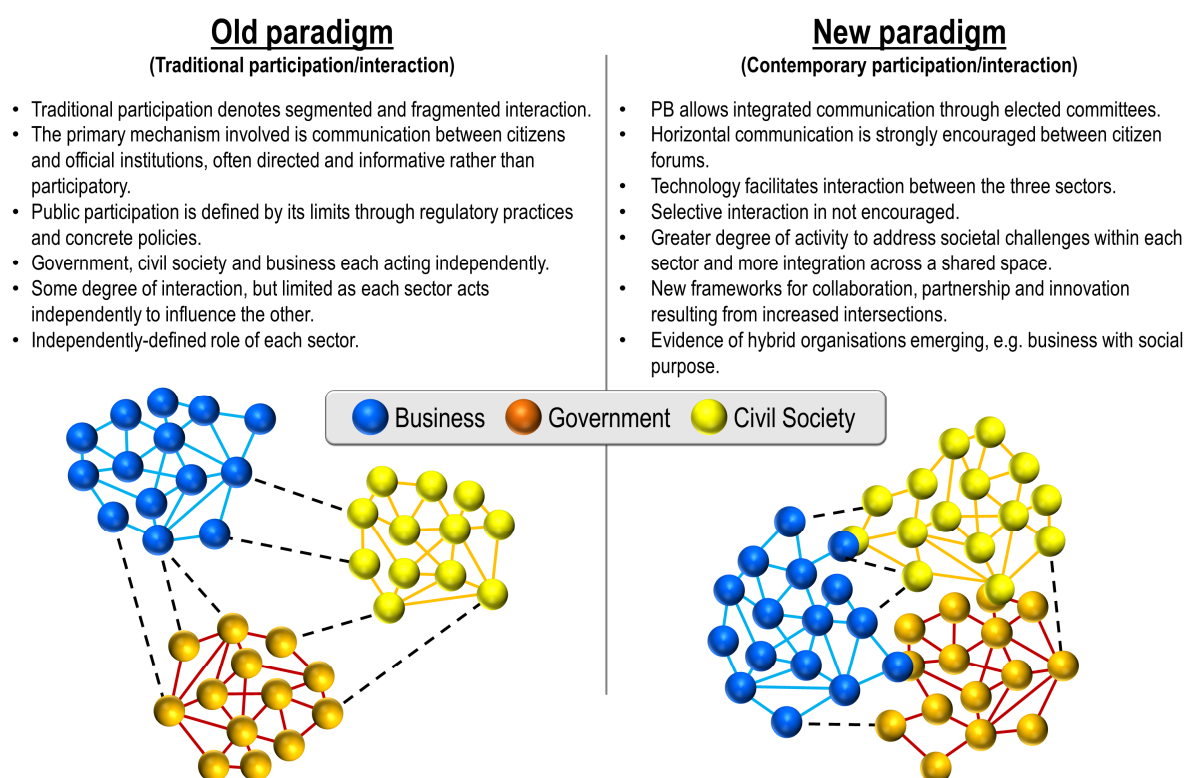
Source: Adapted from Hendriks (2006:490).

Merkel and Lauth (in Paffenholz & Spurk, 2006:2) indicate that civil society is the interactive arena of voluntary, deliberative, collective actions relating to shared interests, purposes and values and that it is not a unique sector, but a space between societal sectors governing the relations between formal and informal societal institutions or environments. The Centre for Civil Society, London (in Paffenholz & Spurk, 2006:2) also refers to civil society as a separate entity in relation to the three main collective sectors of society - state, business and family. Glasius (in Paffenholz & Spurk, 2006:2) further indicates that some authors argue that the family belongs to

civil society, while others contextualise business as part of civil society as opposed to it being a unique sector.

Against this background, Croissant (in Paffenholz & Spurk, 2006:2) categorises government machinery as part of the political dimension, market-related activities and business interests as part of the economic dimension and private interactions as part of the private dimension. With this comprehensive classification, role-players' interests and activities essentially overlap in a separate space. Although the unique roles and responsibilities of these sectors can be classified rationally, a prominent distinction in the 21st century is problematic, particularly in view of technological advances in the fields of communication and commerce.

Figure 4.2: Changing paradigm of public participation



Source: Adapted from World Economic Forum (WEF) and KPMG International (2013:10) and Sintomer, Herzberg and Allegretti (2013:10).

Figure 4.2 illustrates this changing phenomenon where civil society can be described as an integral part of the traditionally associated separate concepts relating to the

government and business sectors. Paffenholz and Spurk (2006:2) summarises both approaches in a practical definition or comprehension of civil society where:

- a. institutional structures, distinct from the State, govern civil society as a sector of voluntary action and that, in practice, the boundaries between these sectors are complex and indistinguishable;
- b. a diverse set of voluntary organisations are autonomously organised, often with varied interests, to interact in the public domain; and
- c. as an independent entity, it is orientated towards and interacts closely with the State and the political sphere.

Fundamentally, the contextualisation of civil society broadly refers to the formal and informal interactive networks within and outside the recognised government establishment concerning the achievement of a common set of interrelated goals.

4.2.2 Public participation and engagement

Conceptualising civil society also emphasises the contextual arrangement of public engagement. Edwards (in Paffenholz & Spurk, 2006:3) argues that, being highly diverse, complex and contentious, civil society intercession is often perceived as a panacea to social, economic and political problems, particularly in, as Bäckstrand (2013:1) argues, “promoting deliberation in a transnational public sphere along principles of deliberative and discursive democracy.”

However, according to Öberg and Svensson (2012:246), recent indications, are that the political context of civil society, in Western Europe at least, has changed considerably and may “produce a decline in the integration of civil society into political life.” Welzel, Inglehart and Klingermann (in Öberg & Svensson, 2012:252) argue that changes in this regard could be ascribed to the increase of free choice and individual control based on the excess of individual resources and a resoluteness to obtain values such as self-reliance, self-realisation, autonomy and emancipation.

Notwithstanding these developments, participation has become a significant concept in developmental initiatives with governments, international organisations and NGOs increasingly insisting upon participatory approaches to achieve common objectives.

Additionally, participation is often framed according to the context of the governing environment and interrelated policies sanctioning participatory endeavours. Public participation processes also vary in form and degree throughout the world and, regardless of the context in which these activities take place, the aim of participation is to involve stakeholders in the decision-making process. The process of community consultation, participation and empowerment, as noted by the Department of Provincial and Local Government (DPLG) (2007:56), is sometimes inundated with conceptual and practical challenges, albeit in view of the changing relationship between citizens and governing institutions where each fulfil a particular role in relation to the achievement of statutory objectives.

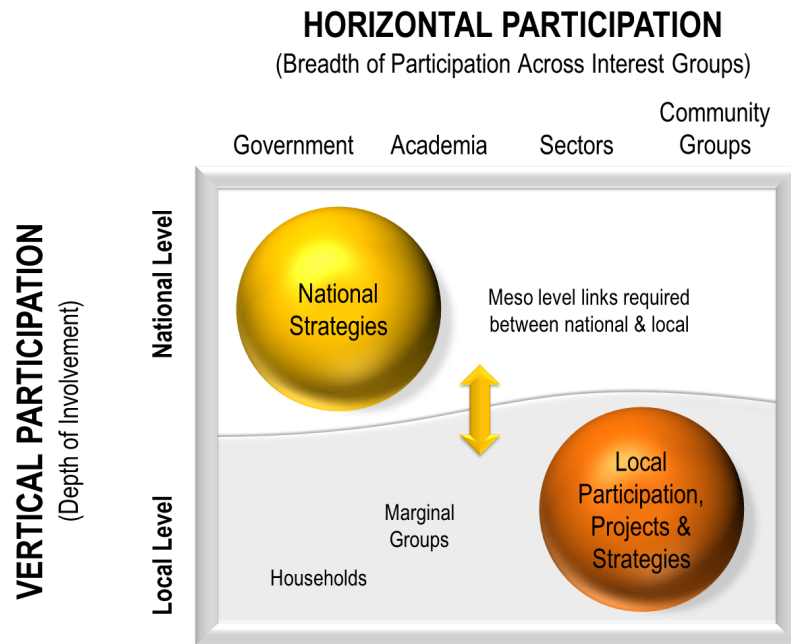
As a concept, participation is often defined according to differences relating to its field of application. Havel (2007:1) states that participation is, for some, a matter of principle, while for others, an end in itself. With both having merit, conceptualising participation remains important. The World Bank (1996:xi) defines participation as a “process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them.” Bhatnagar and Williams (1992:12) define the concept from an information perspective where participation “is a function of information through which people can come to share a development vision, make choices and manage activities.”

The DPLG (2005:1) also upholds that, within the South African context, public participation has been defined in ways to either shape local capacity and self-reliance or to maintain and justify the execution of State influence and power. Participation can therefore be conceptualised as a process through which various stakeholders influence and share control within the policy process, from conceptualisation through resource allocation to the access of goods and services. Rahman ([sa]:2) indicates that it shares the continuum from information acquisition to decision-making with various intermediate interpretations dictated by any prevailing scenario.

Within the framework of deliberative democracy, public engagement, as depicted in Figure 4.3, relates to both the role of citizens in relation to the broader societal sectors and to the deliberative engagement process to solve communal problems, according to Carcasson and Sprain (2010:3), as “taxpayers, consumers, constituents or voters.” A contextual classification provided by the NDI (2009:9) essentially defines

public engagement as the "involvement in or commitment of citizens and citizens' organisations [in] the political or community process as they fulfil their rights and responsibilities."

Figure 4.3: Public participation and interactive dimensions



Source: Bass, Dalal-Clayton and Pretty (1995).

4.2.3 Incorporating public participation in government affairs

Sometimes there is uncertainty about when and how to involve citizens in the broader process of decision-making. However, Callahan and Kloby (2009:155) state that evidence from international case studies already indicates that an active and engaged citizenry is likely to positively contribute to community initiatives and the quality of policy outcomes. Putnam (1995) and Onyx (2000) (in Callahan & Kloby, 2009:156) also refer to research that indicated that communities with higher levels of social capital and an active citizenry also have higher-performing governments, which are inherently more responsive to the public they serve. In this context, the correlation between participation, social capital and government response can be emphasised as three critical factors in a functioning democracy. Reasons for

inclusive policy-making are numerous and well documented throughout literature. Callahan and Kloby (2009:157) provide three important reasons:

- a. the need to determine public interest, effectively determining their priorities and preferences as these values might impact positively on the political/policy decision-making process;
- b. to improve the quality of decision-making by including local knowledge and experience that might lead to better outcomes; and
- c. to promote openness and accountability that effectively encourage fairness and justice.

These reasons are becoming increasingly important due to the rapid evolving geographical expansion of societies, their migration to urban areas and the increased use of technology to communicate. A compounding factor arguing the advantages of inclusive policy-making, as stated by Callahan and Kloby (2009:158) relates to the administrative dilemma where governments are becoming larger and more distant from their constituency, the outsourcing of programmes and services to third-party providers and a total diversification in society itself.

4.2.4 Social accountability and trust paradigms of public participation

The participatory dimension of good governance aims to bring government closer to the people notwithstanding the environmental dynamics of civil and political differences between countries. Public engagement, as indicated by Tanaka (2007:140), creates mutual benefits that include an informed citizenry and crowdsourcing where public officials can acquire constituency knowledge to construct effective and responsive government. Its success, however, depends on accountability and trust as two important pillars of participatory democracy and, without actively propagating these features, Tanaka (2007:140) argues that citizens might become apathetic, cynical or even mistrustful of government.

4.2.4.1 Social accountability and public participation

Accountability denotes two inclusive, yet separate spheres: administrative conduct, referring to customary administrative dealings, and social accountability, depicting the

interaction between political office-bearers, appointed officials and civil society in the socio-political environment. According to Cloete (1998:98), accountability can be considered as either the consequence of a specific contract (job or work) or the conduct of an individual resulting from tangible or intangible interaction. In the public sector accountability can therefore be described as an obligation on the part of political office-bearers and appointed officials at all levels to report (account for) the usage of public resources and to answer for failing to meet determined performance objectives.

As part of the public engagement construct, Malena, Forster and Singh (2004:3) argue that social accountability can be considered "an approach towards building accountability [that] relies on public engagement [where] ordinary citizens and/or civil society organisations will participate directly or indirectly in exacting accountability." Public demonstrations, protests, advocacy campaigns and investigative journalism often characterise the participatory approach in democratic systems.

As a process, Sarker and Hassan (2011:385) contend that social accountability results from the limitations of traditional vertical (elections) and horizontal (political, administrative, fiscal and legal) interactive mechanisms due to their limited role in addressing the accountability requirement when considering the size and complexity of modern societies and the periodic interface of these interactions between the State and civil society. According to Sarker and Hassan (2011:385), the intensification of the social accountability argument originates from four important developments:

- a. the change in the global public governance system where private and public institutions now augment the role of the state;
- b. the periodicity of elections that is perceived as insufficient in addressing the concerns of the broader citizenry;
- c. the inability of horizontal institutions to oversee the entire spectrum of government operations; and
- d. the market approach as it assumes that rent-seeking public officials should also be subject to market-related principles and practices to ensure responsiveness.

Improved public performance, and by implication service delivery, is a universal concern. As an objective of most national strategies or development plans, the social accountability paradigm within the governance construct directs the satisfactoriness levels of public performance in any democratic dispensation. According to Sarker and Hassan (2011:382), "accountability is not only a hallmark of democratic governance, [but] an essential element for improving the performance of public officials", while Jayal (in Sarker & Hassan, 2011:382) state that all facets of good governance depend on the accountability paradigm.

Social accountability is important and, in addition to different international approaches that have evolved to contextualise the meaning and purpose of accountability, Sarker and Hassan (2011:382) argue that society-based approaches through various public engagement forums still provide the most direct influence to shape public accountability. These approaches consist either of supplementary processes, where a government's accountability mechanisms already exist, or through formal public engagement practices when public institutions do not function optimally.

Without either type of accountability, activities involving the use of public funds will likely result in disorganised actions, resulting in what Ackerman (2004:3) refers to as corruption, clientelism and capture as the three fundamental threats to the institution of good governance. Corruption, according to Rose-Ackerman (in World Bank, 2005:4) not only leads to the direct engagement of individuals and bureaucrats themselves, but also distorts markets and hampers service delivery. According to Fox (in World Bank, 2005:4), clientelism constitutes the unfair channelling of public resources to specific client groups, simultaneously altering the dynamics of political competition negating good service delivery. Stigler (in Ackerman, 2004:3) argues that capture relates to the provisioning of rents to specific economic actors, altering markets and worsening the position of consumers, workers and the environment in relation to corporations.

4.2.4.2 Trust and public participation

Trust, according to Tommasoli (2007:56), refers to "the process by which government policies are carried out through the cooperation of citizens with public officials." According to Wang and Wart (2007), in addition to traditional political participation,

such as voting and legislative lobbying, public participation serves as a foundation of democratic theory and aims to consolidate public trust where government agencies are expected to perform their tasks according to specific predefined standards. However, Wang and Wart (2007:266) argue that trust does not necessarily refer to the public's attitude towards specific tasks or objectives of government agencies, but rather "a broader sense of public belief that officials are bearing and sustaining their moral, societal, and fiduciary obligations."

Trust, however, is not a straightforward concept within the participatory environment according to Wang and Wart's (2007) trust construct, which negates Creighton's (1981) and Lando's (1999) (in Wang & Wart, 2007:266) assumption that trust is an exclusive outcome of public participation when conducted effectively and efficiently and King, Feltey and O'Neill-Susel's (1998) and Plein, Green and Williams's (1998) (in Wang & Wart, 2007:266) assumption that, inviting public participation is always done in good faith. The model presented by Wang and Watt (2007) concedes that trust and its inherent relationships remains complex, especially when considering the spectrum of government activities, responsibilities and opportunities, including oversight in the form of monitoring and evaluation. Essentially, Wang and Watt (2007:267) divide trust into two broad categories: regulatory oversight (the policy level) and administration (the operational level). Interactive trust relationships between government agencies and the broader citizenry are built between these two categories.

However, the political landscape is often characterised by unpopular activities and condescending behaviour from political office-bearers and public officials, particularly when considering issues such as corruption, crime and inadequate/inconsistent social services. Trust in established democratic political institutions is therefore imperative since it can serve as political currency when difficult decisions require implementation. Furthermore, Barnes and Gill (in Arizti, Brumby, Manning, Senderowitch, Thomas & Smithers, 2010:57) argue that short-term incidents affect trust and, should these be stimulated through continued media coverage, might form a cognitive construct in the human mind, creating the possibility of endorsement through collective memory.

Trust in government matters and, as part of good governance, governments and citizens have a reciprocal relationship commonly referred to as the social contract. Arizti, Brumby, Manning, Senderowitch, Thomas and Smithers (2010:51), for instance, argue that this relationship is central to economic development given the centrality of laws, regulations and revenue demands from the government on one side and service delivery demands and willingness by the citizenry to comply with these statutes on the other. The lack of trust in government can, according to Arizti, Brumby, Manning, Senderowitch, Thomas and Smithers (2010:51), “weaken the social contract and lead to citizen and firm [industry] disengagement from the State.” This has the potential to affect the entire socio-political spectrum if segments of civil society choose to circumvent government services and practices in favour of more market-related options to achieve specific outcomes. The significance of public participation and the trust dynamic is emphasised by Rose (1999) and Yankelovich (1991) (in Mizrahi, Vigoda-Gadot & Cohen, 2009:8) who contend that public participation and involvement on the communal/political level may increase trust in administrative agencies based on interactive processes where citizens can assimilate policies through inclusive information-sharing practices.

4.2.5 Considerations for effective participatory frameworks

The importance of effective and quality participation cannot be understated. Authors such as Carson and Gelber (2001) and Wilcox (1994) stipulate procedural considerations and important issues to consider ensuring effective and efficient participatory frameworks. Carson and Gelber (2001:9) specifically focus on procedural principles such as aptness, inclusivity, interactivity, effectiveness and flexibility, while Wilcox (1994:4) denotes definite anticipatory factors that need to be addressed. These include:

- a. **Level of participation.** Although Wilcox (1994) does not negate Arnstein’s (1969) categories of participation, five supplementary stages (or rungs) are proposed as levels of participation. These include information, consultation, deciding together, acting together and supporting independent community interests.

- b. **Initiation and process.** Any planned process requires some initiation trigger, either through leadership structures in the organisation, policy initiatives by government or a campaign. Edelenbos and Klijn (2005:431) also emphasise the importance of initiation and confirmation, where the former relates to the establishment of interactive processes between political office-bearers and the broader citizenry.
- c. **Control.** As part of the participation process, control refers to the extent to which the organisation or interest group can influence the outcome of the process, while considering different levels of control throughout the process relating to all actors and agendas involved. Dryzek (in Abelson, Forest, Eyles, Smith, Martin & Gauvin, 2003:241) reiterates the importance of control where the deliberative turn “represents a renewed concern with the authenticity of democracy, [where] the degree to which democratic control is substantive rather than symbolic and engaged by competent citizens” determines its value.
- d. **Power and purpose.** The comprehension of power and purpose is a fundamental prerequisite to all participatory processes. The power dynamic and purpose of the participatory process, commonly structured around information, the availability of funds, perceptions, confidence and/or skills, should be clearly defined to allow the objective participation of all role-players. Innes and Booher (2004:421) argue that citizens, as stakeholders in any participatory arrangement, still have the right to participate, however, “in reality the powerful and the organised drown out their voices and succeed in private deal-making processes.” With Gruber (1987) and Schumpeter (1942) (in Innes & Booher, 2004:421) contending that although planners and public officials may accept the democratic imperative, they are often sceptical about participation.
- e. **Role of the practitioner.** As the persons most concerned with the outcome of the participatory process, practitioners control much of the process and they should continuously be aware of their role to ensure

an optimised process of interaction. The role of the practitioner should be perceived as authentic engagement, rightfully stated by King, Feltey and O'Neill-Susel (1998:320) as “ongoing, active involvement, not a one-shot deal, not just pulling the lever ... it needs to go out and reach out to every part of your community, however defined.”

- f. **Stakeholders and the community.** The term community encompasses a complex range of interests, particularly when considering the role-players' representation as community leaders, local government officials or specific interest groups, even, as Bingham, Nabatchi and O'Leary (2005:552) suggest, quasi-legislative new governance processes such as public conventions, citizen juries, study circles and other forms of deliberation processes as policy areas *per se*.
- g. **Partnership.** The congenial interaction of different interests, either formally or informally, is essential towards achieving the objectives of any participatory effort. Furthermore, while considering the difference in skills, power or influence, is likely to build trust and commitment over time. King, Feltey and O'Neill-Susel (1998:320) relate that the achievement of successful participatory discourse is the “need to have a partnership [...] by being sensitive that other people do have an agenda [...] but everyone should gradually come together.” Authentic partnership, therefore, requires that all stakeholders focus on both process and outcome.
- h. **Commitment.** Instilling commitment from the outset of the participatory process can sometimes be difficult, especially when considering that interests and objectives relating to the outcome might differ considerably. Incorporating all stakeholders at the beginning of the process and providing them with clear tasks and objectives might lead to commitment through a sense of achievement.
- i. **Ownership of ideas.** A fundamental danger in any participatory activity is the enforcement of ideas to achieve specific objectives. All stakeholders have to be provided with the opportunity to participate

equally within the context of the mandate to generate and test ideas and, should there be some constraints, negotiate an acceptable construct to achieve outcomes.

- j. **Confidence and capacity.** Instilling confidence and developing capacity is paramount towards the achievement of objectives. Minding the different skills levels and the confidence of the stakeholders in the process, capacity building need to be advocated and practised to develop confidence and trust, not only amongst those involved in the process, but also in the process itself.

André, Enserink, Connor and Croal (2006:2) also argue that participatory frameworks need to be aligned according to principles that should be:

- a. **Adapted to the context.** The entirety of environmental influences such as social institutions, values and culture should be taken into account when considering the tabling of new initiatives or proposals.
- b. **Informative and proactive.** Recognising the public's right to information at an early stage enables parties to establish a meaningful and understandable baseline to launch participatory initiatives.
- c. **Adaptive and communicative.** Diversity in terms of demographics, knowledge, power, values and interests should be recognised and supported through a set of accepted rules to ensure optimal interaction.
- d. **Inclusive and equitable.** The interests of all stakeholders, including marginalised groups, need to be taken into account to ensure equity between present and future processes in relation to sustainability.
- e. **Educative.** Participative processes should also be educative by contributing, recognising and understanding the values, interests, rights and obligations of all stakeholders.
- f. **Cooperative.** Promoting cooperation, convergence and consensus should be the foremost consideration within a framework structured to address conflicting perspectives.

- g. **Imputable.** Recognising participatory initiatives, especially contributions regarding proposals or initiatives, remains an important aspect of participatory frameworks.

Wilcox (1994) and André, Enserink, Connor and Croal (2006), consequently, emphasise the importance of co-opting community members in the planning process, especially during the pre-planning stage where the unique needs and aspirations of the community can be incorporated into the broader participatory framework. Considering the importance of inclusion and the development of capacity, Tsenoli and Reddy (in Van Rooyen, 2003:129) further argue that democratic local government and sustainable development, with reference to South Africa, can only be effectively realised when sufficient resources and technical skills are provided to ensure that development is people-driven. Access to the planning process also needs to be managed appropriately by developing a strategic and integrated approach based on social dialogue. According to Ratnam and Tomoda (2005:3), social dialogue comprises the sharing of all relevant information, consultation and negotiation between representatives of government and, by implication the broader community, regarding policy issues that might affect all stakeholders. Although the concept social dialogue has broad and different meanings worldwide, it remains imperative that it should take place at all appropriate stages of the decision-making and planning process; not be overly prescriptive; be adaptable according to the specific situation; and include those that are affected by changes or decisions.

It is important that community participation does not negate due process — the specific decision-making capacity of elected, accountable public representatives. Community participation through social dialogue should be seen as a process of assisting these representatives in conducting the most effective and efficient decisions. Social dialogue, therefore, remains a powerful tool for finding concrete ways of establishing and maintaining social cohesion, simultaneously improving governance.

4.2.6 Mechanisms of public engagement to enhance accountability

Public engagement-based social accountability, as stated by Malena, Forster and Singh (2004:10), manifests through different kinds of mechanisms such as

participatory policy-making, PB, public expenditure tracking, monitoring and evaluation activities, public awareness campaigns on legal rights regarding public services and broad-based citizen involvement in public commissions, hearings, advocacy boards and oversight committees.

- a. **Participatory policy and budget formulation.** This involves direct citizen/civil society organisation (CSO) participation in the policy and budget formulation environment and has become a common practice in PRSs at the national level and community-driven initiatives at the local level.
- b. **Participatory policy and budget analysis.** As a follow-up to the participatory policy and budget formulation activity, participatory policy and budget analysis aim to assess the balance of government's allocations to social commitments. Not only does this process incorporate assessments on the impact and implications of budget allocations, but it also endeavours to increase awareness and education campaigns to improve budget literacy.
- c. **Participatory public expenditure/inputs tracking.** This mechanism involves the tracking of government expenditure with the aim of ascertaining inhibiting factors relating to the flow of financial resources. Through the assistance of CSOs, this initiative employs the actual users or beneficiaries of government services to collect and disseminate publicly available data on inputs and expenditures.
- d. **Participatory performance monitoring and evaluation.** Citizen groups and communities are actively involved in this initiative to contextualise and determine the impact of public services or projects through self-determined indicators and participatory monitoring and evaluation tools.

Malena, Forster and Singh (2004:12) stipulate that the success of accountability initiatives depend on several factors that include the following:

- a. **Political context and culture.** The existing political context and political culture within the State determine parameters of social accountability, particularly in relation to the extent to which civil society is allowed to criticise government actions. The nature of the political dispensation and the extent of support for civil rights determine political transparency and probity. Legal, institutional and socio-cultural factors underline the environment in which social accountability takes shape.
- b. **Access to information.** The availability and reliability of public documents and data are essential to the success of social accountability initiatives. The successes of these initiatives are also determined by the quality of the available information, while the degree of access determines the freedom of access through existing legislative practices.
- c. **Role of the media.** The role of the media in promoting social accountability is a principal concern since it is often a leading force in informing/educating citizens on government actions, particularly when the media is regarded as an independent role player in the strategic environment. However, the extent to which the media is independent and ownership is pluralistic influences its contribution to broader accountability.
- d. **Capacity of civil society.** The level of CSO, the extent of membership, technical and advocacy skills and the capacity to mobilise and effectively use the media as an advocacy instrument are critical to the achievement of social accountability initiatives. Participatory practices are determined by the capacity of civil society involvement, with capacity building initiatives influencing the progress of social accountability initiatives.
- e. **Capacity of the State.** Social accountability initiatives do not materialise in a vacuum and its success strongly depends on the capacity and effectiveness of the State in relation to a functioning public administration, logistical performance, a sound political-administrative

interface and a culture that values notions of public sector probity, accountability and equity.

- f. **Cohesiveness between State and civil society.** The success of social accountability initiatives depends on the relationship between civil society and the State. Although this relationship is often easily identifiable in democratic dispensations, the degree to which the State allows policy interactivity is indicative of the maturity of the process. Ackerman (2004:20) furthermore indicates that, "the absence of partisanship and political conflict is the only fertile ground for utility and accountability."
- g. **Institutionalisation.** The institutionalisation of social accountability mechanisms outweighs *ad hoc* initiatives, especially when these initiatives are rooted in matters related to strategic policies aimed at addressing broader socio-economic disparities. A broad-based institutional basis with a strong legislative framework is critical to any political environment to provide long-term effectiveness and sustainability of social accountability initiatives.

In this context, the success of accountability initiatives requires extended participation methods, the sustainable use of resources and commitment between all parties involved. This synergy should also develop within the ambit of a clear set of unambiguous rules.

4.2.7 Limitations of effective public participation

Deliberative processes have several inherent limitations, with Levine, Fung and Gastil (2005:2) asserting the elusive nature of public agreement, the challenge of organisation, the challenge of scale and the impact of deliberation on public decisions as four important limitations.

- a. **Unity and disagreement.** Consensus in the deliberation effort is often elusive, particularly when discussing issues within integrated constituencies. Differences in values, perceptions and core agendas regularly feature in deliberative processes and often decisions cannot

be reached without some method, such as voting. Notwithstanding this democratic imperative, voting based on procedural matters where opinions have been registered, as opposed to voting following rich deliberation, can impede future deliberative processes. Public participation in this regard should be perceived as a valuable activity in comprehending differences and disagreements to achieve a common goal.

- b. **Organisation and facilitation.** Good deliberation is not a self-generating concept and poorly organised public gatherings where important issues have been deliberated outweigh well-organised meetings in which participants have gathered to constructively engage in deliberative processes through contested and option-based reasoning. Achieving quality deliberation requires a structured approach, good logistical arrangements, trained facilitators and funding. Organisers, with the assistance of facilitators, must be willing to make decisions to structure discourse.
- c. **Scaling deliberation up and out.** Scaling refers to the inclusiveness and quality of deliberative processes. The size of the constituency that partakes in the deliberative process affects the political and social significance of public deliberation. The scaling-out undertaking must include a larger percentage of people eager to contribute to the deliberation process. This could be achieved through regular and consecutive public gatherings or utilising social strategies to stimulate debate. The quality of deliberative processes, or the scaling-up of the undertaking, refers to the context in which public deliberations can take place. Instead of focusing on a community-related issue alone, this issue can be linked to a broader national concern, which might contextualise the specific problems prevailing in local government environments.
- d. **Impact, authority and strategies for influence.** The importance of action after quality deliberative processes cannot be understated. However, although most successful public engagement practices result

in achievement of set objectives, subsequent political or social change is seldom achieved. The role of organisers, and facilitators in particular, should be to transform decisions directly into actions by involving influential stakeholders and organisations to provide either financial, logistical or policy support to escalate participatory outcomes. Those who organise deliberative initiatives could also consider internal and external influence strategies to achieve proper outcomes. Internal strategies could include the establishment of rapport with policy makers or the utilisation of administrative and legal procedures to compel organisers to incorporate public deliberations into decisions, whereas external strategies might include political and social pressures to compel officials to respect the results of public deliberation.

Successful public deliberation and engagement should consequently revolve around the enhancement of the democratic imperative. Through focused and structured public participation, most contemporary issues such as housing, rates and taxes, developmental projects or even community integration in fragmented societies, will likely be addressed objectively and substantively.

4.2.8 Requirements for effective public participation

Effective participation, notwithstanding the broader political and cultural circumstances, relies on approaches related to the strategy, scope, goals and the prospective ability of participants. According to Bass, Dalal-Clayton and Pretty (1995:95), requirements for effective participation in strategies include:

- a. participatory methods to ensure an overall environment conducive to communication in which needs and possibility appraisal, dialogue, structured solutions, consensus-building and partnerships can be formulated and addressed;
- b. policies, laws and institutions to encourage, support, manage and reward participatory endeavours in the planning and development process, including specially formulated groups where appropriate institutions do not exist;

- c. catalysts for participation that customarily include NGOs and local government delegates as initiators of the participatory effort, synchronously linking the top-down and bottom-up processes;
- d. learning environments where participants and professionals can test approaches;
- e. specific activities and events as catalysts or core issues around which the participatory effort can be structured;
- f. a phased approach to gradually shape the participatory system from peripheral issues to core contexts, typically observed in the policy and strategy cycle; and
- g. adequate resources, skills and time as core investment components to ensure optimised participation and value.

From a PB perspective, particularly in relation to the integration of participatory initiatives, Abers (2000:9) also emphasise the importance of considering the underlying political conditions, the way in which civil society is organised and the support that can be expected in relation to the existing governance framework. However, the issue of adequate and agreed-upon standards for quality participation, as indicated by Rahman ([sa]:8), is not easy and, as a foundational approach, the concerns of marginalised groups have to be incorporated. For most democratic governments, however, legitimising the decision-making process is a fundamental concern. Adams and Hess (in Brackertz, Zwart, Meredyth & Ralston, 2005:6) argue that it might be problematic in the context of weighing the democratic principles of representivity and accountability against the statutory obligation of ensuring wide consultation. This is a core challenge confronting local government structures worldwide, particularly in view of resident marginalised groups that are infrequently represented in decision-making activities.

Being described by Brackertz, Zwart, Meredyth and Ralston (2005:6) as “hard-to-reach communities”, this segment not only includes those experiencing logistical or socio-economic barriers in the participatory process, but also those who are well-resourced, but often choose to remain apathetic in local government policy

processes. Information is paramount when considering incorporating marginalised communities and, as Brackertz, Zwart, Meredyth and Ralston (2005:6) argue, the unrestricted and transparent flow thereof between the local government council, and the community determines the success of engagement processes. However, within communities there exist explicit differences regarding techniques and priorities relating to quality deliberation and eventual interaction. A successful deliberation initiative, as stipulated by Levine, Fung and Gastil (2005:2), therefore, has to be realistic, inclusive, informed, neutral, supported and sustainable.

4.3 INTERNATIONAL ASSOCIATION FOR PUBLIC PARTICIPATION PRINCIPLES

Proper civil society engagement processes are also internationally recognised. The International Association of Public Participation (IAP2) (2015), for instance, developed a set of seven principles or core values for practitioners to engage more effectively and efficiently with civil society. These include:

- a. the understanding that public participation is founded on the belief that those who are affected by decisions should have the right to be involved in the decision-making process;
- b. the assurance that contributions from civil society will influence decisions;
- c. the appreciation that public participation promotes sustainable decisions when the needs and interests of all stakeholders are effectively communicated;
- d. the establishment of facilitation processes to incorporate those affected by or interested in the decision;
- e. the design of participatory methodologies to incorporate broad-based public participation;
- f. the meaningful provision of comprehensive information to those involved in the participation process; and

- g. the importance of feedback and communication regarding participants' influence on the outcomes of decisions.

It can be argued that the purpose of these core values is to establish a framework for effective decision-making. However, Theron, Ceaser and Davids (2007:14) assert that these values endorsed by the IAP2 “presuppose social and political conditions that usually do not exist in developing countries.” The applicability of these values, therefore, depends on country-specific policy frameworks and prevailing socio-economic situations as determinants of the degree to which civil society is considered a confidant to positively influence developmental initiatives. Furthermore, in relation to the integration of development planning within the broader South African strategic planning framework, Theron, Ceaser and Davids (2007:14) argue that the concept of public control does not feature strongly, particularly in relation to the Growth, Employment and Redistribution (GEAR) macroeconomic policy framework, which presented as a debilitating mechanism preventing bottom-up community development through its focus on fiscally driven IDPs in the municipal sphere.

Nevertheless, the South African legislative environment, as discussed in Chapter 6 of this research, has changed significantly since the introduction of the GEAR framework, particularly in relation to public participatory processes. The willingness of civil society to participate in decision-making processes should, therefore, not be underestimated, provided that contributions are recognised as valid concerns and that these contributions are guaranteed uptake by those responsible for policy implementation.

4.4 PUBLIC PARTICIPATION IN THE BUDGETING PROCESS

According to Sintomer, Herzberg and Röcke (2014:29), between 1 269 and 2 778 participatory budgets had been identified by 2013, with Sintomer, Herzberg and Allegretti (in Sintomer, Herzberg & Röcke, 2014:29) indicating 626 to 1 138 in Latin America, 474 to 1 317 in Europe, 58 to 109 in Asia and 110 to 211 in Africa. Smith (2004:4) also notes that democratisation, decentralisation and good governance effectively influenced the worldwide adoption, implementation and escalation of PB. The development of PB can be traced back to political developments in Latin America and Eastern Europe during the early 1980s and late 1990s. Dias (2014:23)

identifies approximately five core phases in the dynamics of the dissemination of participatory budgets since the late 1980s.

The contextualisation of the first three phases can be credited to Cabannes and Baierle (in Dias, 2014:23). The first phase draws parallels with trials between 1989 and 1997 that emphasised initiatives in Porto Alegre (Brazil) and Montevideo (Uruguay), where more than 30 municipalities initiated PB experiments. The second phase, referred to as Brazilian PB, transpired between 1997 and 2000 and encompassed the establishment of variations of PB in more than 140 municipalities. The third phase emerged mainly after 2000 with a broad diversification and international expansion of PB experiments, particularly in Latin America and Europe where the original Porto Alegre model was adopted to conform to local administrative processes. The fourth phase, a trend beginning in 2007/2008, mainly addressed the academic-administrative interface of PB experiments and the network of PB applications in Latin America, Europe and North America. The fifth phase, approximately from 2008 until now, exhibits an escalation of participatory budgets worldwide, particularly their integration into larger and more complex systems of participatory democracy.

Following the re-establishment of democracy in Brazil during 1985, Langa and Afeikhena (2004:2) indicate that traditional patronage practices, social exclusion and corruption remained commonplace. In an effort to stabilise political practices, numerous NGOs, social movements and political parties gradually structured their planning apparatus to incorporate public participation in the budgetary process within the municipal sphere. Strengthening the connections between citizens and the State remained imperative and Gaventa (in Smith, 2004:6) articulate that there had to be a “fundamental rethinking about ways in which citizens’ voices are articulated and represented in relation to local governance.”

The municipality of Porto Alegre, in the state of Rio Grande do Sul, eventually introduced a system called *Orçamento Participativo* that is now regarded as a model for similar programmes wherever it is implemented. This process, as emphasised by Luna (2010) allows residents to “directly decide how public funds will be spent through open deliberation in budget assemblies and voting.” However, notwithstanding the foundational construct of PB, Dias (2014:24) indicates that the

Porto Alegre influence is essentially outdated due in part to the emergence of new models and methodologies unique to different countries and continents and an established international network focusing on evolving practices.

4.4.1 Contextualising and defining participatory budgeting

As an important tool for inclusive and accountable governance, Shah (2007:1) states that PB signifies a direct approach to democracy. Principally, citizens have the opportunity to learn about, deliberate, debate and influence policy concerning the allocation of public resources. This integral, enhanced transparency and accountability can lead to reduced inefficiency and restrain clientelism, patronage and corruption, concurrently promoting inclusive governance by incorporating marginalised and excluded groups into the decision-making process. Nevertheless, Shah (2007:1) specifies a significant risk factor to PB: its potential appropriation by interest groups striving to further their own objectives through exclusivity and undemocratic processes under the guise of broader participation.

Sintomer, Herzberg, Allegretti and Röcke (2010:8), therefore, argue that PB should be perceived as an interactive activity between citizen groups from different neighbourhoods through delegates' committees striving to achieve a common goal as opposed to different citizen groups acting independently. Although horizontal communication of this kind is prevalent in Porto Alegre and similar participatory budgets, Sintomer, Herzberg, Allegretti and Röcke (2010:8) emphasise that this does not constitute a definition *per se* since various other participatory methodologies can in principle be included to cross-direct dialogue.

Notwithstanding its contribution to the quality of democracy and enhanced government performance, PB is difficult to define in tangible terms. Likewise, UN-HABITAT and MDP (2008:3) assert that "there is no single definition of PB [as] the definition differs greatly depending on the local context and conditions in which the process is being applied." Conversely, various authors have contributed universally acceptable descriptions of the term to contextualise its application in the field of budget management. Wampler (2007:21) in particular denotes PB as a practice where citizens are essentially co-opted into the decision-making process through negotiation relating to the distribution of public resources through specific PB

programmes inclusive of government agencies, NGOs, CSOs and citizens to allow comprehensive participation through deliberation on the distribution of resources.

UN-HABITAT and MDP (2008:3) contextualise PB as a process involving debate, analysis, priority setting, resource mobilisation and expenditure monitoring and evaluation with selected major characteristics being:

- a. the centrality of the discussion surrounding financial or budgetary issues around the allocation of limited resources;
- b. continuousness of the process through meetings and the allocation of resources;
- c. inclusivity, with all citizens either directly or indirectly involved in the formulation and implementation of the annual budget;
- d. demand prioritisation to support the needs of marginalised groups through the facilitation of effective resource distribution;
- e. a shared understanding of the rules relating to PB; and
- f. a focus on the geographic dimension and thematic divisions of the participatory process to ensure transparent decision-making and outputs.

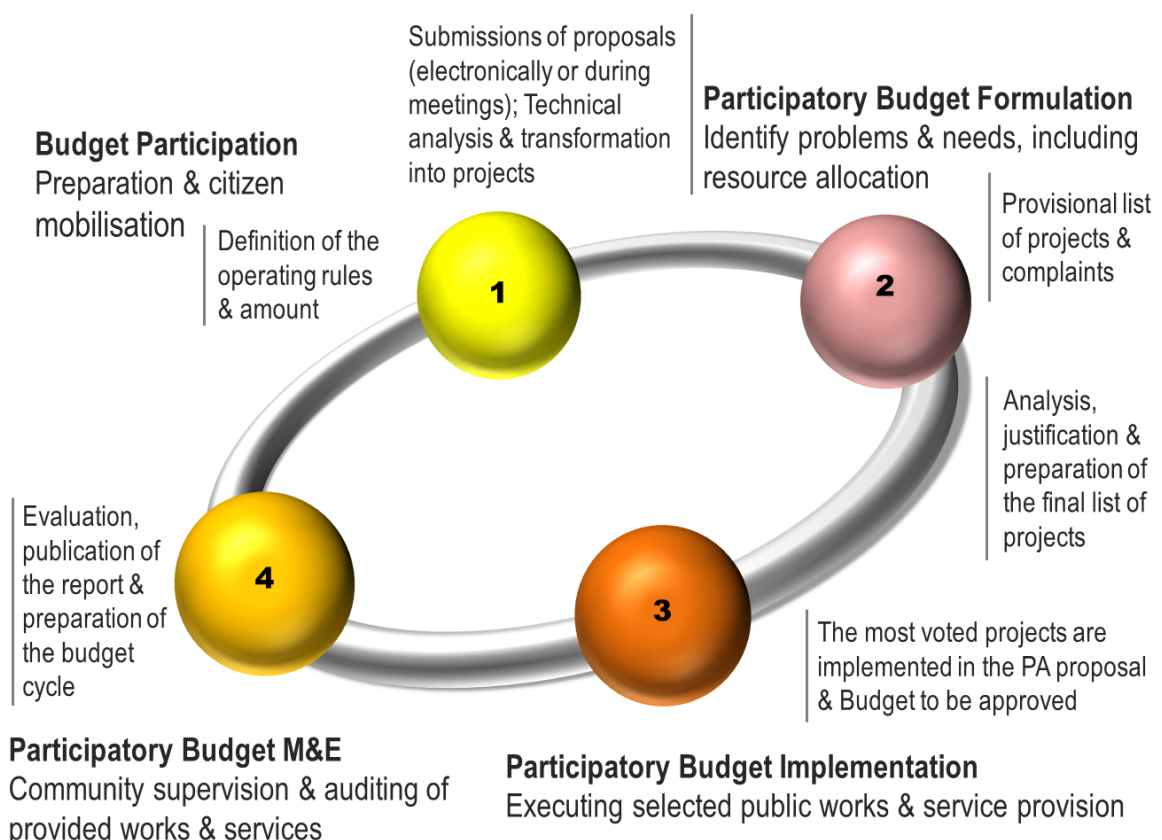
A proposed practical definition with a strong emphasis on recurrence and active citizen involvement, as advocated by Sintomer, Herzberg and Röcke (in Sintomer, Herzberg, Allegretti & Röcke, 2010:9), should rather serve as a comprehensive workable explanation. This analysis proposes that PB must include a financial and/or budgetary dimension addressing specific scarce resources, involve the city level or a decentralised district with administrative powers disparate from a neighbourhood body alone, be a recurring process, include some form of public deliberation within the framework of specific meetings/forums and include accountability on outputs.

4.4.2 Participatory budget process and design

The dissimilarity between traditional and PB relates to differences in their application and process. Traditional budgeting in the municipal sphere, according to UN-

HABITAT and MDP (2008:4), is primarily reserved as an activity of political office-bearers and appointed officials, whereas PB concerns the active involvement of citizens through the identification of needs and priorities to implementation, monitoring and evaluation. In essence, the desired effect of PB is to involve citizens in the financial decision-making process and to provide them with an opportunity to contribute to the broader policy initiatives as directed by the national sphere of government. However, the broader citizenry is not organised to direct this process alone. NGOs, representatives of the private sector and local government must be involved and function in unison to achieve shared participatory objectives.

Figure 4.4: Basic participatory budgeting process



Source: Adapted from Allegretti and Antunes (2014:3) and Thindwa (in UNDESA, 2005:5).

The PB process, as indicated in Figure 4.4, follows from the traditional budgeting process and is determined by the overarching dimensional characteristics dominant within the local government authority, especially when considering the role of

communication, culture and gender when requiring public inputs. Since the inherent nature of the process allows for the addition of activities and timelines to achieve desired objectives within the traditional budgeting framework, the overarching regulatory framework and timelines should not be refuted as this could render the process either ineffective or invalid. In this regard, Shah (2007:2) emphasises that “participatory processes must fully recognise local politics and formal and informal power relations, so that the processes yield outcomes desired by the median voter” to minimise the potential of abuse of power through capturing practices.

Contributing factors towards the success of the PB process include prior planning, a clear and understandable schedule, communication regarding the involved stakeholders, understanding of the resources that will be allocated and costing frameworks for logistical and administrative arrangements. These considerations are structured in a normative framework where Jobe, Kadewere and Rutayisire (2009) and Matovu and Mumvuma (2007a) stipulate preparation, authorisation, implementation and accountability as core stages in the budget process.

- a. **Budget preparation.** The budget is formulated based on local government plans as derived from the national or central government budget, taking into account existing development plans. This stage follows a process of systematic planning and is essentially the design stage of the PB process where information is distributed, preliminary discussion policies formulated and desired outcomes, presented by civil society in their respective localities, prioritised. The tabling of initial revenue estimates, general resource allocation, budgeting criteria and the methodological precedents also take place. Citizens confirm the development trajectory and priorities based on the preliminary budget discussions.
- b. **Budget formulation and approval.** Budget authorisation enables the local government to utilise public resources that have been budgeted. This stage mainly concerns the setting of objectives and allows citizens directly or through elected representatives to address these priorities. This stage principally involves the convening of PB Committees that are open and transparent in most local government structures. Here,

planned policies and projects for the upcoming financial year, or three years in the case of the medium-term budgeting framework, are discussed. The importance of the PB concept in budget formulation and approval is strengthened by the ability of citizens to have a voice when a local government budget is discussed. Otherwise, the only other opportunity would likely be to lobby councillors on issues that are of concern.

- c. **Budget implementation.** This stage involves the collection of revenue and the spending thereof based on an approved budget. While this may be considered a simple process, various logistical and environmental influences affect the implementation of planned projects. Budget implementation usually takes the entire financial year with planning and adjustment taking place throughout. During this stage, communication remains paramount and all avenues should remain open and accessible, particularly if complex issues arise that require detailed planning. This stage also lays the foundation for the start of a new planning cycle, notably in view of the experiences that have been documented.
- d. **Budget monitoring and evaluation.** Budget monitoring and evaluation denote accountability and, from a public perspective, reinforce the principles of democracy. However, this measurement activity cannot take place in a vacuum as it relies on structures and people to contribute to and act on decisions. Communication plays an important role during this stage and it is important that PB units receive regular feedback from the municipality on the development of projects and policies. Just as the broader community is entitled to feedback, so are stakeholders and they should be allowed to enquire about supplementary information regarding outputs and delivery.

Besides strengthening citizen involvement in budgeting processes, PB also enhances democratic imperatives such as meaningful dialogue between government representatives and the broader citizenry. As a critical foundation for PB throughout all stages, open dialogue and effective communication are imperative. UN-HABITAT

and MDP (2008:4) echo that in both these processes, the commonality exists in their application of budget planning during the first cycle (first year) and implementation during the second cycle (the following year).

4.4.3 Dimensions of participatory budgeting

PB can be categorised according to specific dimensional characteristics resulting from environmental factors (internal and external). Two significant dimensions include political culture and the existing fiscal and financial framework. The prevailing political culture, as indicated by Fölscher (2007b:132) and Herzberg (2011:18), might influence participatory governance positively. However, hybrid societies not necessarily accustomed to participatory initiatives, specifically those related to the financial and fiscal framework as a second influence, might find it difficult to assimilate new processes of involvement. The fiscal and financial framework forms the PB construct of local governance and, as noted by Fölscher (2007b:130) and Wampler (2007:25), remains an important prerequisite for PB success.

Participatory budgets differ throughout the world and it is these differences, as referred to by Cabannes (2004a:4) that “make it [a] rich but challenging field of study.” As a continually evolving, multifaceted process, descriptive dimensions illustrate the methodology of PB. Based on extensive surveys of participatory experiences and public debates within the PB domain, Cabannes (2004a) contextualises four core overarching dimensions relating to existing initiatives, namely the

- a. participatory dimension, in particular, focusing on public and local government involvement;
- b. financial, fiscal and budgetary dimension;
- c. legal and normative dimension; and
- d. territorial dimension.

Furthermore, Cabannes (2004b) also identifies politics, governance and democracy as a fifth dimension that essentially relates to the interaction between communication, legislative institutions, models and political co-option in a PB framework. Whereas

these dimensions essentially form the mainstay of PB, Matovu and Mumvuma (2007a:39) add three additional dimensions that include communication, culture and gender. From a developmental perspective, particularly in democracies striving to reconstruct societal inadequacies where gender and culture have been ignored, the latter three dimensions are invaluable in PB practices. Cabannes (2004a) does not refute these, on the contrary, they have been incorporated into the 18 variables embodied by the original four dimensions.

Likewise, SQW Consulting, Cambridge Economic Associates (CEA) and GFA Consulting (2009:12) support six alternative dimensions of PB that include control, geography and governance, targeted user groups/constituencies, sources of funding allocated to PB, scale of resources and the PB allocation mechanism. Although different in relation to the more contextualised categorisations, these dimensions reflect operationalised requirements when considering PB initiatives.

4.4.3.1 Participatory dimension

Democratic theory forms the point of departure for participatory initiatives. However, MacPherson (1973) and Pateman (1980) (in Avritzer, 2012:3) assert that democratic theory does not constitute representation and participation as polarised views of politics only. Instead, continuous interaction between political office-bearers, elected officials and the broader citizenry within the micro- and macro-policy spheres exists, and, as Urbinatu (in Avritzer, 2012:12) argues, necessitates the development of a sustainable association between social conflict and the political process within the democratic environment to ensure mutual inclusivity.

Forms of participation essentially include direct participation, representative participation and a mixed system of participation, with Matovu and Mumvuma (2007a:41) arguing that these categories essentially complement each other. Government's role in the participatory framework is decisive at all stages with appointed officials overseeing the administrative processes, while political office-bearers legitimise the process politically. The nature and extent of this holistic involvement, however, will determine its level of success and it is therefore imperative that all role-players become involved to ensure continuous optimal success.

4.4.3.2 Financial, fiscal and budgetary dimension

The level of participation and transparency depends on a few financial considerations in the local sphere of government. The most prominent aspect concerns the availability of financial resources to sustain participatory practices. A second issue revolves around the disclosure of budget-related information and financial allocations, predominantly proportional allocations as varying percentages. With the microeconomic environment remaining unpredictable within a developmental framework, Matovu and Mumvuma (2007a:45) note that the level of fiscal autonomy, borrowing powers, amount of revenue collected relative to the tax base, political will, conditions placed on central government transfers and reliability of the flow of these transfers could have a critical influence on the PB process. Although there is no prescribed percentage for municipalities to allocate funds for PB activities, Cabannes (2014:26) notes that international trends reflect an increase in PB initiatives where policy supports high levels of fiscal autonomy and central government transfers.

4.4.3.3 Normative/legal dimension

The normative/legal dimension relates to the institutionalisation of PB norms and standards through legislation. Although the degree of formalisation varies according to the type of government and decentralised legislation, the mere existence of a set of rules will likely infuse efficiency and efficacy in the PB environment, more so if citizens are incorporated into developing these rules as noted by Allegretti and Herzberg (2004:8). In essence, PB achievability relates to the level of autonomy assigned to local governments as decentralised units through legislation.

Matovu and Mumvuma (2007a:47) argue that the level of autonomy assigned to local governments in a decentralised system of government is “a determining factor for PB feasibility.” Legislation in this regard should be specific, especially when dealing with intermediaries or coordination agencies between the local government and civil society. Consequently, the existence of legislation governing the PB process might be of more interest to civil society if its focus governs issues within a particular municipal jurisdiction, the central government allows for the creation of consultative spaces as integrated units accommodating the interests of both local government

and civil society, and through the application of the subsidiary principle in a decentralised environment.

4.4.3.4 Geographical/territorial dimension

An important characteristic of PB is its territorial dimension. People reside in geographically defined areas commonly referred to as neighbourhoods, wards or villages and it is within these areas where interaction and association result in the identification and prioritisation of communal needs. According to Matovu and Mumvuma (2007a:50), the geographical dimension deals with three interrelated issues: the degree of investment in infrastructure, the level of intra-municipal decentralisation of the participatory budget and the extent of ruralisation. Here, PB allows for the redistribution of investments and the channelling of resources to areas where they are most needed through a system where geographical units are divided into smaller assemblies to administer the participatory budget properly.

Even though the territorial dimension provides the background for the development of participatory budgets, Wampler (2012:2) alludes that it was not initially part of the founding principles of PB since civil society allies in Brazil opted for “a policy-orientated (thematic) track because many social movements in Porto Alegre organised themselves around policy issues as opposed to strictly territorial definitions.” However, in almost all geographically organised units, policy matters arise from issues directly affecting citizens in spite of locality.

4.4.3.5 Communication, culture and gender dimensions

Communication is an integral part of the PB environment, both in terms of organising and execution, with feedback forming a crucial element to assess its level of success. Any type of decision requires communication and, as Cabannes (2004b:44) states, the quality of the relationship between local government and civil society determines the quality of communication between them. Within an organisation, notably the local government structure in a participatory governance and budgeting framework, Smit, De J Cronjé, Brevis and Vrba (2007:365) indicate that the communication paradigm can be divided into three basic forms: intra-personal communication, where managers receive, process and disseminate information; interpersonal communication, as communication between individuals; and organisational

communication, where information is distributed between organisations, units or departments within the same organisation.

Matovu and Mumvuma (2007a:10) argue that the effective and efficient use of communication forms such as these can greatly enhance the sharing of information, especially when communication channels such as outreach programmes, newsletters and periodic budget reviews have been established and regularly maintained. However, municipal officials in particular need to acquire and develop peripheral skills such as negotiation, listening and targeting as part of the process to promote PB. Likewise, Baiocchi and Ganuza (2014:34) argue that continuous deliberation processes in different scenarios with different purposes enhance the democratic imperative, giving impetus to social movements to amplify their demands openly.

Culture, more specifically socio-cultural factors and practices, occupy a prominent position in the PB environment. The management of PB initiatives in mono-ethnic societies, for instance, is much easier than in poly-ethnic societies since standardised practices such as communication, language, gender roles and responsibilities and traditions might already have been imbedded as cultural norms. However, within multi-ethnic and diverse societies, the situation can become complicated and, in some countries, the diversity of ethnic languages and cultural practices might either impede or enhance PB and should therefore be addressed with great sensitivity. In this context, Tănase (2013:9) advances the importance of two cultural dimensions: power distance and collectivism. According to Lau and Tan (in Tănase, 2013:9), a lower power distance, focusing more on team work and less on individualism, is more likely to positively effect PB.

Baiocchi and Ganuza (2014) and Matovu and Mumvuma (2007a:53) further argue that the gender dimension addresses the unique needs of men, women and children in a balanced manner through gender-responsive budgets. Gender-responsive budgets integrate the plethora of cultural factors and aim to advance gender equality through the allocation of resources to women and girls in particular to address inequalities. According to the United Nations Volunteers (2005) programme, the United Nations Development Fund for Women asserts that gender-responsive budgets “reflect a gender perspective ... to ensure that women and men benefit

equally from the distribution and use of public resources” and that these budgets are not separate budgets for women only.

4.4.4 Conventional models of participatory budgeting

The measurement of societal development requires a specific understanding of ideal situations delineated through established models. Here, Sintomer, Herzberg, Röcke and Allegretti (2012) propose six conceptual models following a Weberian approach. According to Weber (in Roth & Wittich, 1978:9), the understanding of any phenomenon requires a specific prearranged meaning governing an actual course of comprehensible action. Weber’s (in Roth & Wittich, 1978:9) argument regarding meaning essentially entails an understanding of a phenomenon’s historical context, sociological construct and scientific appropriateness. The dimensions of PB run parallel with Sintomer, Herzberg, Röcke and Allegretti’s (2012:18) proposed models.

These models, as indicated in Table 4.1, incorporate all dimensional characteristics and have been developed to explain, not only their characteristics derived from their strengths, weaknesses and challenges, but also potential categorisations of PB around five criteria:

- a. socio-political phenomena, reflecting interaction between the State, market and the Third Sector, modernisation of the public service and the political inclination of local governments;
- b. normative frames and goals of citizen participation, addressing administrative, social and political goals in what Lindenberg and Steg (2007:119) refer to as governing mechanisms framing people’s actions to institute knowledge and attitudes;
- c. participatory rules and procedures, emphasising facts based on the influence of participants throughout the decision-making process, their relative autonomy in relation to local governments, the quality of deliberation or the existence of participatory rules;
- d. collective action, focusing on the probability of civil society influence, the existence of bottom-up movements, the impact of social justice, governance procedures, democracy or sustainable development; and

Table 4.1: A typology of participation

	1. Participatory Democracy	2. Proximity Democracy	3. Participative Modernisation	4. Participative PPP	5. Community Development	6. Neo Corporatism
Origins	Adaptation of the original Porto Alegre model. Often break with existing traditions.	Neighbourhood councils, neighbourhood funds, proximity management, extension into town level.	Reform model. The public services reform in Christchurch (New Zealand), participatory versions of NPM, strategic planning.	Participatory version of public/private partnerships.	Community development projects and empowerment (in the framework of general urban regeneration policies).	Local neo-corporatist projects, Agenda 21s, participatory strategic planning, participatory procedures for local NGOs.
	A standardised procedure in the alter-globalist movement.	Not very standardised procedure.	A procedure standardised by foundations.	Degree of standardisation through international organisations.	A certain standardisation due to NGOs.	A certain standardisation due to international organisations.
Structure of meetings	Open meetings at neighbourhood level, delegates at town level.	Open meetings at neighbourhood and town level.	Open meetings (or meetings with citizens selected at random) at town level.	Closed meetings at town level.	Different kinds of meetings at neighbourhood level, delegates at town level.	Closed meetings at town level.
	Participatory cycle.	Participatory cycle.	Frequently no participatory cycle.	Not necessarily a participatory cycle.	Not necessarily a participatory cycle.	Not necessarily a participatory cycle.
Deliberation	Discussion centred on public investments.	Discussion centred on Micro-local public investments or broad guidelines of town policy.	Discussion centred on overall budget or offer of services.	Discussion centred on concrete projects financed by public/private partnerships.	Discussion centred on concrete community projects.	Discussion centred on various public policies and possibly on specific projects.
	Projects ranked according to criteria of distributive justice, formalised rules.	No ranking of investments or actions, informal rules.	No ranking of services, possible ranking of priorities, rather informal rules.	Projects ranked, formal rules.	Projects ranked, formal rules.	Flexible ranking of major guidelines, rules not necessarily formalised.
	Good-quality of deliberation.	Average two-week quality of deliberation.	Poor quality of deliberation.	Good to average quality deliberation.	Good to average quality deliberation.	Variable quality of deliberation.
Civil society	Particularly active citizens (or organised groups).	Particularly active citizens (or organised groups).	Active or ordinary (randomly selected) citizens.	Organised citizens together with private enterprise.	Especially organised citizens.	Organised citizens/local institutions/employers' unions.
	Civil society as genuine procedural autonomy.	Civil society as little procedural autonomy.	Civil society as little procedural autonomy.	Civil society as little procedural autonomy.	Civil society has genuine procedural autonomy.	Variable degree of autonomy for civil society.
	Decision-making power.	Consultative role.	Consultative role.	Decision-making power.	Decision-making power.	Variable power.

Source: Sintomer, Herzberg and Röcke (in Sintomer, Herzberg & Allegretti, 2010:16).

- e. the political and participatory relationship in which combined initiatives, the use of instruments or substitution can be accommodated.

With these models being posited as ideal types, the explanation of a particular experiment or construct will not necessarily be framed accordingly. Rather, some of models could be integrated based on the predominant nature of public participation.

4.4.4.1 Participatory democracy: The Porto Alegre model

When contextualised as a model within the PB framework, participatory democracy refers to the collective approach within which the broader citizenry can be accommodated in the decision-making process, most notably the original Porto Alegre model. Participatory democracy encompasses traditional mechanisms of representative government linked to direct or semi-direct representative procedures within a normative framework. The main characteristic of this model is the discussion of tangible development or investment projects which are often escalated to higher levels for approval. Once final approval has been obtained, a budget is compiled which is then monitored by an elected body of district and city delegates.

Sintomer, Herzberg, Röcke and Allegretti (2012:20) maintain that the emergence of a “Fourth Power” (participants) and a “countervailing power” (civil society) essentially characterise the popularity of this model since public participation yields real results in terms of social justice, while civil society, as the countervailing power, translates the broader political will into concrete results. This model embraces the logic and general orientation of distribution by involving a broad spectrum of participants. The original theory behind participatory democracy is centred on the participation of the working class and not the influential middleclass. This creates a framework for real participation based on actual concerns and often results in consensus politics to achieve a real sense of distributive justice. However, the success of the model depends on the prevailing socio-political framework, the historical context of participation, political will and strategic guidance.

4.4.4.2 Proximity democracy: Proximity participation

Public participation denotes geographical access and proximity — democracy’s main characteristic is geographic closeness as this facilitates communication between the

broader citizenry and local government. However, Sintomer, Herzberg and Röcke (2005:9) note that the term proximity constitute either geographical proximity or governance affiliation. In this context, the former refers to the closeness of contact between the municipal leadership and the broader citizenry, while the latter encompasses the administrative relationship with the broader citizenry. A common feature of this model is that it is mostly consultative and involves a process of selective listening. Proximity democracy incorporates deliberation mechanisms on district and city levels with proposals ranked and decisions taken by consensus. Local government usually proposes procedural features while appointed officials moderate discussions. Despite the fact that the drawback is its consultative nature, mass public participation might influence decision-making, ultimately leading to favourable community outcomes.

According to Sintomer, Herzberg and Röcke (in Dias, 2014:41), this model's core focus is confined to selective listening where decision-makers single out specific ideas as baseline initiatives from which policies will be developed. The model is characterised by a low degree of mobilisation and participation and, while it channels specific communication between citizens and local government, it leaves civil society with only marginal autonomy and effectively departs from the original idea of participatory democracy and the achievement of distributive justice. Although proximity democracy addresses some societal concerns and provides partial solidarity, it is not an instrument through which social justice can readily be obtained, especially when considering its top-down structure and selectiveness in addressing issues raised by individuals. The main concern, however, is to ensure that participation is optimally linked to decision-making to advance wide service delivery through the proximity construct.

4.4.4.3 Participatory modernisation: Consultation on public finances

NPM brought about alternative frameworks for public administration and management. According to Sintomer, Herzberg, Röcke and Allegretti (2012:22), participatory modernisation, as a model within the PB environment, constitutes one of the strategies associated with NPM through which the State aims to achieve transformation to become more effective and efficient without necessarily electing to privatise its functions. As with proximity democracy, selectivity on issues is

commonplace with local authorities only implementing decisions that are aligned to a broader strategic vision. In most cases, participatory modernisation is directed towards the presentation of a local government's financial situation, often integrating mass communication mechanisms such as local newspapers and the internet.

The normative framework of this model is, therefore, strictly based on the NPM philosophy of participatory democracy. With this model being characterised as one that advocates a limited political agenda, interaction remains top-down and has only consultative value. In this model, participants are considered clients and marginalised groups are often not included due to the restricted political agenda that also limits the introduction of social policies. Even though this model allows for an active middleclass, measurements have been introduced to allow sociological diversity of the participants. Sintomer, Herzberg and Röcke (2005:10) emphasise that there are two versions of this model. The first variant, which is the most widespread, focuses on services rendered by public providers and includes revenues and expenditures relating to local government amenities such as libraries, swimming pools and cleaning services. Citizen involvement is often reduced to the asking of questions and the provision of suggestions on specially designed forms provided by municipal employees. The second variant aims to balance the budget deficit and includes issues such as reduced public expenditure, local government tax increases or human resource management. The participants might be invited to present suggestions and possible solutions.

4.4.4.4 *Multi-stakeholder participation: Public/private negotiation table*

Multi-stakeholder participation's main strength revolves around the configuration of participatory groups of which citizens constitute a part. The other actors in the process include private enterprise and local government. Although local government is involved, political domination is minimal and there is a strong focus on market-related transactions where donor organisations essentially determine the course of participation through a focus on developmental issues. This approach also lends itself to focus on top-down decision-making strategies.

The multi-stakeholder participation model includes funds for investments and projects in the social, cultural and environmental sectors respectively. These funds are

relatively independent of the municipal budget because the money does not originate from the local administration alone. Money can originate from donor organisations, NGOs or the private sector. Here, participants constitute organised groups who are invited to participate. The municipal sector is also not the sole decision-maker since a board, a committee or an assembly of representatives jointly decides on proposals.

According to Sintomer, Herzberg, Röcke and Allegretti (2012:23), participatory instruments such as these essentially constitute an expansion of government mechanisms with a strong focus on private economic interests. Civil society is essentially weak and functions in an environment of clearly defined rules and regulations, often prescribed by NGOs and major international donor institutions such as the World Bank. Although focused interests regarding developmental issues are often addressed through this model, the role of civil society is often marginalised, even to the extent that it plays a subordinate role, unable to question the dominant political and economic framework. The funding construct in this model might, however, lead to biased decision-making, especially when considering the influence of external organisations.

4.4.4.5 *Neo-corporatism: Participation of organised interests*

The primary feature of the neo-corporatism model is local government's incorporation of organised groups to establish a broad consultation base with the aim of achieving consensus through the mediation of interests, values and demands. Neo-corporatism addresses varied societal interests within an environment where local governments' administrative procedures differ. In this model, associations, federations and organised groups are the main actors. This model is principled on neo-corporist logic and is often referred to as participation of organised interests. In contrast to the original participation methodology that addresses concrete concerns such as investments and projects, neo-corporatism focuses on broad political guidelines that might include strategic policy concerns. The danger of neo-corporatist engagement may be the informality of rules and regulations that could render public participation a mere formality. However, this model has the potential for optimal deliberation initiatives, regardless of the type and level of discussions (Sintomer, Herzberg and Röcke in Dias, 2014:43).

While the normative framework of this model is linked to neo-corporatism, certain variations relating to governance can be observed. Here, Sintomer, Herzberg, Röcke and Allegretti (2012:25) specify that the World Bank, for instance, does not differentiate between NGO and private economic interests. However, these interests are not as overemphasised as is the case with multi-stakeholder participation. Participatory rules may also be formalised in this model and neo-corporatist agendas and processes follow a consultative framework notwithstanding the top-down decision-making processes. The procedural role of civil society is, however, limited and this restricts the development of a cooperative countervailing power.

In essence, the dynamics of the neo-corporatist model emphasises the reinforcement of traditional participation although cyclical interaction remains limited. The role of international organisations can also not be disregarded, especially when considering their contribution towards integrating organised structures of society while facilitating social consensus through asymmetrical relationships.

4.4.4.6 Community development: Community funds on local and city level

As with multi-stakeholder participation, community PB also includes separate funding mechanisms for investments and projects that are independent from the allocated municipal budget. The participants also constitute organised groups that are invited to propose ideas or projects. The level of empowerment can be labelled as joint decision-making through representatives of organised groups. However, a contrasting observation with multi-stakeholder participation is the exclusion of the business sector. Funding is provided through a national programme and may be linked to local government policy initiatives. Final decisions on projects reside with residents through appropriate voting mechanisms and, although participants are usually mandated to implement projects themselves, local government still monitors delivery and spending (Sintomer, Herzberg and Röcke in Dias, 2014:43).

The community development model focuses on participatory actions during the implementation phase of local government projects. According to Sintomer, Herzberg, Röcke and Allegretti (2012:25), notwithstanding political processes that have resulted in the establishment of projects, the procedural construct of the model emphasises a bottom-up approach that allows for a degree of representative

participation although the margins are limited. Also, within the domain of participatory democracy, emphasis is placed on the roles and responsibilities of local institutions. However, the community development model focuses on participatory mechanisms to include a wide spectrum of civil society participants, although most are often the upper fraction of the working classes or middle classes due to their traditional roles in administering community associations.

This model encompasses the idea of distributive justice through its focus on normative frames of empowerment where civil society is afforded the opportunity to manage local projects themselves. Hernández-Medina (2010:515) for instance, argues the importance of including marginalised communities as “subaltern counter-publics ... to ensure their autonomy while they interact with government and other powerful actors” to attain just and fair consideration as part of the broader community. Against this background, Mannix and Neale (2005) and Summers (2006) (in Hernández-Medina, 2010:515) also note that “an increase in the presence of members from historically excluded groups can have important positive effects on decision-making processes.” However, the potential lack of civil society’s strategic developmental vision and its ability to manage local projects might negatively affect the attainment of developmental goals and objectives.

4.5 PROJECT MANAGEMENT AND THE PARTICIPATORY BUDGETING INTERFACE

Improving the PB methodology further depends on the establishment of a structured approach governed by clear and unambiguous communication strategies. In this regard, project management methodology (depicted in Table 4.2) can be adapted to a variety of fields with the common denominator being the skill to manage events. Without focusing on the detail of project management, the concept itself contextualises a temporary arrangement of actions and initiatives to achieve predefined goals and objectives. Regardless of the level of focus (strategic, operational or tactical), this process is cyclical with the logical sequence of activities or phases being initiation, planning, execution, monitoring and evaluation and closure. Authors such as Baars, Harmsen, Kramer, Sesink, and Van Zundert (2006) postulate a six-phase approach that includes initiation, definition, design, development, implementation and follow-up. Nevertheless, project management

methodology includes a meticulous strategy that involves communication to enable municipal officials and the broader citizenry to assimilate budgetary initiatives to achieve desirable objectives. However, the success of any interactive process depends on the value and openness of communication, as part of both the stakeholder engagement process and the liaison and integration with the broader community.

Table 4.2: Factors contributing to successful projects

PB Project phase	Critical Success Factors
Initiation	Clear understanding of project environment. Competencies of project designers. Effective consultation with primary stakeholders.
Planning	Compatibility of key stakeholder development priorities. Adequate resource support. Competencies of project planners. Effective consultation with key stakeholders.
Implementation	Compatible rules and procedures for stakeholders. Continuous support for stakeholders. Competencies of project management team. Effective consultation with all stakeholders.
Closing	Adequate provisions for project closing in project plan. Competencies of project manager. Effective consultation with key stakeholders.

Source: Adapted from Khang and Moe (2008:78).

Furthermore, as with project management, the success of any PB action depends to a large degree on the precise definition of that particular initiative. For example, when considering the project management environment, Kerzner (in Ofori, 2013:17) argues that its outcome depends on the assimilation of three critical contexts: convergence between technical goals in relation to scope, time and cost; stakeholders' perceived value of the project; and the overall performance of the project. Taking into account this definition of project success, Ofori (2013:17) explains that its success or otherwise can only be measured once completed. It is advantageous to consider previously completed studies in this regard, specifically those that have focused on the relationship between process, activity and outcome as part of the systems

concept to establish baseline methodologies that could positively affect project outcomes.

Haughey (2015) argues that successful project management, and by implication PB, should avoid five explicit mistakes:

- a. **Poorly defined project ownership.** With change being continuous in the project environment, resistance thereto is likely. While constant, effective and efficient stakeholder involvement remains paramount, particularly from the community when considering PB, clear and unambiguous guidance from senior management (in the case of PB, the municipal authority as the project management team) is essential. This guidance should, however, not be autocratic or dictatorial, but embrace the concept of advancement. Furthermore, the roles and responsibilities of stakeholders should be clearly defined. However, the municipal authority (as the project sponsor) should avoid becoming the *de facto* project manager and should encourage the community to take ownership of the PB initiative.
- b. **Marginalisation.** The lack of input or involvement from all stakeholders will likely result in mediocre achievements, particularly if the project sponsor (the municipal authority) follows a we-know-what-we-want approach. It is imperative that a thorough community assessment regarding needs, wants and requirements be conducted with each aspect weighted to determine a proper course of action.
- c. **Prolonging the project's scope.** Being the cause of numerous project failures, scope creep often results from poorly defined processes and ill-conceived objectives. From a PB perspective, defined requirements and a common scope clearly defining the roles and responsibilities of all stakeholders should form part of the baseline argument when considering spending public funds. Should there be any changes to the project's scope, stakeholders have to agree and internalise new terms of reference, still taking into account the long-term community benefits.

- d. **Overlooking expectations.** While PB has the potential to ensure true participatory democracy through participatory decision-making concerning communal projects, the danger lies in the fact that it might be perceived as a panacea for all developmental initiatives. Although PB can address particular developmental concerns, the overarching social, political and economic environment must be beneficial towards its implementation. PB should also be contextualised and broken down into smaller achievable projects, implemented as parallel initiatives to achieve the strategic objective. Following this approach will likely result in addressing all stakeholder expectations, with communities being more willing to take part as they perceive the project unfolding.
- e. **Miscommunication and technical jargon.** Miscommunication and incomprehensible project-specific language often result in project failure with stakeholders not being able to assimilate goals and objectives. The result is that project sponsors, such as a municipal authority, implement developmental initiatives with communities not able to fully comprehend the outcomes, benefits or unintended consequences. Colborne (in Project Management Institute [PMI], 2013:1) expounds that “a good communication process keeps stakeholders engaged and project teams motivated.” Clear and effective communication is therefore imperative and this should be done on a regular basis with community representatives relaying the overall intention of the municipal authority to the broader citizenry, stipulating its advantages and disadvantages should such a project be approved.

The impact of effective communication can therefore not be understated, particularly in terms of the success of PB projects and the sense of purpose cultivated amongst stakeholders. Notwithstanding the effectiveness of communication, the success or failure of any PB project depends on the quantity and quality of communication and, as indicated in PMI (2013:2), “... organisations must help everyone to learn to say the right things to the right people [through] the right channels.”

It is imperative that PB project communication is not limited to project members only. The entire communication strategy should include all stakeholders, specifically

incorporating the broader community, even if it is only informative. This will afford elected community members actively involved in PB projects a better understanding regarding the needs and requirements of the broader community. Furthermore, the entire stakeholder contingent must meet regularly during the PB process, ensure effective and efficient education through communication and specify the exact terms of reference relating to the specific project and relay decisions efficiently and timely to the broader community.

4.6 CONCLUSION

Public participation remains a pivotal activity in democratic societies. This chapter depicted the framework for public participation as a practice seldom focused upon. This perspective emphasised two primary categories relating to participatory democracy: public participation and PB. The main consideration was the emphasis on public participation as a democratic imperative for accountability. Accountability mechanisms were provided as well as requirements to enhance public participation. The discussion regarding public participation in the budgeting environment revolved around the budget process and design and the dimensions of PB. Conventional models of PB presented a view on the directional implementation based on government strategies and the overall socio-political environment governing public participation in general. Finally, public engagement was contextualised as part of the budgeting process, incorporating budgeting theory and some structural requirements for effective PB.

The next chapter focuses on PB in the international environment. Specific emphasis will be placed on international declarations and practices regarding public participation. As part of the analysis, the public participation processes and budgeting frameworks of four countries will also be assessed. These countries include the United Kingdom and New Zealand, as developed economies and Kenya and Tanzania, as developing economies.

CHAPTER 5: INTERNATIONAL DIMENSION OF PARTICIPATORY BUDGETING

5.1 INTRODUCTION

Public participation in the international environment has increased substantially since its introduction in the 1980s in Brazil. As an instrument to improve governance by introducing transparency and accountability mechanisms, PB's influence on the socio-economic fabric of societies cannot be disregarded. Public participation in governance processes remains invaluable, especially in democratic societies advocating the importance of freedoms and inherent responsibilities such as the United Kingdom, New Zealand, Kenya and Tanzania. Despite the fact that the latter two countries experience intermittent internal instability often exacerbated by regional conflict, the core democratic philosophy is maintained as a communal responsibility to advance development.

This chapter will contextualise public participation in the budgeting environment by assessing institutionalised processes in developed economies (the United Kingdom and New Zealand) and developing economies (Kenya and Tanzania). Regulatory structures advancing participatory frameworks will be presented, followed by processes and planning mechanisms employed to advance overall participation.

5.2 INTERNATIONAL DECLARATIONS AND PRACTICES CONCERNING PUBLIC PARTICIPATION

Various international organisations have developed core practices and values regarding public participation in general and PB in particular. Whereas PB can be regarded as a sub-category of participatory democracy, values guiding public participation remain the core hypothesis for civil society engagement and budget interaction.

5.2.1 United Nations and the principle of public participation

The principle of public participation has been recognised in several international documents. From a human rights perspective, the *United Nations Universal Declaration of Human Rights*, 1948 (hereafter referred to as the Declaration of Human Rights) declare in Article 21(1) that "everyone has the right to take part in the

government of his country, directly or through freely chosen representatives”, with Article 21(2) indicating that “everyone has the right to equal access to public services in his country.”

Furthermore, Article 5 of the *Declaration on Social Progress and Development*, 1969 stipulates that “social progress and development require the full utilization of human resources ...”, with Article 5(c) indicating that “the active participation of all elements of society, individually or through associations, in defining and in achieving the common goals of development with full respect for the fundamental freedoms embodied in the Universal Declaration of Human Rights”, while Article 5(d) encapsulates the inclusion of marginalised communities as “the assurance to disadvantaged or marginal sectors of the population of equal opportunities for social and economic advancement in order to achieve an effectively integrated society.”

Kent (2014:2) contextualises the principle of public participation in three parts:

- a. the public’s right to be involved in decision-making processes, particularly where decisions would impact their lives;
- b. access to information is emphasised as a necessary condition for ensuring effective public participation since it enhances the quality of participatory processes through informed contributions; and
- c. access to judicial and administrative procedures where all citizens can participate in processes where issue-specific aspects are being discussed with the provision of legal recourse within this context.

Public participation, therefore, is not only an essential requirement for advancing human development, it is also a prerequisite for effective governance and can only be achieved through an enabling environment refined by legislative processes and policy directives.

5.2.2 African Charter for Popular Participation in Development and Transformation, 1990

The *African Charter for Popular Participation in Development and Transformation*, 1990 (hereafter referred to as the African Charter for Popular Participation) was

officially adopted at the 25th session of the 16th meeting of the ECA Conference of Ministers responsible for Economic Planning and Development in 1990, Arusha, Tanzania. The African Charter for Popular Participation (1990:4) contextualises Africa as having an “over-centralisation of power and impediments to the effective participation of the overwhelming majority of the people in social, political and economic development” and calls for the unrestricted participation of all to contribute economically and creatively to realise developmental objectives. According to Ndegwa (in ECA, 2010:2), this reference to “over-centralisation” can be ascribed to Africa’s colonial legacy and is deeply rooted in administration systems governed by authoritarianism, particularly in Francophone countries and to a lesser degree in Anglophone societies.

Accountability was a central theme at the ECA conference and for this to realise, decentralisation reform has to be stimulated. From a budgeting perspective, the ECA (2010:36) notes that local government officials have to become more responsible regarding budgets and overarching regulatory frameworks. Nevertheless, the African Charter for Popular Participation (1990:3) stipulates the objectives of the Conference as:

- a. recognising the invaluable role of participatory initiatives and activities towards Africa’s recovery and development strategy;
- b. sensitising national governments and the international community to the projected development approach through popular initiatives and self-reliant efforts;
- c. identifying obstacles in the participatory programme and to define appropriate approaches to promote participation in the policy formulation, planning, implementation, monitoring and evaluation frameworks;
- d. recommending to all stakeholders actions to establish an enabling environment for authentic popular participation in the development process while encouraging the uptake of self-reliant development initiatives;

- e. facilitating the exchange of information, experience and knowledge as part of mutual support; and
- f. proposing indicators for the monitoring of participatory progress throughout the continent.

Recognising these objectives is imperative, especially when considering what the African Charter for Popular Participation (1990:20) argues as the unacceptability of exclusion from decision-making processes and that popular participation should be perceived as “[nothing] less than the centrepiece in the struggle to achieve economic and social justice for all.” However, without the institutionalisation of proper governance systems and processes, popular participation initiatives are destined to fail. Although Africa’s colonial legacy manifests through central/national government policies, decentralisation initiatives (democracy) must continue to be prioritised. This requirement emphasises Sen’s (1999:3) argument that “a country does not have to be deemed fit *for* democracy; rather, it has to become fit *through* democracy.”

5.2.3 African Charter for Partnership between Inhabitants and Local Collectives, 2000

The *African Charter for Partnership between Inhabitants and Local Collectives*, 2000 (hereafter referred to as the African Charter for Partnership) articulates a series of principles essential to the establishment of a partnership between inhabitants (the community) and local authorities (local government). The African Charter for Partnership has been expounded during the Inter-African Forum between 12 and 16 May 2000, in Windhoek, Namibia. According to Calme (2000), this Charter entrenches guiding principles for interaction as opposed to modalities of action whereby representatives of 40 local governments, including South Africa and Tanzania, commit themselves towards progressive interaction between local governments and communities.

The provision of needs and services such as access to land, shelter, education, professional training, employment, urban security, access to credit through loan schemes and primary healthcare form the core purpose from which policy initiatives and interactive mechanisms need to develop to either establish mechanisms to achieve these requirements or, where these services exist, institutionalise

partnerships with communities to ensure maintenance and sustainability. Essentially, the African Charter for Partnership emphasises three fundamental factors as part of a developmental relationship:

- a. mutual recognition between local governments and their respective communities;
- b. the development, advancement and financing of partnerships between local governments and communities; and
- c. the recognition that the global environment can adversely affect developmental initiatives.

Therefore, partnerships are supported as core engagement necessities to enable development. According to Baud (2000:3), common types of partnerships include:

- a. those between government and private sector companies;
- b. those between communities and the private sector; and
- c. those between community-based organisations (CBOs), NGOs and local government.

It is important that partnerships are structured as open and transparent interactions focusing systematically to distribute resources equitably and fairly. The involvement of civil society in the budget, for instance, should be such that developmental initiatives are addressed functionally through proper education and training initiatives and that those contributions are recognised as potential acceptable outcomes.

5.2.4 Manila Declaration on People's Participation and Sustainable Development, 1989

The *Manila Declaration on People's Participation and Sustainable Development*, 1989 (hereafter referred to as the Manila Declaration), integrates the concept of participatory development and active involvement in decision-making processes. As the outcome of an interregional conference in the Philippines in 1989, the Manila Declaration focuses on developmental issues and ecosystem sustainability, accentuating the reassessment of current developmental practice initiatives that

negate the need for human intervention, community involvement, social sustainability and eco-centrism. Against this background, the participatory dimension revolves around three core principles:

- a. sovereignty is vested in civil society as the real social actors of constructive change and that the role of the government as enabler is to ensure the achievement of broader societal objectives;
- b. civil society should assume responsibility for its own development through access to relevant information, the control of resources and acquiring the means to hold government officials accountable; and
- c. those who assist civil society do so with the knowledge that any type of assistance is for the advancement of the social agenda and not their own and that their contribution will be measured accordingly.

It can be argued that these principles form the blueprint of a socialist agenda. However, when considering the environment from which they developed, specifically donor and NGO-directed agendas, community-owned initiatives will ensure directed development and sustainability. These principles also emphasise a strong monitoring and evaluation function where political office-bearers and elected officials can be held accountable for the utilisation of public resources. Conversely, the Manila Declaration also emphasises that organising people alone is not sufficient and that the outcomes of civil society activism should develop from the grassroots level to ensure productive and sustainable communities.

5.2.5 Declaration of the International Conference on Public Participation, 2012

The *Declaration of the International Conference on Public Participation, 2012* was adopted during the International Conference on Public Participation hosted by the Gauteng Provincial Legislature (GPL) between 29 February and 2 March 2012 to share insights and knowledge on improving citizens' participation in governance processes in a meaningful way. Although a similar conference was held in 2006, this conference focused on developments in the participatory environment since then, specifically addressing the dilemma of an increasingly inactive citizenry.

The *Declaration of the International Conference on Public Participation, 2012* emphasises the following objectives:

- a. a commitment to good governance and transparency through the creation of an enabling participatory environment;
- b. ensuring that public participation strengthen policy and legislative processes;
- c. a belief that public participation is essential to good governance with the objective to improve the livelihood of all;
- d. the obligation to institutionalise a culture of meaningful public participation in governance processes to overcome the obstacles of development;
- e. the acknowledgement that public education and literacy form the framework of effective public participation and that, through the building of a body of knowledge, participatory practices will improve;
- f. the need to address language diversity and appreciate plurality for ease of engagement;
- g. the acceptance that public participation must not only be clearly defined, but also contextualised within acceptable parameters to manage public expectations;
- h. promulgating public participation as a reconciliatory practice between the clearly distinct representative and participatory forms of democracy;
- i. aligning participatory processes with planning and budgeting processes to acknowledge the crucial role of citizens in these environments;
- j. the allocation of adequate financial resources to encourage and promote participatory practices; and
- k. entrenching the ethos and values of meaningful public involvement in governance and democratic processes.

In the keynote address delivered by Dr Sydney Mufamadi (GPL, 2012:20), the reduction in the rate of voter participation, non-participation in public hearings and a general disinterest in government reports have been identified as concerns in the South African environment. This general disengagement from interactive platforms could be ascribed to a changing cultural identity, with Bath (in Bornman, 2003:26) defining identity in terms of boundaries that could be psychological, cultural, social or political, simultaneously discriminatory in the sense that some identities are formed through group cohesion, while others remain excluded. Pracilio (2012:19) concurs by asserting that “electoral voice is the product of a transformation of political, and cultural, identity.” To address these issues, citizens should be viewed as people with the freedom to choose and the right to demand good governance notwithstanding a fragmented political environment.

5.3 PARTICIPATORY BUDGETING IN DEVELOPED ECONOMIES

PB increased exponentially in Europe since the early 2000s, with Sintomer, Herzberg, Allegretti and Röcke (2010:32) noting the originating influence as the successes achieved in Porto Alegre. A noticeable phenomenon in Europe, in particular, is the diverse applications and interpretations of PB, ranging from networking activities to the incorporation of the private sector in service delivery initiatives. In Oceania, PB is incorporated into a variety of government reform initiatives focusing on the harnessing of modern technology, particularly e-Government, to enhance community budgeting initiatives.

5.3.1 Participatory budgeting in the United Kingdom

The United Kingdom, officially referred to as the United Kingdom of Great Britain and Northern Ireland, consists of a group of islands off the western coast of Europe. Robertson, Jones-Perry and Everest-Phillips (2012:308) express that *Acts of Union* integrated England with Wales (1536-1542), with Scotland (1707) and with Ireland (1801), with southern Ireland, currently the Republic of Ireland, becoming the Irish Free State in 1921, resulted in the formation of the United Kingdom. As a constitutional monarchy, the United Kingdom does not have a written constitution as an overarching guide to all laws as such, with Barendt (1997) and Daintith and Page (1999) (in Lienert, 2007:5) asserting that a collection of statutes, case law and

miscellaneous rules form the baseline for stability and authority similar to countries governed by a constitution.

This regulatory framework is, however, changeable by an Act of Parliament without a specific procedure or majority. The relevant national parliaments of Scotland, Wales and Northern Ireland, as devolved authorities, governs local government administration through the Director-General for Governance and Communities in the Scottish Government, the Department of Culture, Media and Sport in the Welsh Assembly and the Department of the Environment of the Northern Ireland Executive, respectively. Robertson, Jones-Perry and Everest-Phillips (2012:310) further state that, while a number of pieces of legislation of the United Kingdom Parliament provide for the institutional arrangement for local government administration in England, the United Kingdom Department of Communities and Local Government (DCLG) administers this responsibility.

5.3.1.1 Structure of local government

Local government in the United Kingdom, as depicted by Robertson, Jones-Perry and Everest-Phillips (2012:310), comprises 160 unitary councils in the four countries, including 33 London boroughs, 33 two-tier authorities and county councils with a second tier of 236 district or borough councils. With the exception of Northern Ireland, a further tier comprising 11 400 community councils or parishes exist below the unitary, county and district/borough councils in England, Scotland and Wales. Although these local authorities have revenue-raising powers, they also receive transfers from the United Kingdom government and are responsible for an array of local public infrastructure and services. Parish and community councils are generally responsible for the administration of community facilities.

5.3.1.2 Budget openness and transparency

The United Kingdom has an open and transparent system of government that provides financial information to its citizenry. The management of public finances is governed by Section 155, the *Code for Fiscal Stability*, 1998, of the *Finance Act*, 1998 (c. 36). The purpose of the Code is to present in unambiguous terms the government's commitment to an open approach towards the management of public finances in the long-term interests of Britain. The principle of transparency, as

indicated by the *Code for Fiscal Stability*, 1998, entails the publication of sufficient information to allow citizens to scrutinise the conduct of fiscal policy and the condition of public finances. However, Section 2(4) depicts specific circumstances and types of information, typically those categories that are considered harmful to national security, exempt from disclosure.

However, Wehner (2010) argues that, “compared with other advanced countries there is a serious lack of oversight and scrutiny”, since the United Kingdom Parliament does not have an appropriate budget and appropriations committee as opposed to other OECD countries such as Sweden and Germany that have “powerful finance and budget committees that review total spending ... across [all] sectors.” Wehner (2010) also refers to two additional weaknesses: a practice called vote-on-account and the Parliament’s lack of analytic support. The vote-on-account principle provides the Government with the mandate to implement spending proposals without immediate parliamentary approval and, by the time a parliamentary decision is ready, a large portion of the budget would already have been utilised. Analytic support is an important trend across OECD countries and the apparent lack thereof in the United Kingdom parliamentary environment diminishes fiscal scrutiny.

PB in the United Kingdom differs from the rest of Europe and, as indicated by Involvement (in Best, Augustyn & Lambermont, 2011:80), consists of progressive tools to enhance participatory democracy. Of these, consensus conferences, citizens' panels and citizens' juries have proven invaluable and, with the publication of the discussion paper *A National Framework for Greater Citizen Engagement* in 2008, PB received specific attention. Best, Augustyn and Lambermont (2011:81) also assert that the idea and practice of PB “has mainly taken the form of the management of community funds at local and city level [including] public/private arrangements.”

Councils in the United Kingdom continuously experiment with ways to enhance citizen participation in policy and decision-making processes. The Commonwealth Local Government Forum (CLGF) (2012a:186), for instance, notes that PB in England and Wales is institutionalised through council-assisted programmes and techniques such as roadshows, referenda, citizens’ panels and/or business consultation. Processes are officiated through planning notifications where residents are invited to comment on and take part in planning proposals. The *Localism Act*,

2011 (c. 20) essentially changes the powers of local government in England and grants residents the authority to initiate local referenda on community issues of importance, including the power to veto excessive revenue collection policies. Through the devolution of decision-making powers, the Act has the potential to generate effective decentralisation. Citizen participation is also extended to voluntary and community groups with a likewise mandate to challenge local authority service delivery.

Jackson (in Wilhelm & Alenitskaya, 2010:51) indicates that the PB model in the United Kingdom is non-political, voluntary in nature and perceived as an empowerment tool. Although PB is centralised, it allows for the implementation of services not rendered by the municipal government. The framework of this PB model constitutes a set of community development values deemed paramount to the achievement of success. These values are:

- a. **Transparency.** Citizens are provided with information on public budgets in their area, including those that do not require participatory inputs.
- b. **Accessibility.** Participants are given the right tools and knowledge to take part and contribute in an environment free from intrusive barriers.
- c. **Empowerment.** The focus remains on processes where citizens can become engaged concerning local issues in the budgeting process.
- d. **Deliberation.** Focused discussions on relevant community issues are encouraged as opposed to narrow deliberations based on personal choice.
- e. **Local ownership.** Residents take responsibility for prioritising issues, setting up budgets and spending on planned projects in their local areas.
- f. **Mainstream involvement.** A steady focus evolves to expand responsibility-budgeting to include decision-making over mainstream budgets.

- g. **Support for representative democracy.** The notion of communal responsibility is cultivated through elected representatives as opposed to undermining processes through individual actions.
- h. **Shared responsibility.** The ideas of a common purpose and commitment from all stakeholders are advanced.

While these values present a blueprint for participatory initiatives in the United Kingdom, research conducted by SQW Consulting, CEA and GFA Consulting (2011:5) found that the steady success of the overall PB initiative could be attributed to its application in combination with existing community engagement practices and good decision-making processes focused on planning to achieve desired outcomes. The involvement of individuals with varied backgrounds not only encouraged self-confidence in participatory initiatives, but also empowered them to address important issues by pooling knowledge within newly structured communication ventures.

5.3.1.3 Public participation in practice: Participation networks

In Scotland, the *Local Government in Scotland Act, 2003* also stipulate that consultation arrangements should be open and fair and that open dialogue should continue throughout the interactive process. The University of Edinburgh's Public Policy Network (PPN), for instance, has developed a Citizen Participation Network of more than 500 citizens, researchers, practitioners and policy makers throughout Scotland. According to the PPN (2013), this initiative focuses on deliberative democracy, public engagement and collaborative policy-making.

Community budget initiatives allow a unified working environment where public services, businesses and the voluntary sector respond to local needs. Although citizen experiences form the centre of these initiatives, a holistic approach is followed, rather than one addressing discrete services. Based on experience, investment models are developed and structured to sustain the most effective intervention protocol. Community action is therefore imperative. The PB Network (2013), for instance, notes that a pilot project with funding from the Home Office in 2010 resulted in successful community participation when the residents of Blaenau Gwent, a county borough in South Wales, took part in participatory decision-making concerning the utilisation of allocated funds for safety projects. In collaboration with

the Wales Participatory Budget Unit, the Your Voice, Your Choice event generated 68 projects totalling almost 180 000 pounds sterling that were scrutinised according to established community safety criteria. Although the outcome of the participatory process generated projects in excess of the original budgeted amount, it indicated the willingness of the community to get involved in mutual projects.

5.3.2 Participatory budgeting in New Zealand

New Zealand mainly comprises two large islands: North Island and South Island. Lesser islands include Stewart Island and a number of offshore, semi-isolated islands in the South Pacific east of Australia. The country is both a constitutional monarchy and parliamentary democracy, with Queen Elizabeth II the current titular Head of State represented by a Governor-General. As an independent sovereign nation, the *Constitution Act, 1986* (114 of 1986) delineates New Zealand as a Realm comprising New Zealand, Tokelau, the Ross Dependency and the self-governing states of the Cook Islands and Niue. Although the country does not have a singular, written constitution, Keith (2008) specifies that several pieces of legislation, legal documents, court decisions and conventions effectively comprise New Zealand's system of government, with the *Constitution Act, 1986* (114 of 1986) reflecting the separation of executive, legislative and judicial powers. Keith (2008) also emphasises that the role of the public service is contained in the provisions of various Acts, supported by constitutional principles such as neutrality and independence.

5.3.2.1 Structure of local government

The local level of government consists of two tiers. The top tier comprises regional authorities, whereas territorial authorities (city or district councils) make up the second tier. According to Statistics New Zealand (2012) the country is divided into 16 regions with 78 local authorities, comprising 11 regional councils and 67 territorial authorities, which in turn comprise 53 district councils and 12 city councils, including the Auckland Council and the Chatham Islands Territory. Territorial authority districts are not subdivisions of regions as some of them are located within more than one region and are based on communities of interest. Each territorial authority has community boards functioning as the lowest arrangement of government, responsible for issues such as roads and transport infrastructure, sewerage, building consents

and land use. The Department of Internal Affairs (2011) also indicates that, although local government is considered separate from central government and has its own revenue-raising powers, statutes may establish an accountability relationship regarding areas of mutual interest.

Local authorities are legally obliged to consult their communities as part of community planning processes when presenting their Long-Term Community and Council Plans. The CLGF (2012b:144) discloses that the *Local Government Act, 2002* (84 of 2002) created a broad framework to incorporate community views in the decision-making process, while simultaneously structuring consultation regulations relating to development and annual plans tabled by local councils. However, Section 3(b) stipulates that local authorities have the power to decide which activities they undertake, including the manner in which they will undertake them. Notwithstanding this criterion, Section 82 provides principles of consultation that a local authority must undertake in relation to any decision or matter subject to Sections 3 and 5 of the *Local Government Act, 2002* (84 of 2002). Without detailing these principles, Section 82 considers consultation and community participation as invaluable. The incorporation of marginalised groups is specifically addressed, allowing the Maori people in particular, to contribute to decision-making processes through interactive consultation processes.

Devolving responsibilities to local government to include provisions that mandate public participation in decision-making processes is common practice in New Zealand. The *Resource Management Act, 1991* (69 of 1991), for instance, specifies that all local authorities have an obligation to consult directly with their respective communities on district and regional plans within a framework allowing opportunities for public feedback. Under the land *Transport Act, 1998* (110 of 1998), Land Transport Councils must also publish draft transport strategies for public consultation and allow for timely feedback on decisions. The CLGF (2012b:145) adds that territorial authorities, as the second tier of local government (below regional councils), are also required to have directly elected community boards within their respective districts to assist and facilitate consultation. As representative units of their communities, these boards maintain and oversee services provided by the territorial authorities.

5.3.2.2 Budget openness and transparency

McKinlay, Pillora, Tan and Von Tunzelmann (2011:13) refer to New Zealand's local government system as a typical Westminster-tradition system where democracy effectively represents a command-and-control approach to government. However, this notion of governance has steadily changed over the years with New Zealand now incorporating newly adopted practices following the introduction of NPM principles in the 1980s. Accountability and the publication of budget-related information has become a central argument within the administrative environment.

The *Public Finance Act, 1989* (44 of 1989), as amended, emphasises the principles of accountability and transparency. Section 26(G) in particular specifies principles of responsible fiscal management and, as indicated by De Renzio and Kroth (2011:3), promotes sound fiscal policy by requiring the government to impose regular fiscal reporting obligations on the Treasury and Ministers, thus enabling parliamentary scrutiny of these reports and statements. Supplementary to the *Public Finance Act, 1989* (44 of 1989), the *Guide to the Public Finance Act, 2005* further highlights pertinent issues regarding the Budget Policy Statement and fiscal forecasts. Conversely, reference is made to users and, without specifying the exact populace, De Renzio and Kroth (2011:3) note the assumption can be made that the emphasis concerns the formation of independent views within the context of disclosure and external scrutiny.

While public participation is encouraged and even contextualised through legislation, direct public participation in the budgeting environment remains an innovative concept. One IBP recommendation based on the *Open Budget Survey, 2015* is that public engagement in budgeting should be strengthened to "include meaningful channels for the public to engage in the formal budget process" (IBP, 2015b).

5.3.2.3 Public participation in practice: Citizens' Panels

A prominent form of public participation in New Zealand is Citizens' Panels. PublicVoice (2014:3), a Wellington-based market research company, describes a Citizens' Panel as "a group of people selected from the community, with whom a council regularly consults on a range of issues." Given the range of local government issues, Citizens' Panels contextualise an effective tool for local government councils

to consult, provide feedback and make informed decisions. A Citizens' Panel consist of 500 to 5 000 participants recruited through mixed random sampling techniques, are representative of the local population and reflect the demographic and geographic variables characteristic of that particular community. Although this system of selection is random and representative, community members wishing to participate in these Citizens' Panels do so voluntarily. Furthermore, they are required to indicate their willingness and accessibility to be consulted.

The changing methodology regarding the impact of Citizens' Panels is emphasised by PublicVoice (2014:10) as:

- a. **Increased engagement.** The problem of reluctance to take part in decision-making and planning processes is addressed by simplifying communication and interaction methods through online and electronic systems.
- b. **Effective access to marginalised groups.** Online Citizens' Panels counter logistical barriers and encourages participation by disadvantaged groups.
- c. **Cost-effective consultation techniques.** Citizens' Panels provide local government councils with ready-made sample groups for survey purposes.
- d. **Better access to the silent majority.** Online, simple and straightforward interactive processes allow for the integration of a broader spectrum of the community.
- e. **Incorporating research from alternative community stakeholders.** Apart from being a resource for local government council decision-making, Citizens' Panels also provide a useful resource in collaboration with other stakeholders such as business, environmental-, health- and safety providers.

The need for the establishment of Citizens' Panels emanated from the perceived ineffectiveness of the current consultation and interaction practices where marginalised groups and the so-called silent majority had not always been

incorporated. PublicVoice (2014:17) appropriately indicates that communities have moved from being consumer-centred to citizen-centred. Alexander (2013) concurs that citizens are “moral agents”, comfortable with a degree of uncertainty and having expanded self-interest. Consumers, on the other hand, present as “de-moralised”, always requiring certainty and, only at best, have enlightened self-interest.

5.4 PARTICIPATORY BUDGETING IN DEVELOPING ECONOMIES

African budgets and public expenditure programmes vary according to prevailing political conditions following from elections, political competition, the size of the government and decentralisation in what Alt and Lassen (2006), Alt, Lassen and Rose (2006), Lassen (2000) and Bastida and Benito (2007) (in Khagram, De Renzio & Fung, 2013:5) cite as influential factors. Cultural and historical influences such as social values, colonial heritage, legal traditions and ethnolinguistic fractionalisation, as indicated by La Porta (in Khagram, De Renzio & Fung, 2013:5), also affect the quality of government institutions, budget systems and overall economic development.

The African PB phenomenon originated mainly through PRSs and demands by international donor organisations and aid agencies. However, according to Sintomer, Herzberg, Allegretti and Röcke (2010:9), between 66 and 110 participatory budgets are currently active in Africa. However, expenditure often remains focused on defence and public order, while socio-economic elements such as health, education and a general investment in developmental initiatives receive less priority. The prioritisation of expenditure also compounds the already differentiated administrative environment where budgets tend to integrate public service obligations into a single itemised expense, leaving large portions of expenditure outside the prerogative of the official budget. However, the latter concern is steadily dissipating with the acceptance and introduction of MTEFs throughout Africa.

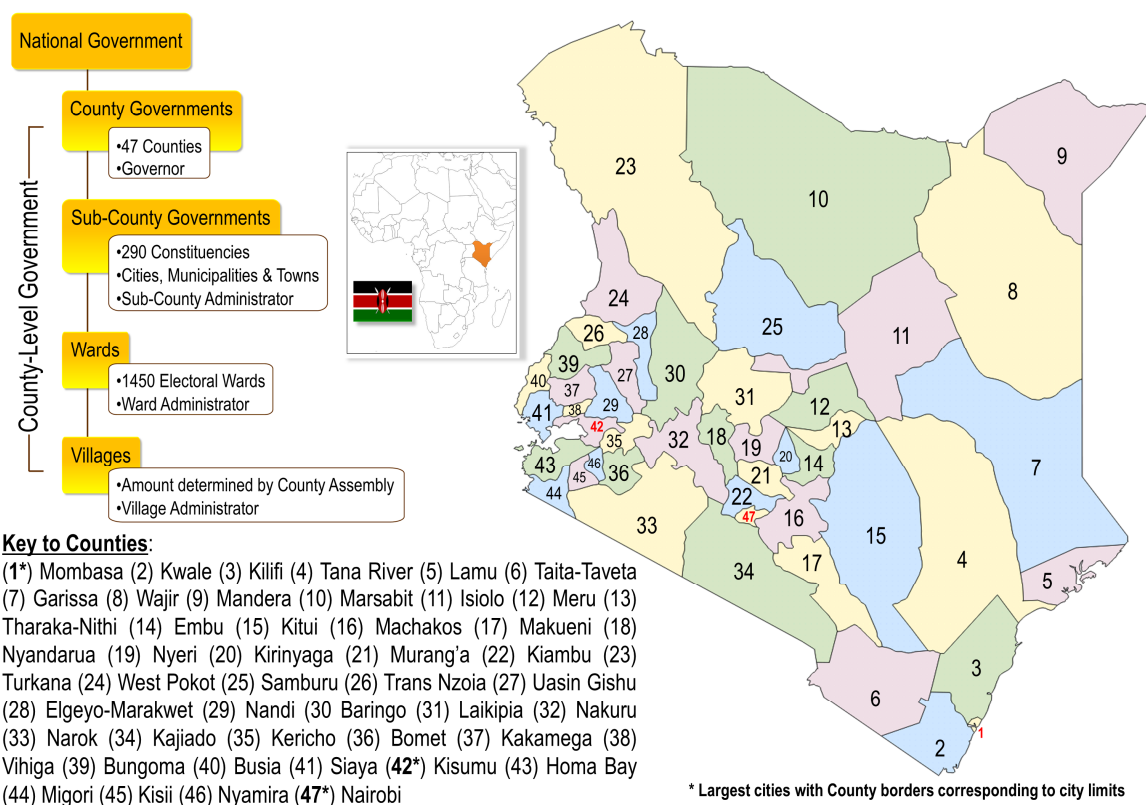
From a legacy perspective, colonialism essentially set the foundation for modern administrative practices. According to Iweriebor (2011), “the colonial State was the machinery of administrative domination established to facilitate effective control and exploitation of the colonised societies.” Subsequently, the political and local government configurations of Kenya and Tanzania do not vary significantly in the

21st century since administrative practices inherited from British colonialism still feature strongly. Additionally, both countries also claim a significant Omani/Arab heritage. Lodhi (1994:89) asserts that the Sultanate of Oman had established a system of direct rule in East Africa in 1821 before being replaced by European rule in 1890. Although the Muslim community lost political power, literacy and administrative experience ensured a sustained governance structure, particularly at the lower levels of government.

5.4.1 Participatory budgeting in Kenya

Kenya (see Figure 5.1) is divided into eight provinces and, with the implementation of the *Constitution of Kenya, 2010*, now consists of 47 county governments comprising county assemblies and county executives with powers of legislation vested in the State.

Figure 5.1: Map of Kenya indicating Counties and levels of government



Source: Own rendition adapted from <http://www.d-maps.com>.

Before this restructuring, Robertson, Jones-Perry and Everest-Phillips (2012:206) indicate that the local government administrative environment comprised 175 single-tier elected councils consisting of 67 county councils, 62 town councils, 43 municipal councils and 3 city councils.

Mboga (2009:8) observes that a system of local government where Chiefs were appointed by the colonial administration to manage village units existed in the early 19th century before the country's independence in 1964. According to Muia (in Mboga, 2009:8), structures similar to municipalities have also been established in Nairobi to administer specific European requirements. A number of changes were introduced and by 1950 the system of local government essentially reflected an integrated decision-making process with a link between central and local government (Ndegwa in Mboga, 2009:8). After independence, additional changes transpired within the legislative environment and by 1977, the *Local Government Act, 2010* (Cap 265) constituted the framework for local government and public finance, as stated by Kirira (2011:1) "based on command-and-control structures" until the new constitution was adopted in 2010.

The *Constitution of Kenya, 2010* consented to tangible changes in administration and politics, with Kenya now being officially recognised as a multi-party state through changes in administrative structures such as the establishment of a bicameral parliament and 47 counties under a devolved system of government comprising county assemblies and county executives with State powers of legislature (Lubale, 2012:2). Decentralisation effectively began in the early 1980s through a model that gave the established District Development Committees and District Commissioners more authority in policy and planning processes. Decentralisation policies in recent years have already resulted in some form of structural acceptance of subnational governments. This, according to CLGF, United Nations Capital Development Fund (UNCDF) and UNDP (2012:3) has resulted in a miscellany of funding structures and allocations to local authorities, districts and constituencies, which include the Local Authority Transfer Fund (LATF), bursaries, Constituency Development Funds (CDFs), Road Maintenance Funds, and Youth and Women Development Funds. Furthermore, the Kenya Accounts and Secretaries National Examination Board, responsible for local government accounting and the Kenya Institute of Management,

for local governance and management and Government Training Institutes, amongst others, have been commissioned to render services to the local government sector.

5.4.1.1 Budget openness and transparency

The effective management of public resources forms the core commitment of the Kenya Administration when considering budget openness. According to the Government of Kenya (2012:7), two critical issues include

- a. improved management of public resources by increasing the country's ranking in the Open Budget Index (OBI) from providing 'more information' to providing 'significant information'; and
- b. the promotion of transparency and accountability on budget-related information by increasing public participation through technology channels and disseminating data on approved budgets electronically.

These activities have also been included in the county budget process as indicated in Table 5.1. A detailed analysis of openness and transparency is provided in Chapter 7 of this research.

5.4.1.2 Public participation in the budget process

The *Constitution of Kenya, 2010* declares a new era of public participation, with the Electoral Institute for Sustainable Democracy in Africa (EISA) and Westminster Foundation for Democracy (WFD) (2013:x) referring to "the unequivocal right of people to participate in and [oversee] the government" as a constitutional imperative. Public participation is clearly mandated through Articles 118(a) and (b) and 196(a) and (b) where Parliament and County Assemblies are required to facilitate public participation and also safeguard the public's right to attend, Article 201(a) focuses on openness and accountability and public participation in financial matters, Article 232 depicts the values and principles of the public service, Article 232(d) refers to the involvement of civil society in the policy process and Article 69(d) addresses public participation in environmental matters. A number of articles also address the right to access to information and citizen awareness, two aspects without which public participation cannot succeed.

Table 5.1: County Government budget process in Kenya

Stage	Activity
	<p>Pre-budget public sector consultative forums. Constituted according to the Kenya PFMA. Citizens invited to deliberate inputs for new FY budget. Citizens encouraged making submissions, oral on the material day or presenting a memo specifying proposals.</p>
<p>1. Budget formulation</p>	<p>The executive formulates the budget. Key budget documents include the executive's budget proposal and supporting budget documents.</p>
	<p>Participation through the County Budget and Economic Forum. Participation is mandated through the <i>County Governments Act, 2012</i> (17 of 2012) and the Kenya PFMA. County governments set up CBEFs as means of consultation on the preparation of county plans, the County Fiscal Strategy Paper, the Budget Review and the Outlook Paper for the county.</p>
	<p>Sector Working Groups (SWGs)/Department Working Groups. Made up of variety of actors, including representatives from the Ministers of Finance, Planning and National Development, Health and others. SWGs prepare the MTEF sector reports that synthesise ministerial expenditure requirements. SWG identifies rank and sector priorities and analyses the cost.</p>
	<p>Budget and Appropriations Committee hearings. The County Assembly has a Budget and Appropriation Committee with the mandate to examine the County Fiscal Strategy Paper and evaluate tax estimates. The committee invites submissions from the public, either oral or per memorandum. Public invited to attend the pre- budget and post-budget deliberations.</p>
<p>2. Budget approval</p>	<p>The legislature reviews and amends the budget. Executive then enacts it into law. Key budget documents include the budget law and reports of legislative budget committees.</p>
<p>3. Budget execution</p>	<p>The executive collects revenue and spends money as per the allocations made in the budget law. Key budget documents include in-year reports, the mid-year report, year-end reports and supplementary budgets.</p>
<p>4. Budget oversight</p>	<p>The budget accounts are audited and audit findings are reviewed by the legislature. Legislature then requires action to be taken by the executive to correct findings. Key budget documents include audit reports and Legislative Audit Committee reports.</p>

Source: Adapted from Oduor (2014:25, 30-31).

The *Public Finance Management Act, 2012* (18 of 2012) (hereafter referred to as the Kenya PFMA) also makes provision for the incorporation of public participation into different financial management processes. As indicated by Section 10(2), the Parliamentary Budget Office, for instance, is encouraged to “observe the principle of public participation in budgetary matters”, while the treasury is obliged to “seek and take into account the views of [...] the public” in preparing the annual Budget Policy

Statement as referred to in Section 25(5). Through these affirmations, Article 201 of the *Constitution of Kenya, 2010* is asserted in the Kenya PFMA. The Kenya PFMA further allows for the creation of a structure at the county level referred to as the County Budget and Economic Forum (CBEF) through Section 137, focusing on consultative matters in line with public participation. According to Muriu, Mbai, Lakin and Flynn (2014:9), five counties, indicated in Figure 5.1 (Machakos, Bungoma, Elgeyo Marakwet, Taita Taveta and Homabay) had already established CBEFs by February 2014.

The presentation of budget findings, procedural statistics or global rankings is only useful to a certain degree. This data, however, needs to be interpreted and presented in acceptable and understandable formats. In Kenya the implementation of good practice results from the publication of explanatory documents as accompanying narratives to encourage acceptance and action on findings (Lakin, 2014:2). The format of Kenya's budget proposal includes:

- a. a summary of budget policies, including revenue, expenditure, debt and deficit financing;
- b. an analysis of how the budget relates to the fiscal principles; and
- c. a memorandum by the County Executive Committee explaining how the resolutions adopted by the County Assembly on the budget estimates have been incorporated.

This procedure inherently incorporates a mechanism of dialogue as an interactive mechanism between the County Executive and the citizenry. Public participation in subnational decision-making is not new to the Kenyan environment. According to Shall (2007b:205), the concept of involving citizens in the budgeting process already started with the preparation of the 2001/2002 budget when Local Authority Service Delivery Action Plans (LASDAP) had to be prepared. However, participation was, and still is to some extent, limited to capital projects with no opportunity to provide input once the consolidated budget is produced.

- a. **LASDAPs.** According to ActionAid International Kenya (2012:42), the LASDAP process, as indicated in Table 5.2, is a participatory initiative

involving municipal/local government and stakeholders in a three-year planning enterprise to identify relevant projects and activities to be included in the municipal budget. The primary focus area of these LASDAPs remains poverty elimination with a strong focus on health and education, while developmental issues further include infrastructure development and the upgrading of informal settlements and it is the driver for assigning LATFs.

- b. **Citizen engagement in the LASDAP process.** Public engagement in the LASDAP process of the Malindi Municipal Council (MMC), for instance, contextualises a focused approach on community development and poverty alleviation. Located in the Kilifi County and having a population of just over 207 000 as indicated by the Kenya National Bureau of Statistics (KNBS) (2010:194), the MMC consists of 13 wards located within the Malindi Constituency. ActionAid International Kenya (2012:43) upholds that, prior to 2005, governance of the MMC was characterised by disorder due to ineffective and irregular administrative practices. LATFs did not reach communities, effectively resulting in insufficient service delivery. Mistrust between employees and municipal councillors exacerbated the resultant debt crisis leading to the rationalising of critical development projects. A realignment of the budget process followed when stakeholders and officials from the municipal council realised the impracticality of existing revenue collection models. From this, the Malindi Residents Forum (MRF) and the Revenue Enhancement Committee were formed and through a collective effort, optimal ways of collecting and spending revenue initiated marked improvements. The MRF started a programme to organise workshops at the ward level to inform communities of the LATF and LASDAP processes and to encourage them to submit decisions and suggestions relevant to the overall planning process. The MRF Board became the official mechanism for engagement with the Municipal Council.

Table 5.2: LASDAP process in Kenya

Steps	Month	Local Authority	Community
1	Ongoing to September	Information gathering to guide LASDAP process & linkages to strategic plan	
2	September	Formation of LASDAP Technical Team	
3	September	Preparatory activities & calculation of resource envelope	
4	October		Consultation meetings
5	November	First draft LASDAP prepared	
6	November	Council approval of LASDAP	Consensus meeting LASDAP Monitoring Group formed
7	November	LATF conditionality submission	Feedback meetings
8	April	Council budget approval	
9	May	Formation of Project Technical Teams	
10	May	Council approval of Strategic Plan Revisions Minister's budget approval	LA Budget Day Community Budget Day & formation of Budget Committees
11	June to July	Implementation of The Projects	
12	Ongoing	Evaluation of LASDAP process & projects	

Note: A continuous monitoring and reporting function is conducted by the community and local authority.

Source: Adapted from Omolo (2009:45).

Successful approaches to public participation in budgeting processes require, what ActionAid International Kenya (2012:44) refers to as the institutionalisation of modalities into all decision-making practices to enable citizens to “enjoy the accruing benefits ... [and to] ... own the whole gamut of social development agenda and process.” Overall, participatory practices through the CDF introduced in 2003, and LASDAPs have mostly been successful, effectively establishing the framework for further community involvement in the newly structured county government system. The CDF, however, has not been without controversy.

According to the National Taxpayers Association (NTA) and IBP (2013:11), a weak legal framework and the near nonexistence of oversight mechanisms severely limited public participation in decision-making and project implementation. With the promulgation of the *Constituency Development Fund Act, 2013* (30 of 2013) (hereafter referred to as the CDF Act, 2013), the Kenyan government plans to realign the CDF to the *Constitution of Kenya, 2010*. However, according to the NTA and IBP (2013:12), public participation in decision-making “is still not clearly defined [with no safeguards in place] to prioritise community needs.” The immediate concern, therefore, revolves around the strengthening of institutions to enhance participatory processes. Notwithstanding its promulgation, the Commission for the Implementation of the Constitution (CIC) (2013) argues that the CDF Act, 2013 is unconstitutional since it does not comply with specific Articles of the *Constitution of Kenya, 2010*. According to the CIC, major issues of concern relate to Article 6, the constitutional division of functions between county and national governments, the principle of separation of powers, Articles 202 and 218, provisions regarding the division of revenue, Article 202(2), the allocation of grants and Article 220, relating to planning and budgeting for the different levels of government.

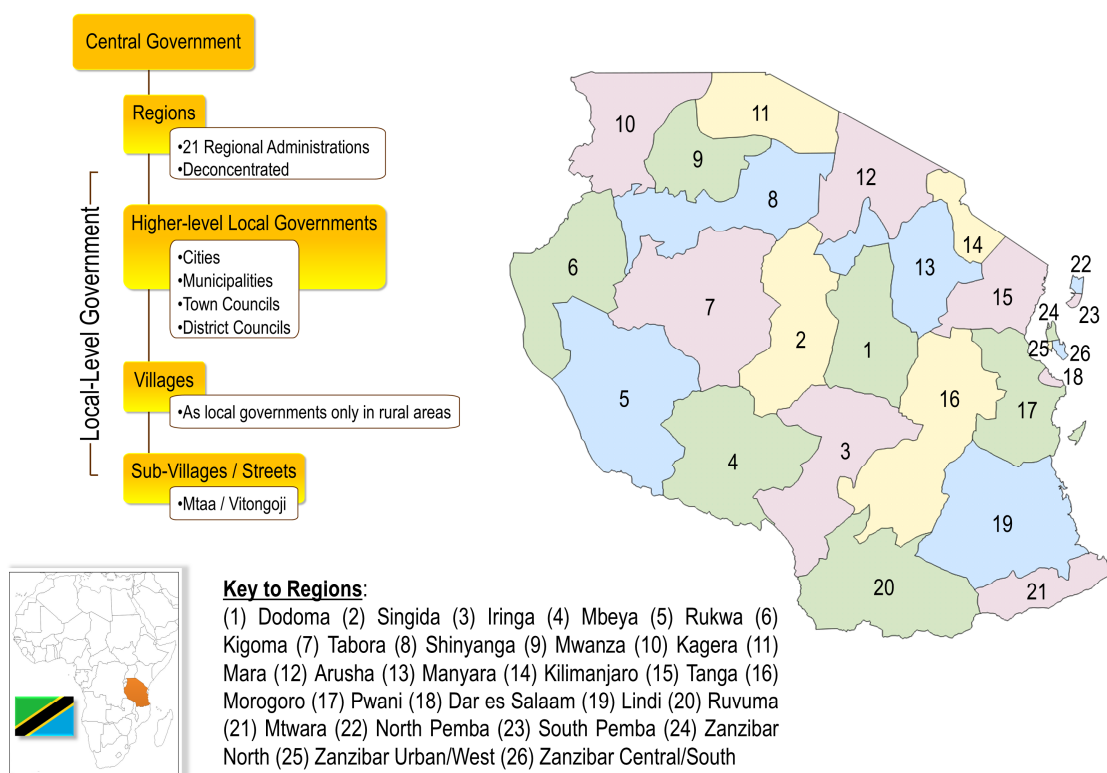
Regardless of the current unconstitutionality and amendments to the CDF Act, 2013, well-established local structures can still be utilised to promote public education programmes, enhance public participation and disseminate information on government policies and structures. Moreover, the CIC (2013) affirms that, should the CDF Act, 2013 be repealed, it will still be possible for the national government and county governments to continue funding activities through existing structures provided that funding activities “respect and accord with the system of devolved

government.” County governments in turn can also establish development funds similar to the established CDF model.

5.4.2 Participatory budgeting in Tanzania

The United Republic of Tanzania (see Figure 5.2), a constitutional republic constituting the two formally independent countries Tanganyika and Zanzibar, is divided into 26 regions (21 on the mainland and 5 in Zanzibar, an island east of Africa).

Figure 5.2: Map of Tanzania indicating Regions and levels of government



Source: Own rendition adapted from <http://www.d-maps.com>.

Robertson, Jones-Perry and Everest-Phillips (2012:317) remark that regions in Tanzania are divided into district authorities (4 city, 22 town and 106 district authorities) and divisions. In Zanzibar, local government comprises 10 authorities with revenue-raising powers responsible for the execution of central/national government objectives through conventional service delivery and developmental

activities. According to the Japan International Cooperation Agency (JICA) (2008:xix), decentralisation in Tanzania happened in three phases:

- a. the early 1960s, with the abolishment of colonial administrative structures and the appointment of administrators by the President, the Civil Service Commission or direct election in the case of District Councils;
- b. the late 1960s to the middle 1980s, where economic conditions deteriorated and service delivery declined; and
- c. the 1990s, with the introduction of the Poverty Reduction Strategy Papers with the intention of introducing direct, accelerated interventions through donor decentralisation policies.

Ladan (2009:11) emphasises that political liberalisation also resulted in reform programmes such as the Local Government Reform Programme (LGRP) that emphasised political, financial and administrative decentralisation, effectively changing the central-local relations with mainland Tanzania, aiming to, as Ladan (2009:11) depicts, “promote democratic, accountable and autonomous local government with wide discretionary powers and a strong financial base.” According to CLGF, UNCDF and UNDP (2012a:4), Tanzania’s decentralisation policy emphasises mechanisms for local governments to access credit from local banks, individuals and stakeholders, with the Eastern and Southern Africa Management Institute's management programmes dedicated to local government development in the region.

Tanzania adopted a permanent constitution in 1977, a move away from the interim Constitution of 1962 (providing for a presidential system of government) and the 1964/1965 Constitution which provided for the unification to Tanganyika and Zanzibar into the United Republic. According to Ladan (2009:11), the local government system in Tanzania contextualises a scheme of decentralised power and resources with different administrative structures. Despite a rich history of functioning local government in mainland Tanzania dating back to the *Natives Authorities Ordinance* in 1926, instability resulted in its abolishment in the early 1970s. By the early 1980s, rural councils and rural authorities had been re-established in line with a multi-party system of government.

Ladan (2009:11) emphasises that political liberalisation also resulted in reform programmes such as the LGRP I (between 2000 and 2008) and II (between 2008 and 2013) that emphasised the political, financial and administrative decentralisation of Local Government Authorities (LGAs). According to Ladan (2009:11), this effectively changed central-local relations with mainland Tanzania focusing on the “[promotion of] democratic, accountable and autonomous local government with wide discretionary powers and a strong financial base.” The growth and development of LGAs in Tanzania are significant, with the Ministry of Finance and Economic Affairs (2010) emphasising development, efficiency, improved fiscal relations and decentralisation as cornerstones for good governance in the *National Strategy for Growth and Reduction of Poverty II*, 2010 policy document.

5.4.2.1 Budget openness and transparency

According to The President’s Office (2014:10), Tanzania commits to enhance its transparency model by annually making eight strategic budget reports publicly available (online). These budget reports include the pre-budget statement, the budget proposal, the enacted budget, the citizens’ budget, in-year reports, the mid-year review, the year-end report and audit reports. The lead institutions responsible for this task would be the Ministry of Finance and the Controller and AG. A detailed analysis of openness and transparency is provided in Chapter 7 of this research.

5.4.2.2 Public participation in the budget process

The concept of public participation in Tanzania is not new. Mollel (2010:1), remarks that former president Julius Nyerere once stated that “development is the participation of people in a mutual learning experience involving themselves, their local resources, external change agents and outside resources. People cannot be developed; they can only develop themselves by participation and cooperative activities which affect their well-being. People are not being developed when they are herded like animals into new ventures.”

Article 145(1) of the *Constitution of the United Republic of Tanzania, 1977* (hereafter referred to as the Constitution of Tanzania) allows for the establishment of LGAs in regions, districts, urban areas and villages. Article 146(1), in particular, emphasises that the purpose of these LGAs is to empower civil society through participatory

practices, planning opportunities and the implementation of development programmes. The broad concept of public participation is also encapsulated in Article 8(d) of the Constitution of Tanzania, referring to the idea that “the people shall participate in the affairs of their Government in accordance with the provisions of this Constitution.”

Both the *Local Government Urban Authorities Act, 1982* (8 of 1982) and the *Local Government District Authorities Act, 1982* (7 of 1982) provide for councils to organise public hearings and thus require institutionalised cooperation with civil society, particularly in promoting and ensuring democratic participation in and control of decision-making. Consultation, therefore, remains paramount and LGAs are required to consult with local communities as part of their planning process indicated in Table 5.3. The *Local Government Finances Act, 1982* (9 of 1982) also specifies financial arrangements for LGAs, particularly the frameworks governing expenditures and the collection of revenue.

Table 5.3: Subnational budgeting in Tanzania

Stage	Activity
1. Preparation of budget guidelines	The president’s Office, the regional administration and the local government issue budget policies, guidelines and ceilings. The regional secretariat advises the municipal council on policy, guidelines and instructions. The municipal council prepares local guidelines and policies for wards.
2. Public consultation and identification of priorities	Ward extension staff are trained and Ward Development Committees (WDCs) issue guidelines to community planning and budgeting support teams. Public meetings are held to rank priorities. WDCs approve priorities.
3. Compilation of the draft budget	The council management team (CMT) compiles and synthesises budget proposals. The CMT consults with CSOs. The CMT compiles the final draft budget that is then distributed by council committees.
4. Approval and adoption of the budget	The full council approves and adopts the budget. Citizens have the opportunity to provide input both during the initial discussion of priorities and after the draft budget has been compiled.

Source: Lubuva (in Shall, 2007b:209).

The implementation of Decentralisation by Devolution in 1998 laid the foundation for autonomy and participation, while signalling in a new participatory planning approach referred to as Opportunity and Obstacle to Development (O&OD) planning. As a simplified SWOT analysis model, this tool aims to rapidly start the planning process to identify major constraints to local development. The implementation of the LGRPs has resulted in the integration of public participation and the government has achieved some successes in this regard. Hence, Shall (2007b:201) remarks that the LGRPs were specifically introduced to build the capacity of LGAs, increase the financial autonomy and decision-making authority and promote the quality of service delivery.

Presently embedded in the LGRP II, the O&OD process, which was initiated in 2002, currently assists communities with the development of planning and implementation methodologies, cultivating ownership and strengthening bottom-up planning. According to the O&OD Project Office (2013), this approach has been implemented in more than 90 per cent of communities and has been branded a core practice to promote public participation in local development to strengthen accountability and transparency.

Accordingly, the Prime Minister's Office for Regional Administration and Local Government (PMORALG) initiated the project *Strengthening Participatory Planning and Community Development Cycle for Good Local Governance* to advance the potential of the O&OD since two major obstacles towards development initiatives remained community empowerment and the sustainability of community initiatives. According to PMORALG and JICA (2009:2), the overall objective of this project is to achieve concrete local autonomy through participatory local development processes according to four specific outputs relating to

- a. the establishment of a functional training system for ward facilitators;
- b. the establishment of a functional training system for ward facilitators;
- c. an implementation strategy of O&OD to strengthen community ownership;

- d. an optimum model for effective utilisation of community development plans by sector departments of LGAs; and
- e. capacity development through the establishment of necessary conditions.

Even though comprehensive participatory practices often form the core paradigm of development and empowerment initiatives, participation in policy and budgetary frameworks enhances and strengthens communities' capacity to undertake sustainable projects. In this regard, the PMORALG (2009:28) states that the LGRP II aims to transform LGAs into structures capable of implementing socio-economic programmes in their areas of jurisdiction to reduce poverty. Linked to the O&OD planning process, this strategy aims to ensure accountability and integrity concerning the effective and efficient utilisation of public resources.

Accordingly, Fjeldstad, Lange, Jerve and Nygaard (2007) argue that "the essence of the LGRP is to transfer duties and financial resources from the central to the local government levels." Consultation, therefore, remains paramount during annual budget and development planning processes with the CLGF (2013a:165) noting that PB is "encouraged and enabled" through bottom-up budgeting whereby WDCs and identified democratic structures can take part, facilitate and ensure participation. At the grassroots level, participation remains focused on informal interaction, which HakiElimu and Policy Forum (2008:13) refer to as the analysis of public budgets, generating simplified and popular versions of the budget, monitoring and evaluation, expenditure tracking and advocating for improvements regarding specific budget requests through strategic partners such as the media and public engagement settings. However, the official contextualisation of public participation in the budgeting environment remains confined to the PER and related processes.

5.5 CONCLUSION

Participation in the budgeting environment has gained international acceptance since it was introduced in the 1980s. Various countries have already successfully implemented programmes of this nature and the practice is now being regarded as a necessity in local government environments. This chapter described the nature and extent of public participation in budgeting processes from an international

perspective. With PB regarded as a prerequisite for development, countries have experimented and successfully implemented likewise initiatives. Against this background, frameworks in the United Kingdom, New Zealand, Kenya and Tanzania were analysed. More focus was placed on Kenya and Tanzania as developing economies and the fact that Kenya introduced a new constitution in 2010, effectively positioning development within a framework of community interests.

The following chapter will assess the concept of PB in South Africa. The legislative framework governing public participation will be provided, followed by the planning and budgeting process in the context of developmental local government.

CHAPTER 6: PARTICIPATORY BUDGETING: THE SOUTH AFRICAN CONTEXT

6.1 INTRODUCTION

As an instrument to improve governance by introducing transparency and accountability mechanisms, PB plays an important role. In South Africa, participation is regarded as a pillar of democracy, with various legislative and regulatory frameworks promoting and protecting participation. The budget process, although still unfamiliar to most and often limited to top-down interactive processes, also includes opportunities for public participation. The most common methodological application of participation in the South African budgeting process relates to community-based participation and opportunities to participate in the development of the IDP. From a budgeting perspective, however, current models of interaction barely address community involvement in the development and spending of budgets. There are limited exceptions and they are often quoted as pilot projects.

This chapter will contextualise the field of public participation in the budgeting environment. Specific issues that will be addressed include legislative and regulatory frameworks, structures and processes. Tools and mechanisms to enhance the overall participatory framework in South Africa will also be discussed.

6.2 PUBLIC PARTICIPATION IN SOUTH AFRICA: LEGISLATIVE AND POLICY FRAMEWORK

The post-1994 legislative environment in South Africa guarantees public participation in policy-related processes. In this regard, Sachs (in Nyati, 2008:3) emphasises “all parties interested in legislation should feel that they have been given a real opportunity to have their say, that they are taken seriously as citizens and that their views matter and will receive due consideration at the moments when they could possibly influence decisions in a meaningful fashion.” While the reference concerns the legislative environment, this idea alludes to the symbolic and practical notion of participation where laws manifest from citizens’ views and opinions in a democratic dispensation. The legislative and policy framework related to public participation in South Africa comprises the Constitution, the *White Paper on Local Government*, 1998, the *Municipal Structures Act*, 1998 (117 of 1998), the *Municipal Systems Act*,

2000 (32 of 2000), the *Municipal Property Rates Act*, 2004 (6 of 2004) and the *Draft National Policy Framework for Public Participation*, 2005.

6.2.1 Constitution of the Republic of South Africa, 1996

The concept of public participation in the spheres of government is embedded in the Constitution, with Chapter 2, the *Bill of Rights*, specifically depicting the right to equality, human dignity, listed freedoms and access to the most basic human needs such as food, water, housing, education and, relevant to consultation and participation within the local sphere of government, information. Likewise, Sections 59(1)(a), 72(1)(a) and 118(1)(a) introduce a legal obligation on the National Assembly, the National Council of Provinces and provincial legislatures respectively to facilitate public participation when executing their legislative processes.

Buccus, Hemson, Hicks and Piper (2008:300) observe that Section 118 presents similar requirements for the provinces. This is noteworthy since the various provincial legislatures are ultimately responsible for the state of governance in local government. These provisions are also reflected in Section 154(1). Sections 151(1)(e) and 152 further compel local government to enhance and encourage the involvement of communities and community organisations in municipal affairs. Within the public administration environment, Section 195(e) further states that, in terms of the basic values and principles governing public administration, people's needs must be responded to, with the broader public being encouraged to take part in policy-making.

6.2.2 White Paper on Local Government, 1998

Public participation, as stated in the *White Paper on Local Government*, 1998 (in DPLG, 2005:4) must:

- a. ensure that political leaders remain accountable and work within their mandate;
- b. allow consumers of services to contribute to the way the services are delivered;

- c. allow consumers of services to contribute on the way the services are delivered; and
- d. afford organised civil society the opportunity to form partnerships and contracts with local government to mobilise additional resources.

Section B(3), *Working Together with Local Citizens and Partners*, further emphasises that, as participants in the process, “municipalities should develop mechanisms to ensure citizen participation in policy initiation and formulation, and the monitoring and evaluation of decision-making and implementation.” The following approaches can assist to achieve this:

- a. The establishment of forums to allow organised formations to develop policies and/or to influence policy formulation, while participating in the monitoring and evaluation activity.
- b. Initiating structured stakeholder involvement in defined local government committees such as those that are topic-orientated with a limited duration as opposed to permanent structures.
- c. Involvement in PB activities aimed at linking community priorities to capital investment programmes.
- d. Taking part in focus group action research in partnership between NGOs and CBOs.
- e. Providing support for the organisational development of associations, especially those in poor and marginalised areas with inadequate and less-developed skills.

The *White Paper on Local Government*, 1998 addresses an array of obstacles and potential solutions relating to public participation. With accountability, transparency and good governance being promoted as core values of local government, the idea of real participation provides an opportunity for communities to take part in budgeting processes, present their needs and develop collective solutions to identified concerns.

6.2.3 Municipal Structures Act, 1998 (117 of 1998)

The *Municipal Structures Act, 1998 (117 of 1998)*, as amended, stipulates that a Category A municipality with a sub-council or ward participatory system and a Category B municipality with a ward participatory system must report annually on the involvement of communities and community organisations in the dealings of the municipality through either the Executive Committee or the Executive Mayor respectively. Section 19 refers to municipal objectives, while Section 72 contextualises the purpose of Ward Committees as structures to develop participatory democracy in local government. Section 74 stipulates the functions and powers of Ward Committees so that a Ward Committee may liaise with ward councillors on issues affecting the specific ward. This relates to community issues and structured community organisations that might present a mutually beneficial interest in the development of the specific ward.

6.2.4 Municipal Systems Act, 2000 (32 of 2000)

The *Municipal Systems Act, 2000 (32 of 2000)* was, amongst others, introduced to:

- a. provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic development of local communities and ensure universal access to essential services that are affordable to all;
- b. define the legal nature of a municipality as including the local community within the municipal area, working in partnership with the municipality's political and administrative structures; and
- c. provide for community participation.

Section 4(c)(e) directly refers to the obligations of the municipal council, in that the local government council has a duty to encourage the involvement of the local community and consult the community on the level, quality, range and impact of municipal services, either directly or through an appointed service provider. According to Section 5(a), community members, in turn, have the right to:

- a. contribute to the decision-making process of the municipality through either written or verbal recommendations, representations and/or complaints;
- b. be informed of council decisions; and
- c. regular disclosure of municipal affairs, including financial affairs as amended by the *Municipal Systems Act, 2003* (44 of 2003).

Section 16(1) also encourages public participation through IDPs, performance management and overall involvement in monitoring and evaluation activities. Communities are also encouraged to contribute to societal development to enhance council-community interaction and participation.

6.2.5 Municipal Property Rates Act, 2004 (6 of 2004)

Probably the most contentious issue in any local community relates to the introduction of property rates and taxes. Even though it is the duty and obligation of local government to collect revenue for developmental initiatives, planned actions and activities should always take place within a consultative framework. Notwithstanding the provisions created by the aforementioned legislative frameworks, the *Municipal Property Rates Act, 2004* (6 of 2004) regulates the authority of a municipality to determine rates on property that effectively has a direct impact on communities (as property owners) and public participation *per se*. Section 4 specifically allows for public participation before a municipality adopts its rates policy and it is within this context that council-community interaction can be strengthened to achieve common goals.

6.2.6 Municipal Finance Management Act, 2003 (56 of 2003)

The MFMA addresses the involvement of communities in municipal financial affairs. The MFMA has been promulgated as an accountability mechanism for the utilisation of public funds. Although the importance of the MFMA in its entirety will not be addressed, specific sections relating to community participation and involvement will be discussed.

Section 23 of the MFMA stipulates that a municipal council must consider the views of the local community when decisions are to be tabled. According to Section 33(1)(a)(i)(bb), which specifies municipal contractual obligations, a municipality aiming to extend an agreement beyond the three years stipulated in the annual budget must initiate a process to invite comments from the local community and these need to be considered. Section 46(3)(a)(i) also requires a similar process before any long-term debts may be incurred. Public consultation is also specified in Section 84(2)(i)(bb) before a municipality may establish a municipal entity.

Public-private partnerships are also addressed in the MFMA and, as referred to in Section 120(6)(b)(ii), public consultation must take place before agreements regarding public-private partnerships are entered into. Lastly, Section 130 specifies that municipal council meetings must be open to the public and to certain public officials, with Section 130(1) emphasising that meetings where the annual report is to be discussed must be open to the public. In addition, reasonable time must be allowed for discussion of any written submission received from the community regarding the annual report and this meeting must allow community members to address the council accordingly.

6.2.7 Draft National Policy Framework for Public Participation, 2005

The *Draft National Policy Framework for Public Participation, 2005* articulates the development of participatory democracy since 1994. Initial public participation approaches were categorised within the context of project-based community participation approaches and community development approaches. According to the DPLG (2005:5), this participative approach perceived government “more as gatekeepers and controllers than as facilitative bodies allowing communities to control resources and resource allocation.” Consequently, community development approaches, although supported by government, have yielded few developmental initiatives.

A peoples’ contract focusing on the rights and responsibilities of the broader populace developed into a new phase where partnership and negotiated development is perceived as paramount. The current approach, as indicated by the DPLG (2005:5) includes:

- a. the establishment of legitimate structures, such as Ward Committees, for public participation;
- b. instituting planning mechanisms for communities (community-based planning);
- c. integrating these planning mechanisms with the integrated development planning process;
- d. supporting wards to implement their plans by utilising discretionary funds;
- e. providing facilitation and support to Ward Committees and community groups through community development workers; and
- f. holding Ward Committees and municipalities to account.

Although the emphasis is on local government-community interaction and the legal requirements to establish and maintain this relationship, Van der Walt and Knipe (in Van Rooyen, 2003:129) view public participation as a complex, involved process, with the added benefit of problem-solving. However, through this interactive process potential problems, such as procedural aspects related to the management of projects, additional human resource requirements and unpredictability associated with dealing with community groups, might arise.

6.3 BROAD BUDGET FRAMEWORK

The compilation of a budget, particularly a national budget, remains a complex activity requiring collaboration from a variety of stakeholders. In South Africa this interactive relationship should, according to Section 215(1) of the Constitution, be transparent, accountable and efficient in terms of budgetary issues reflected in both the macro- and microeconomic environments. Furthermore, Section 215(2) of the Constitution also requires the spheres of government to essentially validate the sources of revenue and the manner in which the proposed expenditure will comply with national legislation. A number of entities such as the National Treasury (NT), National and Provincial departments, the Budget Council, Cabinet and Provincial

Executive Council, the Financial and Fiscal Commission (FFC) and National and Provincial Legislators are involved in this process.

6.3.1 Key stakeholders in the budget process

Pauw, Woods, Van der Linde, Fourie and Visser (2009:68) and Mahlangu and Mphela (2011:18) list the important stakeholders with their core responsibilities as:

- a. **National and provincial treasuries.** The NT is primarily concerned with the identification and contextualisation of the overall macroeconomic and fiscal policy, the maintenance of fiscal discipline and debt management. The compilation of the budget takes place within a coordinated process with provincial treasuries and other departments.
- b. **National and provincial legislatures.** These legislatures are responsible for reviewing the budget after it has been tabled as well as monitoring departmental expenditure once the budget has been approved. The facilitation of public participation in the budget process is also a crucial aspect. Important structures include the relevant finance committees and the Public Accounts Committee.
- c. **National and provincial departments.** These departments are responsible for developing expenditure plans based on departmental goals, policy and envisaged expenditure profiles within a systems framework aligned with projected inputs, outputs and desired outcomes. Upon approval, departments then develop and implement these plans.
- d. **The Budget Council and Local Government Budget Forum.** The Budget Council consists of the provincial MECs for Treasury, the Directors General of Treasuries and the Minister and Deputy Minister of Finance and their advisers. The Budget Council's primary obligation as a consultative forum is to advise Cabinet on the division of revenue between the three spheres of government.
- e. **Cabinet and Provincial Executive Councils.** As political oversight bodies, the primary role of these councils is to decide on the division of

revenue between national departments and provinces. Budget priorities are also set in accordance with guidelines and advice from the Budget Council. Provincial Executive Councils also set spending priorities for provincial departments.

- f. **FFC.** As a constitutional institution (Schedule 6(20) and Article 220 of the Constitution), the FFC functions in an advisory capacity for the drafting of the budget and subsequent recommendations relating to the division of revenue between the different levels of government. However, these recommendations are not legally binding, as stipulated in Section 3(2) of the *Financial and Fiscal Commission Act, 1997* (99 of 1997), unless effected through Section 2(c)(c)(a) of the *Financial and Fiscal Commission Amendment Bill, 2015* (B1 of 2015).
- g. **Parliament.** When the Cabinet has approved the budget, the Minister of Finance submits this to Parliament for voting. The provincial and local government's shares of the budget will be included. After a rigorous process of debate in which Cabinet ministers and MECs present and defend their prospective budget votes, Parliament and provincial legislatures evaluate and approve the budget. This is done in accordance with, amongst other pieces of legislation, the *Money Bills Amendment Procedure and Related Matters Act, 2009* (9 of 2009), which has provided Parliament with powers to amend the budget.
- h. **Appointed officials.** As executors of public policy, appointed officials, as opposed to political office-bearers, remain influential in the budget making process since they provide information, administer policies and assist in the technicalities of budget formulation. In this regard, Thornhill (2005:181) states that political office-bearers rely on the specialist advice provided by appointed officials. Although the advice of appointed officials is important, Venter and Landsberg (2007:93) note that following a reasoned approach in developing a policy proposal does not guarantee acceptance by political office-bearers. The successful execution of budget policy should, therefore, be framed within an environment of mutual understanding and commitment.

While competing interests will always play a role in the distribution and allocation of resources, these stakeholders have the responsibility to manage financial resources optimally and effectively, particularly when considering the finite nature of government resources. Consequently, the public's participatory role remains imperative. In this regard, the *Money Bills Amendment Procedure and Related Matters Act, 2009* (9 of 2009) presents a platform for public engagement and participation, specifically according to:

- a. Section 8(2), requiring the committees on finance to undertake joint public hearings relating to the fiscal framework and revenue proposals;
- b. Section 9(5)(b), requiring the committees on appropriations to conduct public hearings on any proposed amendments to the Division of Revenue Bill;
- c. Section 10(8)(a), requiring the Committee on Appropriations to hold public hearings on the Appropriations Bill and proposed amendments;
- d. Section 11(4)(a), requiring the Committee on Finance to hold public hearings on the Revenue Bills;
- e. Section 13(2)(a), requiring the respective committees on appropriations to conduct public hearings on money bills not otherwise referred to.

In this context, Fölscher, Krafchik and Shapiro (2000:5) justly argue that “the public has a basic right to information about the budget and to have its views considered in budget decisions.” However, Witbooi and Joseph (2011:62) maintain that the effectiveness of public participation depends on the capacity of the public for engagement on budgetary issues and their overall ability to contribute positively in this regard.

6.3.2 Budget process

The South African budgeting framework, in particular, is divided into four phases which Gildenhuys (in Pauw, Woods, Van der Linde, Fourie & Visser, 2009:74), Mahlangu and Mphela (2011:19), the Collaborative Africa Budget Reform Initiative (CABRI) and African Development Bank (ADB) (2008:x) indicate as planning,

approval, implementation and evaluation. According to Mahlangu and Mphela (2011:19), each phase comprises a process involving major decisions filtering from national government through to local government, with national departments correspondingly competing for allocations. These phases include:

- a. **Planning and preparation of the budget.** The executive, through the NT, is responsible for compiling the budget plan based on policy guidelines developed by Cabinet. These policy priorities not only contextualise the macroeconomic framework, but also set the outline for the division of revenue across the spheres of government. Strategic stages within this phase include the preparation of the MTEF budget submission, the review of the macroeconomic framework and the division of revenue, recommendations on the medium-term allocation process, decisions on the medium-term allocation process and the preparation of the budget.
- b. **Obtaining legislative approval.** Upon the tabling of the proposed budget by the Executive, a process starts when the budget is debated in Parliament. Public participation, characterised by the involvement of organised interest groups, civil society, the media and the public, is evident during this phase. Various committees are also involved to assess and discuss the budget proposal (votes of the budget). This not only allows for scrutinising of expenditure and revenue proposals, but also allows for transparency, specifically in relation to public participation.
- c. **Implementation.** As soon as the budget has been enacted by Parliament, the execution phase commences. The budget is implemented by the Executive through government departments and state-owned enterprises upon the release of funds by the NT in accordance with the approved budget. Accounting officers review spending proposals to assess the alignment of proposals with existing procedures. Entities and spending agencies then commence with spending through their respective finance directorates or indirectly through procurement procedures. During this phase, the preparation of

in-year performance and expenditure reports, as well as end-year reports enhances transparency and assists with monitoring and evaluation.

- d. **Evaluation and control through auditing.** The auditing phase, also referred to as the control phase, runs partially parallel to the implementation phase due to the monitoring and evaluation requirement to ensure and effect fiscal transparency. Fiscal transparency remains a basic consideration during the evaluation and control phase. To achieve appropriate fiscal transparency, government entities and spending agencies need to adhere to standardised and accepted auditing practices. Auditing involves a review of the final budget documents by independent audit institutions such as the AG. When completed, the AG offers an opinion on the status and quality of financial statements and management based on the year-end documents.

As a vehicle to achieve broad political objectives, Schiavo-Campo (2007:237) asserts that the budget must reflect three specific issues: the future recurrent costs of capital expenditures, the funding needs of entitlement programmes and contingencies that may result in future spending programmes. The South African budget process aims to ensure the appropriate allocation of resources to meet political priorities and, according to the NT (2014:21), is structured in such a way so as to include the principle of function budgeting, the system of intergovernmental fiscal relations and a consolidated approach to public finances. This process, while technical in nature, ensures the optimal allocation of resources through established legislative and regulatory practices.

In this regard, Lienert (2005:14) argues that the role of the legislature in the budget process remains a core feature of any PFM system. Furthermore, the alignment of planned and actual spending remains crucial, especially when considering that Ablo and Reinikka (1998) and Stasavage and Moyo (2000) (in CABRI & ADB, 2008:16) note that poorly executed budgets often undermine fiscal policy, distort allocations and undermine operational efficiency.

6.4 PLANNING AND BUDGETING IN THE SOUTH AFRICAN LOCAL GOVERNMENT ENVIRONMENT

The role and function of local government has evolved considerably since 1998, particularly with regard to its developmental role, with Atkinson (2007) noting that the most significant transformative ideology has been the formal acceptance of developmental local government as the cornerstone of growth and inherent service delivery. According to Atkinson (2007:2), local government's significance now centres on three pillars:

- a. a multi-sectoral nature where local government is regarded as the principal sphere of government mandated to integrate a variety of sectoral issues within a single developmental policy, commonly referred to as the IDP;
- b. closeness to the people with reference to the geographical location of municipal offices; and
- c. spatial development, where local government incorporates various developmental issues involving beneficiaries and the broader community through the establishment of institutional capacity building programmes and ensuring public participation in planning activities.

The developmental role of local government cannot be overstated, especially when considering that Section 153 of the Constitution refers to the organisational alignment through structures, responsibilities and administrative matters to effectively address the needs and requirements of communities. However, while this restructuring of the public service environment has brought about considerable advances in service delivery, specific problems regarding the consistency, quality and timely delivery of public services and goods remain a concern.

Holborn and Mloi (2012) further argue that corruption, cadre deployment, skills shortages and poor administration are compounding performance inhibitors, while Atkinson (2007:58) states that uneven transformation within the local government environment contributed significantly to the current socio-economic state characterised by dissatisfaction in a number of communities.

The intricacies of local government tasks and responsibilities are defined by structural arrangements and in the South African local government context, these involve arrangements within the broader categorisation of municipalities into A, B or C entities to perform their mandated functions as stipulated in Section 155(1) of the Constitution and Chapter 1 of the *Municipal Structures Act*, 1998 (117 of 1998).

Category A municipalities, referred to as metropolitan municipalities, consist of municipalities that have exclusive and legislative authority in their designated areas. There are currently eight metropolitan municipalities recognised in South Africa. These municipalities are scrutinised more thoroughly in terms of service delivery and productivity than other categories of municipalities because of their potential economic viability and heightened requirement to deliver services. Areas that are primarily rural mostly consist of district (Category C) and local (Category B) municipalities. Local municipalities are municipalities that share municipal and executive authority within the area of a district municipality. There are currently 226 local municipalities in South Africa. District municipalities have municipal, legislative and executive authority in a defined geographical area although they might consist of more than one municipality. There are currently 44 acknowledged district municipalities.

Bearing in mind that the current South African municipal model originated from governmental transformation in the 1993-94 period to emphasise the importance of representative democracy, as noted by Roux and Nyamukachi (2005:688), recent developments indicate that South Africa is currently considering the Kenyan model of decentralisation regarding district municipalities. According to Houlihan, Steytler and De Visser (2011:1), the 44 district municipalities in South Africa cover roughly the same geographical area as the counties in Kenya. Where district municipalities currently combine a number of local municipalities, local authorities in Kenya form part of their respective counties. The proposal, therefore, is that a one-tier sub-council system should be created in South Africa to be absorbed into the district municipality, effectively becoming part of the district council.

Houlihan, Steytler and De Visser (2011:1) further argue that while this model would involve the creation of large single-tier councils in a singular district, the specific district will then have the regulatory and legislative power and functions to properly

administer district services through the “[merging of] scarce managerial, administrative and technical resources.” Other advantages include the attraction of skilled resources, the generation of economies of scale, the structuring of development planning and the provision of bulk services. From a socio-political perspective, additional advantages could include the rationalisation of not only IDPs, but also the current system where divided powers and functions negatively affect integrated service delivery and community interaction with the municipal council as a whole. The main consideration, however, should be the adherence to “the goal of a democratic State [which] would be to ensure the spiritual and material welfare of all inhabitants” (Roux and Nyamukachi, 2005:692).

When considering the powers and functions of municipalities, as described in Section 156 of the Constitution, it is evident that functions have been delegated through the decentralisation principle. Likewise, powers assigned to municipalities through Part A of Schedule 4 or Part A of Schedule 5, as indicated in Section 156(4) of the Constitution, require effective administration provided that the municipality has the capacity to administer it. Therefore, when referring to the importance of developmental local government, the concept of public participation in these matters must be prioritised according to those areas in which the public can provide valuable inputs. The involvement of the broader citizenry in matters affecting the management of municipalities, and service delivery in particular, should be clear and precise, with the focus on budgetary matters in which communities can make a difference.

6.5 DEVELOPMENTAL LOCAL GOVERNMENT AND PARTICIPATION

Developmental local government is described in the *White Paper on Local Government*, 1998 as an idea that “centres on working with local communities to find sustainable ways to meet their needs and improve the quality of their lives.” This concept, indicated in Section B(1) revolves around the institutionalisation of four fundamental characteristics:

- a. exploiting (maximising) the economic growth potential and social development opportunities within its sphere of influence through assigned powers and functions;

- b. the alignment of public and private investment initiatives through the establishment of coordinating mechanisms;
- c. democratic development and developing social capital through community leadership and vision (public participation) where the citizenry determines a vision for development; and
- d. empowering marginalised and excluded groups of the community where local government structures maximise social capital to find solutions for increased sustainability.

These characteristics emphasises local government's uniqueness and mandate to deliver services, economic development and social support. Governed by Sections 2(41) and 152(1)(a) of the Constitution, local government's primary responsibilities include the

- a. provision of services to all local communities through a democratic system where accountability is paramount;
- b. sustainable provision of these services;
- c. promotion of socio-economic development;
- d. establishment (and maintenance) of a safe and healthy environment; and
- e. involvement of local communities and community organisations in community affairs.

Within this context, public participation remains paramount, especially where municipalities might be inundated with development challenges to improve the quality of life for all. To meet these challenges, Section B(3) of the *White Paper on Local Government*, 1998, identifies three interrelated strategies that are of major importance: integrated development planning and budgeting, performance management and cohesive interaction with communities. The implementation of these strategies requires an active commitment within the decentralisation paradigm, particularly with regard to fiscal decentralisation and the degree to which public

engagement and participation is required. Here, fiscal efficiency and the principles of subsidiarity, discussed in Chapter 3 of this research, form the pinnacle of the participatory activity.

However, the type of inputs citizens are able to provide might vary since many are not familiar with corporate financial matters and administrative processes (as required by the King III Report, for instance). Decisions relating to capital expenditure projects, however, might require significant public participation, especially where they are likely to affect the community as a whole. Here, Baiocchi, Heller and Silva (2011:83) argue that projects are probably the most basic unit where public participation can make a difference since these are discrete local government actions that have a specific assigned cost. Moreover, the structure and organisation of PB units at local government level remain important.

Not only must the functions of these units coincide with the local government budget cycle, their structured participation must be organised in such a way that the ultimate decision on projects is based on geographic location that includes the incorporation of marginalised groups. Notwithstanding this important consideration and the fact that popular participation in local government systems was given additional expression through the *Municipal Systems Act, 2000* (32 of 2000), Thompson (2007:84) argues that few municipalities have taken cognisance, while those that have, have failed to secure sustainable interaction.

The implementation of Kenya's decentralisation model, for instance, has the potential to address the current conflict of interests between local and district authorities with Houlihan, Steytler and De Visser (2011:2) arguing that local leadership could potentially have advantageous control over district matters as opposed to mere representation as currently practised. A unified metropolitan government could, for instance, address governance issues, and more specifically the concerns of residents, more adequately, paving the way for robust community interaction in local government matters.

Securing effective participation, particularly within the budgeting framework, requires a coherent and firm base for mutual interaction. In this regard, Carson and Gelber (2001:5) assert that potential obstacles such as guidelines, potential conflicts of

interest, vague outcomes, responsibility categories, imbalances regarding regulatory practices, ineffective consultation mechanisms and possible dissatisfaction regarding current administrative processes have to be addressed firmly to establish a coherent and firm participatory base within the consultative process.

Mutual interaction also implies open channels of communication “to provide democratic and accountable government for local communities” as stipulated in Article 152(1) of the Constitution as one of the aims of local government. According to the South African Local Government Association (SALGA) and the German Agency for Technical Cooperation (GTZ) (2006:119), this accountability-through-communication premise requires municipal councillors to:

- a. encourage input into the planning and implementation of municipal service partnerships by involving Ward Committees, NGOs and CBOs to take part in the development of proposals for the municipal council to consider; appointing a committee of community representatives to advise the municipality on priorities for service development; and requesting that community representatives evaluate future service providers through the monitoring and evaluation process;
- b. report on council activities on a regular basis, taking into consideration (and encouraging) the role of Ward Committees as constructive participants;
- c. account for annual performance by preparing and delivering reports to the public reflecting on their performance in relation to set objectives within the budget framework; and
- d. strengthen the overall relationship with the community through liaison initiatives, either formal or informal and the provision of financial and administrative support to Ward Committee structures.

Ward Committees, in turn, have an obligation to communicate and liaise with the community on a regular and open basis regarding all developmental (planned or already initiated) projects that will affect them. However, community participation, although being legislated, is often a discretionary activity of some South African

municipalities. In this regard, the participatory compromise still revolves around participative consultation as opposed to active participation and community action within the budgeting process. Communities are seldom given opportunities, nor access to spending programmes. This, according to Yusuf (2004:1), might be because a large portion of communities either do not have the financial literacy skills or comprehension of the complexity of the budget process.

Legislative and regulatory frameworks in South Africa emphasise the importance of good governance and the necessity for public participation. While Atlee (2008) provides a list of public participation principles such as inclusiveness, empowerment, engagement, knowledge management, quality dialogue and continuous engagement, SALGA (2013:1) maintains that the philosophy in the South African environment is rights-based, with consultation being perceived as a prerequisite in all cases where public authorities' decisions might have the potential to affect stakeholders. Furthermore, a municipality is obligated to consider the common interests and concerns of the community when drafting bye-laws, policy and programme implementation and then to communicate its activities and outcomes clearly to the community (SALGA, 2013:1).

It is against this background that community involvement in strategic planning and visioning requires extended participation methods, the sustainable use of resources and commitment between all parties involved. The achievement of enhanced community consultation and effective participation should develop within the ambit of a clear set of unambiguous rules to curb undue process and unequal representation, specifically if planning and delivery do not coincide with the actual needs of the community.

The relationship between ways of participating in local government (practice) and effective community consultation (structure) should also be integrated to achieve inclusivity.

- a. **Ways of participating in local government.** Kakemba (in Nyalunga, 2006:3) depicts three specific approaches for citizen participation. These include citizens' action through lobbying bodies such as parliamentary committees and protests (often regarded as an

unproductive participatory mechanism); citizens' involvement through public hearings, consultation with advisory committees and attitude surveys; and electoral participations through the casting of votes and electing representatives.

- b. **Effective community consultation.** Carson and Gelber (2001:9) stipulate 10 constructive principles to ensure effective community consultation: aptness (timeliness), inclusivity, community-focus, interactivity and deliberation, effectivity, substance, facilitation, openness, fairness, effectivity and flexibility.

Effective community consultation in South Africa crystallises as a central theme of the MFMA. According to the NT (2006:12), the essence of the MFMA is to advance a participatory and consultative approach to decision-making, thereby promoting not only accountability, but also an understanding of community needs and requirements with the ultimate aim to establish more autonomous, empowered and responsive municipal councils. However, it is important that community participation neither negates due process, nor overshadows the tasks and responsibilities of appointed officials within the local sphere of government. Community participation through social dialogue should be seen as a process of assisting these representatives to reach the most effective and efficient decisions. Social dialogue, particularly in relation to sustainable development issues such as poverty alleviation, remains a powerful tool for discovering concrete ways of establishing and maintaining social cohesion while improving governance (ILO, [sa]:3).

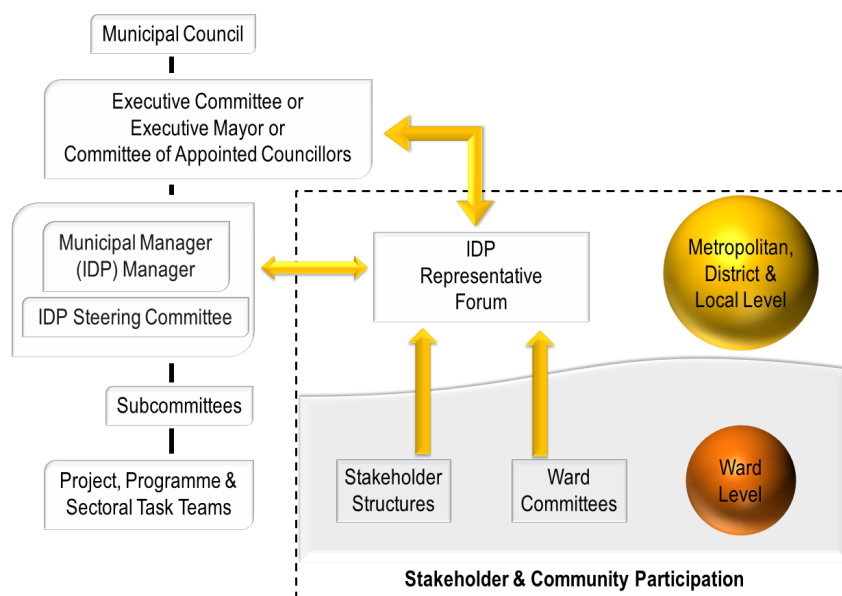
6.5.1 Structures for community participation

The Metropolitan Sub-Council system and the Ward Committee system, established in terms of Sections 62 and 73 respectively of the *Municipal Structures Act, 1998* (117 of 1998), can be regarded as the two primary structures for community participation in South Africa. This system is represented in Figure 6.1 as set out by the DPLG.

- a. **Sub-council participatory system.** The sub-council participatory system allows for delegated powers to be exercised by sub-councils established for parts of the municipality and is promulgated through a

municipal bye-law. The *Municipal Structures Act*, 1998 (117 of 1998) clearly specifies in Section 61 that only metropolitan municipalities, as mentioned in Section 8(b), (d), (f) and (h) may establish metropolitan sub-councils. Sub-councils are regarded as mechanisms through which the municipal councils interact and consult with the public on developmental issues. According to Joseph (in Shall, 2007a:98), the primary aim of the sub-council participatory system is to decentralise decision-making to allow communities in metropolitan areas to participate in the decision-making process. Shall (2007a:98) notes that this representative system consists of councillors representing the different wards in a specific area as well as additional councillors appointed by the council to ensure political party representation based on the proportion of votes the party receives through proportional representation lists in the sub-council area. It is important to note that the municipal council effectively determines the powers and functions delegated to its sub-councils.

Figure 6.1: Organisational structure: Stakeholder and community participation



Source: DPLG (2007:62).

- b. **Ward Committee participatory system.** Section 72 of the *Municipal Structures Act, 1998* (117 of 1998) stipulates basic guidelines for the establishment of Ward Committees. However, according to Section 72(1), only metropolitan and local municipalities, as mentioned in Sections 8(c), (d), (g) and (h) and 9(b), (d) and (f) may establish Ward Committees. Notwithstanding these guidelines which Shall (2007a:97) considers as broad parameters, a municipality is allowed to structure and formalise the powers and functions of a Ward Committee according to its needs, provided that it is done through the passing of a resolution or a bye-law. Ward Committees function differently from municipal sub-councils and they are in essence more involved with community matters. Shall (2007a:97) and the DPLG (2007:59) argue that the aim of a Ward Committee is twofold: to function as a forum allowing the community to actively participate in municipal matters and to serve as a platform for the municipal council to disseminate information accordingly. However, the powers and privileges of Ward Committees are limited and they remain, for the most part, only advisory committees making recommendations on matters affecting their wards.

Notwithstanding the need for these participatory structures, additional mechanisms allowing community participation in municipal planning and policy formulation should include public meetings and public hearings, consultative sessions and report-back meetings, advisory committees, focus and interest group meetings, market research, opinion polls and the press (DPLG, 2007:49).

6.5.2 Local government planning and budgeting

The mainstay of developmentalism at the local sphere of government is planning and budgeting. Here, Fourie and Reutener (2012:84) note that the promulgation of the MFMA signalled a progressive system of budgeting. Legislation, according to the NT (2006:15), not only allows for accountability to communities, but also provides a structured mechanism to integrate municipal budgets with IDPs and local government resources. The local sphere of government is responsible for the delivery of diverse services. Besides the delivery of basic services such as water, electricity, sanitation and solid waste removal, local government's core focus also centres on the

elimination of poverty and the reduction of inequality as part of its developmental obligation. This is accomplished by providing free or subsidised basic services to poor households.

Even though municipalities are mandated to raise their own revenue mainly from user charges and rates and taxes, the NT (2015:78) indicates that at least a quarter of its overall spending is financed from the National Revenue Fund through the division of revenue. However, disparities in income generation necessitate the transfer of larger amounts to those municipalities with lower tax bases compared with larger cities. In this regard, the *Budget Review, 2015*, currently provides for the allocation of nine per cent of nationally raised revenue to municipalities through the *Division of Revenue Bill, 2015* (B5 of 2015). For the 2013-14 financial year, for instance, municipalities spent R19,9 billion, almost 91 per cent, of their infrastructure grants, which was an increase from just over 82 per cent in the 2012-13 financial year. Furthermore, nearly 54 per cent of capital financing originated from national government, which has increased its transfers of infrastructure grants sizeably since 2005 as a result of policy objectives focusing on development and economic sustainability. This funding theorem provides a sizeable amount from which municipalities could allocate funds for PB initiatives, specifically capital budget projects related to community services.

The planning and budgeting process for the financial year (between 1 July and 30 June the following year) and critical dates relevant to the community-based planning cycle are indicated in Table 6.1. According to Section 53 of the MFMA, the mayor of a municipality not only provides political guidance on the fiscal and financial affairs of the municipality, but is also responsible for coordinating the budget preparation process and for reviewing the municipality's IDP and budget-related policies. However, municipalities that do not have a mayor effectively delegate these tasks and responsibilities to a councillor, according to Section 57. At least 90 days before the start of the new financial year, the mayor must table the annual budget, where after the accounting officer (municipal manager) must make the budget available to the public. The participatory process commences and the municipal council is obliged to consider any views presented by the local community or organs of state. Thereafter, the mayor considers these inputs and, if required, revises the budget for tabling and approval before the start of the financial year.

Table 6.1: Timelines for the IDP process in South Africa

Quarter	Month	Activity	Legislation
Quarter 4	June	Approve annual budget by Council resolution, including taxes, tariffs, measurable performance objectives, changes to the IDP and budget-related policies and where appropriate, service delivery agreements and long-term contracts.	MFMA 16(1), 24(2), 53(1)(c)(i)
		1 July: CBP training, planning & documentation	
Quarter 1	July	Financial year commences.	
		Implementation of new budget.	
		Commence the process to review delegations and all budget-related policies including reviews of tariffs and rates.	MFMA 62(1)(f) & 79(1)(c)
		Place approved annual budget and policies of the municipal website.	MFMA 75(1)(a) & (b)
		Print and distribute the current year final approved budget, SDBIP and the IDP.	
30 September: Appraisal of discretionary budgets			
Quarter 2	October	Conclude first budget draft and policies for initial council discussion.	
		31 October: Linking CBP to IDP	
Quarter 3	November	Commence community and stakeholder consultation processes, review inputs, financial models, assess impacts on tariffs and charges and consider funding decisions including borrowing.	
		Adjust estimates based on plans and resources.	
		Further Council and management discussion and debate.	
	January	Note the President's "State of the Nation Address" for further budget priorities.	
		Further review of all aspects of budget, including any unforeseen and unavoidable expenditure in light of the need for an Adjustments Budget.	MFMA 20
		Where necessary, consider tabling an approval of an Adjustments Budget.	MFMA 28
		Submit the tabled (and later approved) Adjustments Budget to the provincial Treasury, NT and other organs of State.	MFMA 22(b) & 24(3)
		Finalise detailed operating and capital budgets in the prescribed formats incorporating National and Provincial budget allocations, integrate and align to IDP documentation and draft SDBIP, finalise budget policies including tariff policy.	
		Report to Council on the status of the next 3-year budget, previous year's annual report and summarise all findings of previous year's annual performance report.	
	1 February: Preparing the municipality for decision to take CBP		

Quarter 4	February	Note National budget for Provincial and National allocations to municipalities for incorporation into budget.	
	28 February: M&E / Plan for next year (CBP process)		
	March	Receive (and later provide) notification of any transfers that will be made by the municipality to other municipalities in each of the next three financial years.	MFMA 37(2)
		Incorporate transfers to be made or received from other municipalities.	MFMA 31(2)
		Print and distribute all budget documentation prior to meeting at which budget is to be tabled.	
		Table in Council budget and all supporting documents.	MFMA 16(2), 17 & 87(3)
		Make public the tabled annual budget and accompanying budget documentation, invite the community to submit representations and submit to the provincial Treasury, NT and other affected organs of State.	MFMA 22
	1 April: Preparation for CBP planning.		
	April	Commence process of consultation on tabled budget, publicise and conduct public hearings and meetings with wards, provincial Treasury, NT and other organs of state making a budget submission.	MFMA 23
		Publish ward-based information for all ward councillors.	
		Confirm Provincial and National budget allocations.	MFMA 23
		Review Provincial and National legislation, including the Division of Revenue Act to establish potentially new reporting requirements, including annual, monthly and quarterly grant and performance reports for specific new allocations and programmes — note, 10 working days reporting deadline.	New & amended legislation.
		Conclude process of consultation on tabled budget with community and other stakeholders and assist the mayor to revise budget following feedback, taking into account the results of the third quarterly (MFMA Section 52) report	MFMA 68
		Consider the views of the community and other stakeholders.	MFMA 23(1)
		Respond to submissions received and if necessary revise the budget and table amendments for council consideration.	MFMA 23(2)
		May	Assist the mayor in preparing final budget documentation for a final approval by Council.
	Print and distribute all budget documentation including draft IDP and SDBIP documentation prior to meeting at which budget is to be approved.		
	Consider approval of the annual budget.		

Source: Adapted from NT ([sa]:66-71) and DPLG (2007:58).

When considering the nature and extent of planning and budgeting in the local sphere of government, two mutually inclusive processes require consideration: integrated development planning and community-based planning.

6.5.2.1 *Integrated development planning*

Integrated development planning was introduced in 1996 as a holistic approach to achieve developmental goals and objectives. This strategy was solidified through the establishment of integrated development planning as a strategic framework for municipal management and budgeting conforming to the developmental nature of local government. The IDP's origin is linked to two prior strategic policy initiatives: the Reconstruction and Development Programme (RDP) and the GEAR strategy. According to Terreblanche (1999), the RDP, adopted in 1994 as the main policy platform of the Tripartite Alliance (the ANC, COSATU and the South African Communist Party), focused on the development of programmes to address poverty, develop human resources, restructure the economy, democratise the state and society and implement the RDP. Knight (2001) notes that the GEAR strategy was adopted by the Department of Finance in 1996 as a planned recurring five-year strategy to strengthen economic development, broaden employment and redistribute wealth and socio-economic opportunities.

The IDP is a plan concerned with directing and coordinating the activities of an elected municipal authority and is drawn up for a five-year period by all municipalities. As far as possible, each municipality's IDP should be aligned with and complement the development plans of adjacent municipalities, including developmental initiatives planned by the provincial and national spheres of government. According to the NT (2006:63), the IDP must focus on community development to achieve the objectives of local government as indicated in Section 152 of the Constitution, promote developmental duties and, in conjunction with the other spheres of government, contribute to the realisation of the fundamental rights contained in the Constitution. The IDP can be referred to as the primary instrument for planning and decision-making in a municipality.

The legislative provisions linking the IDP and the municipal budget are grounded in the Constitution. Other legislative and regulatory frameworks include:

- a. the *Municipal Systems Act, 2000* (32 of 2000), enabling the municipality through principles, mechanisms and processes to provide the services for which they are responsible, while Section 25(1) specifically emphasises that the IDP forms the policy framework and baseline from which the budget must be developed;
- b. the *Intergovernmental Fiscal Relations Act, 1997* (97 of 1997), amplifying Article 214 of the Constitution by providing the framework that permits the equitable share and allocation of revenue between the spheres of government;
- c. the Division of Revenue Act, an annual promulgation that defines the horizontal and vertical distribution of revenue, stipulating conditions and responsibilities for municipalities to receive shared allocations; and
- d. the MFMA, as the financial management framework for local government.

Integrated development planning requires a thorough analysis of all environmental influences, internally and externally, to develop a strategy from which development can take place. From a municipal perspective, this strategy should link up with the broader national developmental planning trajectory to ensure a sustainable focus on government-planned goals. The IDP can, therefore, be described as both a planning instrument and a visionary document, embracing the municipal council's long-term developmental plan.

An important prerequisite of the IDP is, however, that it must be reviewed at least annually and that this review should consider past financial and budgetary performance and integrate any environmental changes. In this regard, an important consideration, as expressed by the NT (2006:63), remains the assimilation of community interests. Essentially, the community must be informed within 14 days, while copies of the changed IDP should also be made available. As an instrument of participatory governance, Adam and Oranje (in Harrison, 2006:202) argue that the IDP has achieved an increased level of participation within the municipal planning environment but that it also brought about variations in participatory practices. Harrison (2006:202) further notes that the IDP's cumbersome process is

unpredictable, time-consuming and technocratic and has not always succeeded in the achievement of objectives.

6.5.2.2 Community-based planning

Community-based planning can be regarded as a participatory planning mechanism to promote community activities through a comprehensive community-based plan (CBP) reflected in the IDP. According to Goldman, Chimbuya, Muthala, Feldman and Ambert (2005:3), the community-based planning approach originated in response to two fundamental problems: an analysis of institutional difficulties in trying to promote sustainable livelihoods and the realisation that institutionalised decentralisation initiatives focused more on local government processes than on the needs and requirements of citizens.

The community-based planning methodology entails the active participation of community members, notably those that are commonly referred to as marginalised groups, in managing their own development and that services provided by local government structures are facilitated, coordinated and promoted effectively and responsibly as part of a responsive assertiveness to the community. Mainly, the objectives of the comprehensive CBP are to improve the quality of community planning, services and the community's control over development and to increase sustainable independence.

The legislative and policy framework governing community-based planning is the Constitution, specifically Sections 152 and 195(e) that emphasise responsiveness in terms of people's needs and that the public must be encouraged to participate in policy-making. Additional legislative support is garnered from Section 3.3 of the *White Paper on Local Government*, 1998 and the *Municipal Systems Act*, 2000 (32 of 2000), specifically Sections 16(1) and 29(b). Although this legislative and policy framework provides the foundation for the community-based planning approach, Goldman, Chimbuya, Muthala, Feldman and Ambert (2005:3) state that commitment from municipalities to enable citizens to transgress the idea of being passive consumers of services to being active and involved citizens is paramount, not only to meet their developmental needs, but also to enable municipalities to become efficient, effective and economical in delivering services to all.

6.5.2.3 *Linking integrated development planning and community-based planning*

Linking integrated development planning and community-based planning creates an invaluable interactive mechanism to advance community participation in planning processes. According to the South African alliance of community organisations and support NGOs affiliated to Shack/Slum Dwellers International (SDI) (SASDI Alliance, 2012), residents are in a more advantageous position to communicate and produce development plans for the community as well as prioritising development initiatives since they have a clear understanding of their requirements.

Ward Committees are currently the most suited structure to advance community-based planning within the integrated development planning framework. The IDP Guide (2000:14) principally reflects that, besides the communication function, Ward Committees serve as important mobilising agents for community action. In this regard, the *Masakhane Campaign* could be strengthened to include additional interactive mechanisms. As a national campaign launched in 1995 to encourage community members to pay for municipal services, the eThekweni Municipality (2011) notes that it developed into an outreach programme promoting constructive interaction between communities and local government. Goldman, Chimbuya, Muthala, Feldman and Ambert (2005:7) contextualise the importance of linking integrated development planning and community-based planning processes by indicating that the institutionalisation of the community-based planning process and part of the IDP essentially advances community participation, provides an organisational framework, formalises council-community interaction and acknowledges diversity. In essence, citizens are provided with choices between services to promote citizen-orientated development through a partnership programme where accountability is paramount.

6.5.2.4 *Participatory processes in the Ekurhuleni Metropolitan Municipality*

The Ekurhuleni Metropolitan Municipality's (EMM) (2013:37) council consists of 202 councillors and is governed by an Executive Mayor assisted by a mayoral committee of 10 full-time councillors, a Speaker and a Chief Whip. Of the 202 councillors, 101 are ward councillors and 101 are proportional representation councillors. Each of the

101 ward councillors presides over a Ward Committee as part of the ward participatory system at the community level. The City Manager is responsible for overall administration and is assisted by executive directors, each responsible for a particular portfolio.

Table 6.2: Ekurhuleni comparative statistics (Census 2011)

Key Statistics (2011 Estimates)	Ekurhuleni	Gauteng	National Total
Geographical area (km²)	1,975	18,178	1,221,037
Total population	3,178,470	12,272,263	51,770,560
Population density (number per km²)	1,609.4	675.1	42.4
EAP as % of total population, official definition	41,5	47,0	33,0
Number of households	1,015,465	3,909,022	14,450,161
Formal sector employment	899,756	3,493,322	9,956,436
Informal sector employment	97,710	406,295	1,640,901
Unemployment rate, official definition (%)	28,8	26,4	29,8
Percentage of persons in poverty	28,2	26,6	37,7
Human Development Index (HDI)	0,69	0,69	0,62

Source: Adapted from EMM (2013:10-11).

As a Category A municipality, Statistics South Africa (StatsSA) affirms that the EMM is the fourth largest municipality in the country and serves just over 3 million registered residents within a 1 975km² land area (see Table 6.2 for a provincial and national comparison). The municipality is also highly urbanised with the population living in settlements ranging from informal dwellings to upmarket urban residential suburbs. There are also a number of large urbanised townships such as Katlehong and Tokoza. The population growth rate is estimated at approximately 2,5% and the working-age group (15 to 64 years) is 70%. However, the unemployment rate is almost 30% and those who are employed earn approximately R125 000 per year. The economy of the municipality is also diverse and, as indicated by the municipality's IDP, 2013-14, accounts for nearly a quarter of Gauteng's economy and over a third of the national GDP (EMM, 2013; StatsSA, 2011).

In its *Annual Report*, 2013-14, the EMM (2015:18) specifies that the overall service delivery profile seems to improve across the spectrum of responsibilities, with the provision of water and sanitation services, electricity, roads and storm water and housing remaining the focus areas for delivery and improvement. Notwithstanding these achievements, labour actions and a shortage of technical skills affected the delivery of municipal services. Public participation is perceived as a core asset in community development and upliftment programmes. During April 2013, for instance, more than 4 500 community members participated in ward meetings and sectoral forums to discuss service projects that support priorities identified by communities as indicated in Table 6.3.

Table 6.3: Priority service delivery areas: Ekurhuleni Metropolitan Municipality

Key Priority Areas	Recommended Budget 2013/14	Recommended Budget 2014/15	Recommended Budget 2015/16
Construction, tarring of roads and storm water	578,994,676	552,000,000	583,200,000
Housing and/or construction of RDP houses	Amount of R191,982,000 has been Gazetted for FY 2013/14 and provided for the in the operational budget.		
Construction and upgrading of sport facilities	83,900,000	26,000,000	42,000,000
Construction of new clinics and the upgrade of existing clinics	46,610,000	73,950,000	137,200,000
Installation of high mast and street lights	19,600,000	26,150,000	34,000,000
Multi-purpose centres	Normally planned activity of the Provincial Government. Concept of multi-functional facilities being investigated.		
New libraries and the upgrading of existing libraries	32,000,000	20,000,000	17,911,000
Construction and upgrading of community halls	No new construction of community halls, but maintenance and upgrading continue as per operational budget.		
Development and upgrading of Taxi ranks	39,500,000	70,000,000	5,000,000
Development and upgrading of parks	20,750,000	18,600,000	17,500,000
TOTAL COST	821,354,676	786,700,000	836,811,000
Percentage of capital budget	26,4%	24,7%	24,8%

Source: Adapted from EMM (2013:118).

While the implementation of projects and programmes remains a priority, the EMM (2013:118) notes that service delivery requirements following from backlogs and the maintenance of infrastructure must be prioritised. This strategy emanates from the Gauteng Planning Commission's (GPC) report relating to development in the Gauteng City-Region, an integrated cluster of cities, towns and urban areas in the Province. According to the GPC (2012:1), the prioritisation of development must be done utilising all available resources. Therefore, with the focus on the EMM's *Growth and Development Strategy, 2055*, priority budgeting to address community development needs might not be realised fully. This could brand a participatory process as just another 'talk shop' without any tangible achievements.

As already highlighted in this research, legislative and regulatory frameworks in South Africa govern the requirement for public participation in the local sphere of government. Consequently, several municipalities have introduced a range of participative structures to improve the relationship between communities and local government councils. In 2002, the EMM introduced five particular participative arrangements, including council meetings, peoples' forums and mayoral roadshows, Ward Committee structures and meetings, petitions and project-specific arrangements or forums.

However, while there are successes regarding the implementation of participative programmes, a study conducted by Ndima (2012) relating to the effectiveness of the mechanisms and arrangements of the EMM to advance public participation revealed that the process is inadequate to a certain degree. The study focused on Ward 64 of the EMM and focused on two important categories: council meetings and public meetings with the emphasis on participation in integrated development planning and budget processes. The three focus groups included municipal councillors, municipal officials and community members, notably revealing five important observations:

- a. **Comprehension of the public participation process.** Officials from the EMM regarded participation as a consultative or informative process rather than a mechanism to empower the community. The EMM policy, in particular, does not define the levels at which participation may be allowed or encouraged.

- b. **Practice of public participation.** The practice of public participation presented conflicting responses, with officials from the EMM presenting their dissatisfaction with the methodological approach. Notwithstanding the marginalisation of the broader community, these officials indicated that participation was not practised according to legislation and that they have not been afforded the opportunity to take part in the early stages of the participatory process, particularly during the agenda-formulation process.
- c. **Adherence to legislative framework.** Although all officials of the EMM confirmed their adherence to the legislative framework, some councillors disagreed on its core objectives, indicating that the EMM's Public Participation Policy was a result of legislation, compelling officials to only adhere to the procedural technicalities as opposed to the envisaged outcomes of the process. Some councillors also indicated that the EMM's participatory process could be equated to 'window dressing' (this researcher's own words). Nevertheless, the community mentioned the council's compliance with legislation, albeit against the background of poor organisational skills.
- d. **Challenges to effective participation.** The perception regarding challenges to effective participation yielded similar responses as stumbling blocks to effective participation. These problems included logistical matters, the scheduled timing of meetings, communication and language barriers. There was also a feeling that meetings are used to ratify external projects or decisions (rubberstamping) without addressing the community's immediate concerns.
- e. **Community perception of public participation.** Community members regularly attending participatory engagements felt that minor improvements could be made to make the participatory process more effective. Those who do not regularly attend these meetings felt that the EMM was not committed to the development of their ward and they did not trust their ward councillor.

Ndima (2012) concluded that, although the legislative and policy frameworks in South Africa are enabling, the broader citizenry remains unable to influence public policy and decision-making, particularly through what they experience daily. However, a broad consensus, as observed in Ndima's (2012) analysis, concerns a lack of understanding regarding the complexities of the public participation process. The ineffectiveness of public officials regarding the implementation of participatory policies and initiatives also presents as a concern that is exacerbated through insufficient training programmes, logistical difficulties and language barriers.

6.6 TOOLS AND MECHANISMS TO IMPROVE PUBLIC PARTICIPATION AND INTERACTION IN SOUTH AFRICA

Public participation, particularly participation in budgeting matters, remains a core priority for the South African Government. Although mechanisms such as the *Izimbizo*, argued in detail by Hartslielief (2009) and Kondo (2010), Exco Meets the People, Public Hearings, Ward Committees, Citizen Satisfaction Surveys and Citizen Forums have been instituted as outreach initiatives to enhance the concept of public participation, the PSC (2008:16) maintains that "information dissemination alone does not amount to public participation." In its *Report on the Assessment of Public Participation Practices in the Public Service, 2008*, the PSC indicates that many departments still do not have internalised participatory mechanisms. According to the PSC (2008:18), only 25 per cent of the departments surveyed (the Presidency and the DPLG, two of the five national departments and the Offices of the Premier in Gauteng and Free State, 2 of the 11 provincial departments) had public participation guidelines or policies in place. In this regard, Hirokawa and Salzar (in Carcasson, Black & Sink, 2010:10) support this view, advocating that group decision-making processes should be based on criteria such as problem analysis, clearly identifiable goals and objectives, the generation of a variety of solutions and the utilisation of criteria to analyse both the positive and negative aspects of each solution.

In an effort to improve public participation and council-community interaction at the local government level, SALGA (2013) compiled a list of generic mechanisms or processes. These mechanisms not only address communication but also aim to incorporate the needs of marginalised groups such as women, people that are unschooled and those with disabilities.

- a. **Involving communities in the oversight of municipal finances.** Improving the performance of municipalities can be accomplished by involving communities in the oversight of municipal finances, such as annual reports, by establishing capacitated audit committees and Municipal Public Accounts Committees. Public participation in this regard is governed by Section 129 of the MFMA.
- b. **Establishing an interest group database.** The establishment of an interest group database is also important. Municipal councillors and Ward Committees must be active in this regard to identify CSOs to be represented on their respective Ward Committees. Interest groups may include school governing bodies, sports clubs, child welfare institutions and those providing assistance to vulnerable groups.
- c. **Institutionalising public participation.** Notwithstanding the guarantee of public participation in the South African legislative and regulatory framework, some municipalities have not yet formalised participatory processes. The institutionalisation of plans and approaches invests the function of public participation with legitimacy to normalise participatory activities in overall municipal planning and budgeting.
- d. **Acknowledging language diversity.** Municipalities need to focus more on language diversity to allow all community members to access municipal documents. Although there is an acknowledgement of the cost implications regarding a multi-language policy, recognising language diversity has the potential to solidify the participatory process, simultaneously preventing marginalisation. A standardised language policy could be considered if the logistical implications are deemed financially unsustainable.
- e. **Investment in public participation initiatives.** Despite the fact that political commitment is paramount in the realisation of public participation initiatives, funding these initiatives also plays a critical role. The promotion of public participation requires an investment in the form

of institutional systems and human capital and municipalities must as far as possible, use dedicated budgetary allocations in this regard.

- f. **Positioning the public participation function.** The strategic placement of the public participation function is imperative. This must be done at an oversight level capable of coordinating inter-departmental responses. The participatory effort should therefore be embedded in all municipal activities, approaches and policies.
- g. **Providing skills training to appointed officials.** Public engagement requires an array of skills such as negotiation, management, coordination and a contextual understanding of the environment in which interaction takes place. The development of officials' skills to interact effectively with communities in this regard is pivotal. Without the necessary skills, participation apathy could develop, possibly resulting in a domino effect rendering established initiatives unworkable.
- h. **Advancing ward-based planning.** This process involves the active involvement of all stakeholders in the ward, not only Ward Committees. The municipality, however, does not have to be the driver of the process. Depending on the actions or activities to be undertaken, specialised stakeholders should take the lead in the planning process. An important consideration for appointing stakeholders as drivers of the planning process remains the identification of ward-generated solutions to ward-unique problems.
- i. **Structuring the IDP Representative Forum.** As the municipality's core planning tool, the IDP recognises and determines projects that a municipality plans to undertake in a financial year. The transparency of the IDP is therefore not negotiable since it must reflect the needs and aspirations of all interest groups. The IDP Representative Forum should therefore be an inclusive platform to promote and defend stakeholder interests in the IDP, continuously ensuring feedback and interaction.
- j. **Structuring community involvement in municipal processes.** Municipalities should be encouraged to create additional platforms to

address broader community engagement. While current structures exist, these platforms should preferably be *ad hoc* forums for ordinary members to contribute to municipal decision-making. Platforms such as the media and the internet could be utilised extensively in this regard.

- k. **Enhancing bi-directional feedback.** An array of feedback mechanisms already exists and with advancements in technology, mayoral and ward councillor reports can be published online on a regular basis. Investment in technology should be encouraged to distribute information effectively. Feedback from communities should also be encouraged through dedicated information offices that are strategically located within or near municipal offices. However, mechanisms need to be in place to ease communication efforts. Municipal employees should also be encouraged to take part in problem-solving activities and, if community or individual problems cannot be solved on the lower level, they should be empowered to escalate these problems to the next level.
- l. **Promoting the participation of marginalised groups.** A fundamental challenge experienced by all municipalities is to ensure the legitimacy of decision-making based on democratic principles while simultaneously achieving the statutory obligation to engage in wide consultation. Situational circumstances often determine non-participation by marginalised communities and municipalities therefore need to develop engagement mechanisms to facilitate the inclusion of these groups in municipal decision-making processes. Specific engagement mechanisms can include the promotion of prosperity, good governance, better response mechanisms and regular feedback, for example.
- m. **Engaging with traditional leaders.** The local government environment in South Africa accommodates urban and rural environments and by including traditional leaders in municipal planning structures, municipalities can ensure access to rural communities that might be difficult to reach. The incorporation of traditional leaders could also

encourage interactive communication between municipal councils and rural populations residing temporarily in city centres because of economic necessity. However, communities' unique structural arrangements must be taken into account. In this regard, Tshitangoni and Francis (2014:52) argue that community meetings often take place on an *ad hoc* basis with Sharma (in Tshitangoni & Francis, 2014:52) noting that these meetings portray a curious system of consultation across a broad spectrum of interests.

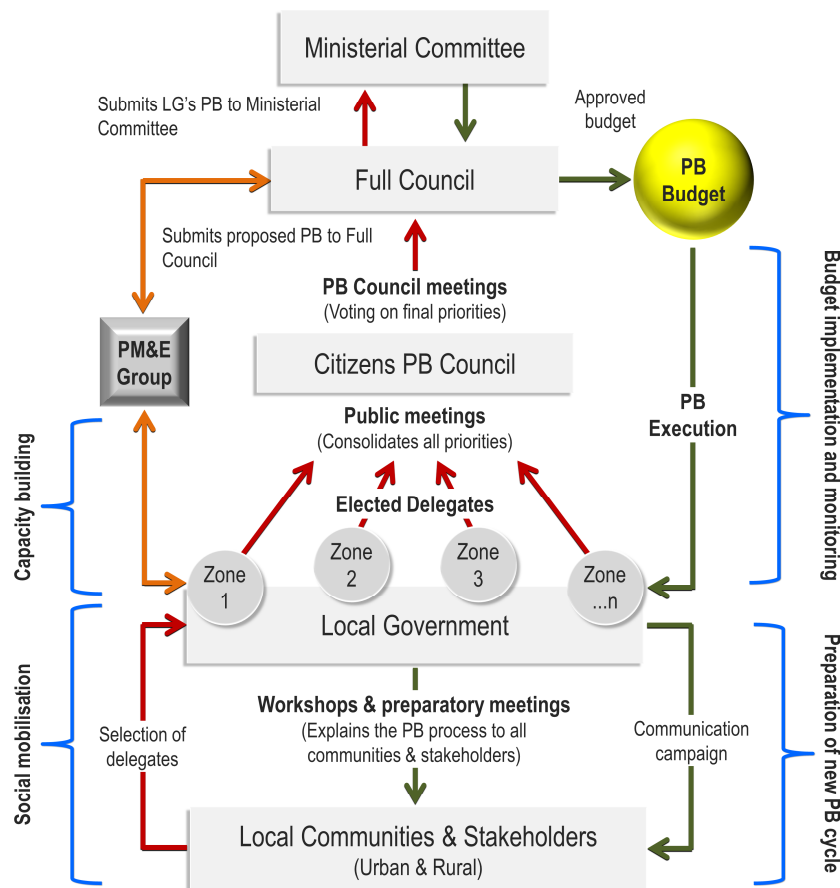
Public participation should, therefore, not be perceived as a stagnant, once-off activity appeased through institutionalised structures. Instead, as the environment changes, so do mechanisms to interact. Accordingly, Fourie and Reutener (2012:85) note that public participation — as a core aspect of any participatory budgeting initiative — effectively acknowledges an individual's right to influence municipal matters to the benefit of the individual or the community at large. Conversely, the dynamism in the South African local government sphere often inhibits the achievement of shared developmental goals. The partial realisation of developmental objectives could be ascribed to environmental changes in the political domain, but mostly to service delivery problems that often result in community protests that could have been averted through clear and proper communication and interaction. Tānase (2013:7) particularly emphasises the importance of bi-directional feedback in the PB environment, while Matsiliza (2012:450) notes that, in order to reach consensus, decision-making should include a broad range of stakeholders and groups from different regions.

6.7 A CONVENTIONAL MODEL FOR PARTICIPATORY BUDGETING

Taking into consideration the participatory processes in Kenya and Tanzania discussed in Chapter 5, and reflecting on the integrated development planning and community-based planning processes in South Africa discussed in this chapter, a combined process model involving a range of stakeholders and interactive relationships becomes evident. Regardless of the respective administrative systems, structures are in place to address communal concerns in all three countries. There are, however, structural differences based on country-specific arrangements regarding subnational levels of government.

The model presented by Matovu and Mumvuma (2007a:36), as indicated in Figure 6.2, clearly relates the procedural dynamics and stakeholders involved in the PB process. Here, public participation originates as a grassroots concern (bottom-up process), followed by workshops and preparatory meetings to explain the participatory process and elect representatives to represent wards or zones in a formally established citizens' Participatory Budget Council. Process escalation continues up to execution stage where after monitoring, evaluation and reassessment follows.

Figure 6.2: Stakeholder relationship model of participatory budgeting



Source: Adapted from The World Bank (in Matovu & Mumvuma, 2007a:36).

When considering a model reflecting the intricacies of PB, community consultation and interaction are positioned as the foundation on which any model should be developed. Renn, Webler, Rakel, Dienel and Johnson (1993:189) originally

developed a model for community consultation that embodies vision and maximises the inputs of stakeholders and subject-matter experts (SMEs), at the same time integrating community values within the planning process. This three-step model is focused on a multi-actor, multi-value and multi-interest environment representing three forms of knowledge, namely, knowledge based on common sense and personal experience (contributed by stakeholders), knowledge based on technical expertise (contributed by SMEs) and knowledge derived from social interests and advocacy (contributed by citizens). In essence, these activities form a sequential integration derived from assignments given to the contributing sectors of society whereby each sector provides specialised knowledge inputs.

Carson and Gelber (2001:15) added a fourth step — evaluation and feedback — to form an integrated process capable of intermittent adjustment whenever environmental circumstances change.

- a. The process begins with visioning, which entails the setting of goals and objectives by stakeholders within a value-laden framework.
- b. SMEs are then responsible to operationalise these goals and objectives through technical expertise and specialist knowledge.
- c. Projects are randomly tested during and after the implementation stage with citizens then providing inputs through social interests and advocacy campaigns. During this stage, proposals and options developed by SMEs are presented to the broader community to assess the applicability and acceptability thereof. Should the broader community reject these proposals, the flexibility of the model allows the process to start again with new inputs and specialised stakeholder participation.
- d. Should the original proposals be accepted as reflective of the broader community interests and values, the process escalates to the evaluation stage where the community establishes an evaluation plan based on acceptable measuring criteria to ensure that those responsible for ultimately making the final decisions remain accountable to the community.

This model encapsulates the idea of participation and interaction as it utilises community-developed criteria to formulate indicators for assessment, while allowing community members to monitor progress and development. Within the South African context, community-based planning will certainly benefit from this procedural arrangement, which can also be assimilated with the World Bank's Stakeholder Model presented by Matovu and Mumvuma (2007a:36).

6.8 CONCLUSION

South Africa has a progressive legislative framework governing public participation in the civil society sphere. The legislative framework, in particular, serves as the baseline to improve governance through the promotion of transparency and accountability mechanisms. Planning and budgeting in the local government environment was also addressed with a focus on the developmental role of local government. The developmental role of local government is multi-sectoral, people-orientated and focused on growth. Therefore, processes and mechanisms regarding public participation in this sphere emphasise community development and sustainability. A concern, however, relates to the geographical sizes of municipalities, particularly district municipalities and the ability of municipal entities to deliver services, on the one side, and community involvement in projects, on the other. The local government budget process was also highlighted with specific reference to the integration of community-based planning into the integrated development planning process. Lastly, tools and mechanisms advocated by SALGA emphasised the importance of community integration and participation.

The next chapter will compare five important indices in the PB environment. These indices are the IIAG, the *Democracy Index*, 2014, the *Open Budget Survey*, 2015, the Afrobarometer Surveys and the *Decentralisation Index*, 2012, developed by Ivanyna and Shah (2012). The argument in favour of comparing these indices exists in their common focus on governance and development. Each index will be analysed individually, comparing the international ranking of selected countries, constantly measuring South Africa's performance. Lastly, the indices will be analysed as a combined dataset according to specific indicators.

CHAPTER 7: PARTICIPATORY GOVERNANCE INDICES ANALYSIS

7.1 INTRODUCTION

Various forms and contexts, often overlapping to some degree, describe PB. An important consideration is the fact that public participation in budgeting processes stems from the need to contribute to good governance through accountability. Governance, on the other side, needs to be measured to ascertain directional shifts or policy changes to fulfil a government's objectives. In this context, measurement takes place through different indicators as part of index assessment. The assimilation of indices can be useful in the administrative and management environments, especially when combined to emphasise developments or scenarios in defined fields of interest. Civil society, in particular, benefits from the knowledge derived from index outcomes, thereby holding their governments accountable to change or compelling them to adapt to the existing environmental influences.

Indices not only form the premise for policy development, but also form the framework from which the policy environment evolves. From a policy, planning and implementation perspective, indices assist in identifying the existing state of affairs (current situation) from which strategies and new policy directions can be developed to maintain the broader political trajectory set by a governing party.

7.2 MOTIVATION FOR COMPARING INDICES

As part of the positivist paradigm in research, Van Wynsberghe and Khan (2007:89) affirm that through case study research, researchers either validate or negate hypotheses concerning the environment as an influential entity. Ragin (1993:300) argues that they "can be seen as studies of empirical units that exist and can be found out, discovered, or delineated in the course of research." The rationale for comparing indices in this research, therefore, is grounded in the Qualitative Comparative Analysis (QCA) theory that can be described as the bridge between qualitative and quantitative research.

QCA was initially developed as part of the comparative politics paradigm in the political sciences and historical sociology fields. As a macro-comparative approach Berg-Schlosser and Quenter (in Berg-Schlosser, De Meur, Rihoux & Ragin, 2009:3)

disclose that QCA imposes empirical research at the macro-level and, by including a comparative methodology, Berg-Schlosser, De Meur, Rihoux and Ragin (2009:4) indicate that large variables can then be compared and analysed according to statistical preferences.

It should be noted, however, that these indices will only be compared on the end value of the five categories they represent and not according to the methodological construct of the original datasets. Each category includes a different contextual validity and are categorised as governance, democracy, budget openness, participation and decentralisation that, when analysed together, not only presents a suitable framework for budget analysis, but also provides a platform for governance decision-making. In this regard, measurement and analysis assist in comprehending the strengths and weaknesses of assessed systems or structures, provide a contextual reference for these systems or structures and facilitate debate on a range of options to reconstruct and improve governance frameworks.

However, some might critique the use of indices, particularly in relation to data collection, collation and presentation methodologies without considering the normative dimension of data interpretation and analysis. As the socio-cultural, socio-political or socio-economic foundational conjecture of society, this dimension plays a critical role in data collection and analysis, predominantly when considering that the social environment often defines the political and economic spheres of society. Additionally, the simplicity of scoring might present analytical deficiencies and, since it is often difficult to determine the foundational construct in the presentation of data, Morlino (2011:193) argues that it is important to comprehend the reasons for the scalability of data.

While criticising the measurement prescripts of survey-based research as not validating the factual correctness of the focus area of study, Landman and Häusermann (2003:11) assert that “in many instances, the survey questions merely ask whether the respondent is happy with democracy, or happy with the kind of democracy that exists in his or her country”. However, it is important to note that opinion-based surveys or surveys reflecting views on specific issues actually measure the innate underlying social aspects not easily captured in quantitative research.

Notwithstanding this criticism, it is not the intention of this research to interrogate or criticise the methodological prescripts and procedural correctness of either the various indices or the social dimensions influencing the nature and extent of current practices in various countries. Rather, the intention is to present a means of comparison to indicate broad social, political and economic tangibles for comparison as commonalities affecting the nature and extent of participatory methodologies.

7.3 IBRAHIM INDEX OF AFRICAN GOVERNANCE

The link between governance as a process, activity and methodology in the political sphere cannot be refuted, particularly when considering the participatory, interactive dimension in democratic societies. Wampler (2008:61) correctly argues that participatory democracy, through participatory institutions, has the potential to strengthen the quality of democracy. The success thereof depends on the interactive relationship between political office-bearers and appointed officials on the one side and the citizenry, which includes marginalised groups, on the other. From a political perspective, Roberts (1998:30) argues that “the logic of deepening democracy is one of intensifying popular sovereignty in the political sphere that is moving from hierarchical forms of elitist or bureaucratic control to forms of popular self-determination by means of more direct participation in the decision-making process.”

The IIAG quantitatively measures the quality of governance in African countries through a specific set of governance indicators from diverse sources. A breakdown of these indicators measures the sub-dimensions of governance to provide a composite analysis. According to the IIAG (2014a), the measurement of the governance premise (the primary focus of the IIAG), is prepared through a specific contextualisation of the concept itself before the application of selected variables to operationalise the measuring activity. The IIAG (2014a) stipulates that governance, as defined by the Mo Ibrahim Foundation, relates to “the provision of the political, social and economic public goods and services that a citizen has the right to expect from his or her [government], and that a [government] has the responsibility to deliver to its citizens.” The emphasis of analysis according to the aforementioned description is, therefore, propositioned on the outputs and outcomes of government policy as opposed to existing policy mandates that the IIAG (2014b) describes as “declarations of intent and the *de jure* statutes” utilised in similar research activities.

7.3.1 IIAG measurement activity/methodology

The IIAG measurement activity includes sub-indicators, (depicted in Table 7.1), as configurative entities of the composite indicator since the measurement of governance and its dimensions does not allow for the application of traditional quantitative processes where, for instance, the time-space phenomenon is measured. According to the IIAG (2014b:3), more than 100 variables from more than 30 African and global sources are assessed, making it the most comprehensive collection of data on African governance, while allowing for the “[benchmarking] of governance performance across a number of dimensions at national, regional and continental level.”

Table 7.1: Governance measurement framework

Category	Sub-Category
Safety and Security	Rule of Law
	Accountability
	Personal Safety
	National Security
Participation and Human Rights	Participation
	Rights
	Gender
Sustainable Economic Opportunity	Public Management
	Business Environment
	Infrastructure
	Rural Sector
Human Development	Welfare
	Education
	Health

Source: IIAG (2014b).

7.3.2 Interpretation of IIAG data

The IIAG's (2014c) analysis of the 52 African states in *Participation and Human Rights* (the *Participation* sub-category) and *Sustainable Economic Development* (the *Public Management* sub-category) contextualises some important findings. These include:

- a. an improvement in the *Participation and Human Rights* category at the continental level, particularly since 2009, with improvements relating to the *Participation* sub-category steadily surpassing those in the *Gender* sub-category. The *Political Participation* indicator, an indicator also measured by the EIU, presented a marked improvement, particularly in areas relating to participatory issues such as political engagement and the inclusion of ethnic and religious minorities. However, several countries' scores have deteriorated, a situation corresponding with Dulani, Mattes and Logan's (2013:15) analysis that poor people are less likely to demand democracy — also rejecting authoritarian alternatives — while simultaneously negating existing democratic practices; and
- b. a steady decline in the *Sustainable Economic Opportunity* category score since 2004, regardless of improved scores between 2004 and 2009. This trend reversal can be ascribed to changes in the *Public Management and Business Environment* sub-categories, augmented by a slower pace of improvement in the *Infrastructure and Rural Sector* sub-categories.

Table 7.2: IIAG scores and ranks: Participation category (2009–2013)

Sub-Region	Country	2013		2012		2011		2010		2009		% Trend (+/-)
		R	S	R	S	R	S	R	S	R	S	
		Southern Africa	Botswana	7	78.5	4	79.6	5	77.9	7	77.9	
Malawi	17		64.2	18	64.2	15	64.2	16	61.7	18	58.5	9.74
South Africa	4		81.1	3	79.6	4	79.6	5	80.7	4	81.9	-0.98
Zambia	12		69.5	12	69.5	12	69.5	18	60.2	19	58.4	19.01
Zimbabwe	37		27.7	42	22.7	40	24.1	40	22.7	40	23.4	18.38
East Africa	Kenya	14	65.7	21	51.7	23	49.5	21	49.5	22	50.9	29.08
	Tanzania	15	65.6	14	67.1	13	65.6	13	63.4	16	61.4	6.84
	Uganda	26	46.7	23	50.0	22	51.4	20	51.7	21	51.4	-9.14

Note: Ranking and score out of 52 African countries. R = Rank; S = Score.

Source: IIAG (2014c) and own calculation.

As indicated in Table 7.2, the sub-category Participation for Southern Africa depicts a positive trend, improving from an average score of 59,86 in 2009 to 64,2 in 2013. Similarly, in East Africa the trend is also improving, averaging 54,56 in 2009 and 59,33 in 2013. In the Sustainable and Economic Opportunity, sub-category *Public Management*, a positive trend is also identified notwithstanding fluctuations in scores over the period.

Table 7.3: IIAG scores and ranks: Public Management category (2009–2013)

	Country	2013		2012		2011		2010		2009		% Trend (+/-)	
		R	S	R	S	R	S	R	S	R	S		
Sub-Region	Southern Africa	Botswana	3	69.5	2	69.3	2	68.3	3	68.6	2	72.6	-4.27
		Malawi	30	47.0	30	46.6	25	48.6	25	50.9	28	48.0	-2.08
		South Africa	1	74.5	1	71.5	1	73.7	1	74.5	1	76.5	-2.61
		Zambia	28	47.6	22	52.5	21	52.3	22	52.1	22	53.0	-10.19
		Zimbabwe	50	27.5	48	34.1	48	30.3	48	34.5	48	32.0	-14.06
	East Africa	Kenya	14	55.3	9	58.5	7	57.7	11	57.4	11	57.3	-3.49
		Tanzania	15	55.2	8	58.6	10	56.2	9	57.7	5	60.1	-8.15
		Uganda	19	51.6	16	54.7	19	53.6	17	54.7	13	56.6	-8.83

Note: Ranking and score out of 52 African countries. R = Rank; S = Score.

Source: IIAG (2014c) and own calculation.

As observed in Table 7.3, the score for Southern Africa declined from 56,42 in 2009 to 53,22 in 2013. In East Africa, the average score also declined from 58,00 in 2009 to 56,34 in 2013. Notwithstanding the depreciative trend, the average score for Southern Africa and East Africa since 2009 is 55,64 and 56,34 respectively.

7.4 DEMOCRACY INDEX, 2014

Democracy is an important indicator for budget transparency and accountability since it provides an indication of a government's commitment towards the provision of important budget-related information by amalgamating social, political, economic and environmental influences into a framework from which assessments can be made.

Democracy and PB share a common link: the involvement of the broader citizenry in decision-making processes, regardless of the methodological foundation.

PB as part of the participatory democracy arsenal essentially represents a pure form of democracy where citizens have an actual say in the distribution of resources to their own and future generations' benefit. Lerner (2011:30) argues that in the democratic agenda, PB allows citizens to make real political decisions. In this regard, political office-bearers and appointed officials are given the opportunity to strengthen their constituencies and build closer governance-related relationships, essentially strengthening the trust paradigm. Nevertheless, as a critical component of any democracy, participation or the lack thereof in arranged processes such as elections or community meetings, are dependent on the predominant democratic culture and associated freedoms assigned to independent institutions.

7.4.1 Democracy Index, 2014 measurement activity/methodology

According to Kekic (2007:2), the *Democracy Index*, 2014 measures the state of democracy in 165 independent states and two territories and is based on five interrelated categories, presented in Table 7.4.

Table 7.4: Democracy Index: Selected Anglophone countries

Sub-Region	Country	1	2	3	4	5	6	7
Other	United Kingdom	16	8.31	7.14	6.67	8.75	9.41	9.58
	New Zealand	4	9.26	9.29	8.89	8.13	10.00	10.00
Southern Africa	Botswana	28	7.87	7.14	6.11	7.50	9.41	9.17
	Malawi	89	5.66	4.29	5.00	6.25	6.18	6.58
	South Africa	30	7.82	8.21	7.78	6.25	8.53	8.33
	Zambia	67	6.39	5.36	4.44	6.88	7.35	7.92
	Zimbabwe	150	2.78	1.29	3.89	5.00	3.24	0.50
East Africa	Kenya	97	5.13	4.29	6.11	5.63	5.29	4.33
	Tanzania	86	5.77	4.64	5.56	5.63	5.59	7.42
	Uganda	96	5.22	3.57	4.44	6.25	6.18	5.67

Key: (1) Rank out of 167 countries; (2) overall score; (3) functioning of government; (4) political participation; (5) political culture; (6) civil liberties and (7) electoral process.

Source: Democracy Index (2014).

The Index includes *Electoral Process and Pluralism*, *Civil Liberties*, the *Functioning of Government*, *Political Participation* and *Political Culture*, together forming a conceptual unit. The EIU's scale of scoring ranges from 0 to 10 and is based on the ratings of 60 grouped indicators in five categories. The overall index of democracy is the simple calculated average of the five indexes and the scoring actually provides the percentage of freedoms, access or opportunity allowed in the specific country for that indicator.

While referring to the conceptual understanding that all modern definitions of democracy essentially regard civil liberties as a critical component of the concept liberal democracy, Kekic (2007:2) states that "the condition of having free and fair competitive elections, and satisfying related aspects of political freedom, is clearly the basic requirement of all definitions." However, although the presentation of data and analysis through the results of a particular study develops a hypothesis or theory from which decisions can be made, the EIU (2014:34) clearly emphasises that "there is no consensus on how to measure democracy" and that the interchangeable use of the terms freedom and democracy should be seen as interrelated with "democracy [being] a set of practices and principles that institutionalise, and thereby, ultimately, protect freedom."

Participatory processes rarely succeed in environments that do not adhere to democratic conventions. However, these practices alone do not guarantee the success of participatory interaction. Instead, the enactment of democratic practices and principles should be strengthened through strong procedural mechanisms supported by legislative and regulatory frameworks to which all stakeholders subscribe.

7.4.2 Interpretation of the Democracy Index, 2014 data

An inhibiting factor in sub-Saharan Africa (more directly in less dysfunctional states such as the grouping selected for this research) identified by the *Democracy Index*, 2014, is the *Functioning of Government*, emphasising the lack of administrative control and inadequacies in the public sector, specifically relating to issues such as training, transparency and poor policy formulation. This presents an unstable framework for the institutionalisation of PB structures, particularly when considering,

as the EIU (2014:33) indicates, “inadequacies in the functioning of government [as the] symptom and cause of high levels of crime and corruption.”

Political participation varies fundamentally in the four categories defined by the EIU. When considering the this categorisation, the selected countries for this research fall within the category of full democracies that include the United Kingdom and New Zealand as developed economies and flawed democracies (South Africa, Botswana, Malawi, Zambia and Lesotho), authoritarian regimes (Sudan, Zimbabwe and Swaziland) and hybrid regimes (Tanzania, Kenya and Uganda) as developing economies. Political participation in the United Kingdom and New Zealand is ranked 6,67 (almost 70%) and 8,89 (almost 90%) respectively. In Southern Africa, South Africa’s score is the highest at 7,78 (almost 80%), while Kenya at 6,11 (at 60%) and Tanzania at 5,56 (almost 60%) outscore the remainder of the region.

7.5 OPEN BUDGET SURVEY, 2015

Poverty alleviation and accountability are two important reasons for budget transparency, with transparency in turn being the cornerstone for open government. As indicated earlier, the budget is the government’s primary tool to address government priorities and the needs and requirements of its citizens. The responsiveness of the budget is therefore paramount to achieve these objectives. Notwithstanding this importance and the argument that transparent budgets are likely to improve citizen participation and government accountability, the World Bank (2013b) emphasises that budget responsiveness is only as good as a government’s administrative structures to support policy requirements for transparency. This implies open access to budget information, the interpretation of budget jargon and the clarification of intended budget outcomes upon enactment.

Two international initiatives, the IBP (formed in 1997 within the USA-based Centre on Budget and Policy Priorities as a collaborative institution focusing on civil society and budget-related matters) and the Open Government Partnership (OGP) (an international initiative to open up and present government policy and planning information comprehensively), serve as platforms to distribute resources, good practice developments and budget clarity (IBP, 2011a; OGP, 2015a).

According to the IBP (2011b), biannual budget surveys are conducted through the Open Budget Initiative, a global research and advocacy programme. Overall country-level commitment is then measured, allowing for comparisons between countries and then published as the OBI. The OGP (2015b) strategy is instead based on voluntary membership in which participating countries develop an OGP National Action Plan containing concrete, measurable commitments by participating governments to steer reforms in the areas of transparency, accountability and citizen engagement.

The importance of open budgets and budget transparency cannot therefore be refuted as it significantly assists in the establishment and advancement of participatory budget practices. Budget transparency, for instance, has the potential to strengthen a government's control over public funds, thereby instituting fiscal discipline and supervision. However, Khagram, De Renzio and Fung (2014:398) argue that increased budget transparency neither automatically results in greater public participation, nor promotes accountability through the provision of additional fiscal information. Budget transparency does, however, provide the means for citizen interaction and can result in developed initiatives if institutionalised processes and structures, supported by political will, are created.

7.5.1 Open Budget Survey, 2015 measurement activity/methodology

The OBS assesses the public availability, comprehensiveness, usefulness and timeliness of budget documents. According to the IBP (2015a:21), the public availability of a document refers to its publication by an institution or agency-based company within a reasonable period and with a minimal cost implication to those who desire to acquire such a document. By incorporating internationally accepted criteria from the IMF *Code of Good Practices on Fiscal Transparency*, 2007, the OECD *Best Practices for Budget Transparency*, 2002 and the International Organisation of Supreme Audit Institutions' *Lima Declaration of Guidelines on Auditing Precepts*, 1977, the OBS assesses the content and schedules the release of eight strategic budget documents that all countries should re-release at different stages of the budget process.

The IBP (2015a:12) specifies that the *Open Budget Survey, 2015* also includes additional topic-related information relevant to civil society and good governance,

including the extent to which the citizenry is allowed to participate during each stage of the budget process, factors related to legislative strength and the role of the independent national audit office, referred to as the supreme audit institution (SAI). The *Open Budget Survey, 2015* covers 140 questions with values assigned to calculate objective scores and rankings of each surveyed transparency relevancy. Each country is therefore assigned a score of between 0 and 100 based on the simple average of the numerical value of the responses. The composite scores constitute the OBI as an independent and comparative measure of budget transparency.

7.5.2 Interpretation of the Open Budget Survey, 2015 data

Significant findings from the *Open Budget Survey, 2015* indicate that budget transparency is affected by a country's predominant income level, while geographic location proved not to be a determinant factor.

Countries with democratic political systems proved more disposed to budget transparency than those with authoritarian systems of government, mainly because of the citizenry's voting power through elections and political scrutiny and competition in legislatures relating to budget policy. Budget transparency in low-income countries was found to be affected by the choice of aid modalities and the type of donor interventions. This not only impacts on the transparency model, but also on the scale of PB projects that might appease donor projects as opposed to citizen needs and requirements.

7.5.2.1 Public participation in the budget process

According to the *Open Budget Survey, 2015*, research and advocacy experience of civil society already established the importance of transparency in budget-related matters, particularly when considering public participation in open budgets as depicted in Table 7.5. However, transparency itself does not guarantee improved governance and it is against this background that the *Open Budget Survey, 2015* evaluates opportunities for public involvement and participation in the budget process, through several indicators, in platforms for engagement such as the executive or legislature of the specific country.

Table 7.5: Public Participation Index, 2015 survey data

Requirement/Indicator	Other		Southern Africa					East Africa		
	UK	NZ	BT	MA	SA	ZB	ZI	KE	TZ	UG
1. Clear definitions regarding terminology used in the budget and other budget-related documents.	Strong	Strong	Weak	Strong	Strong	Strong	Weak	Weak	Weak	Weak
2. Formal requirement for public participation during the different phases of the budget process.	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Strong	Moderate	Moderate
3. Clear and timely articulation of envisaged outcomes during the budget formulation engagement process.	Strong	Strong	Moderate	Strong	Strong	Strong	Moderate	Strong	Moderate	Weak
4. Clear and timely articulation of envisaged outcomes during the budget execution engagement process.	Weak	Strong	Strong	Moderate	Strong	Moderate	Moderate	Weak	Moderate	Weak
5. Mechanisms to identify the public's perspective on budget formulation priorities.	Strong	Strong	Strong	Moderate	Moderate	Strong	Weak	Strong	Moderate	Moderate
6. Mechanisms to identify the public's perspective on budget execution priorities.	Weak	Strong	Weak	Strong	Strong	Weak	Weak	Weak	Moderate	Strong
7. The provision of detailed public feedback on the utilisation of public inputs during budget development.	Strong	Strong	Weak	Weak	Strong	Weak	Weak	Moderate	Weak	Weak
8. Public hearings in the legislature on macroeconomic budget framework.	Strong	Strong	Weak	Strong	Strong	Strong	Strong	Strong	Moderate	Strong
9. Public hearings in the legislature on individual agency budgets.	Strong	Strong	Weak	Strong	Strong	Strong	Strong	Strong	Moderate	Strong
10. Opportunities in the legislature for testimonials by the public during budget hearings	Weak	Weak	Weak	Moderate	Strong	Weak	Weak	Moderate	Weak	Strong
11. Release by the legislature of reports on budgets hearings.	Strong	Moderate	Weak	Moderate	Strong	Weak	Weak	Strong	Weak	Moderate
12. SAI mechanisms for the public to assist in the audit program.	Strong	Strong	Moderate	Weak	Weak	Weak	Weak	Weak	Strong	Weak
13. SAI mechanisms for the public to participate in audit investigations.	Moderate	Strong	Moderate	Moderate	Weak	Weak	Weak	Weak	Strong	Weak
14. SAI communication regarding Audit Reports beyond simply making these reports publicly available.	Strong	Strong	Weak	Weak	Strong	Weak	Weak	Weak	Weak	Weak
15. SAI feedback on how public inputs have been incorporated in audit programs or reports.	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak	Weak

Key: UK (United Kingdom), NZ (New Zealand), BT (Botswana), MA (Malawi), SA (South Africa), ZB (Zambia), ZI (Zimbabwe), KE (Kenya), TZ (Tanzania) and UG (Uganda).

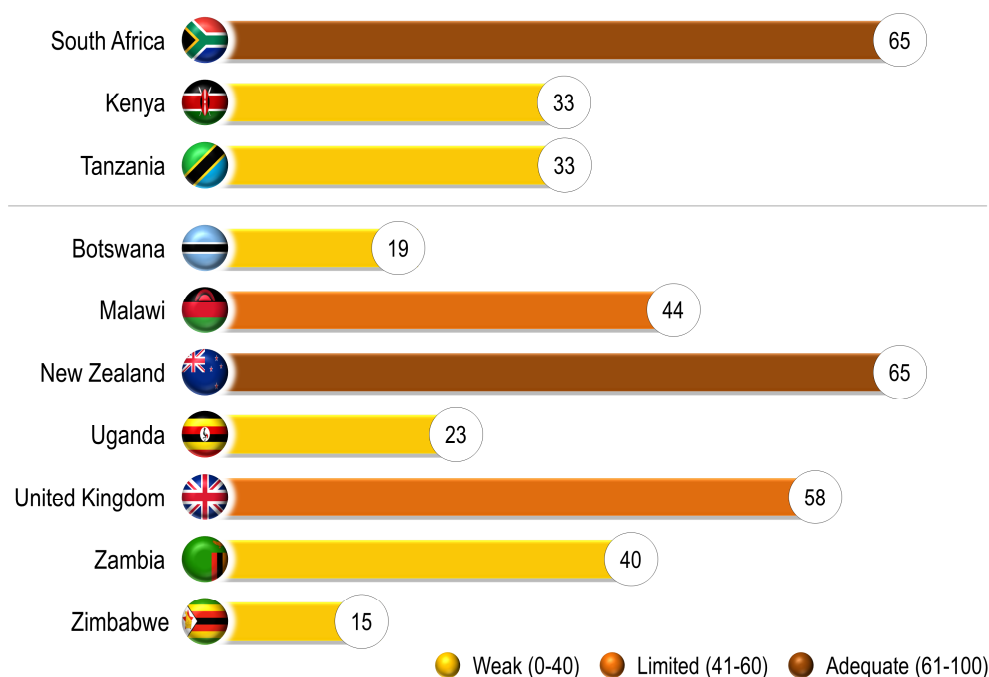
- Strong — Average score above 66 of 100 (Brown)
- Moderate — Average score between 34 and 66 (Orange)
- Weak — Average score below 34 (Yellow)

Source: IBP (2015a).

The IBP (2015a:42) states that conditions under which the public can participate optimally in the budget process denotes an extension of transparent budget systems. Consequently, the IBP's public participation measurement methodology aims to measure both the extent to which governments provide opportunities for broader public participation in the budget process and the relative strength of legislative and audit institutions to reflect these participatory processes, albeit at the national/central level of government. As part of this explorative framework, the OBS recognises two types of participatory mechanisms: those that rely on a top-down approach in which the involvement of policy experts remains paramount, essentially deferring the creation of spaces for broader public participation and those designed to actively incorporate public feedback more directly (IBP, 2015a:43).

Conversely, Figure 7.1 reflects the public participation ranking of selected Anglophone countries based on the *Open Budget Survey, 2015*.

Figure 7.1: Public participation: Selected Anglophone countries



Source: IBP (2015a).

According to the IBP (2015d), the United Kingdom ranks 58th out of 102 countries surveyed. This score indicates that the public is provided with **limited** opportunities to engage effectively in the budget process. Nonetheless, the IBP (2015c) notes that

Her Majesty's Treasury (HM Treasury) is not legally obligated to consult the public on matters relating to public finances and, even where such consultation initiatives exist, institutions do not routinely abide by processes during the formulation or execution of expenditure strategies. The Exchequer acknowledges this concern, indicating that when consultation takes place it is often late in the policy development cycle (HM Treasury, 2010:5).

New Zealand outranks the United Kingdom in terms of overall public participation. The IBP (2015e) reflects the country's overall score as 65, indicating that the public is provided with **adequate** opportunities to participate in the budget process. However, the IBP (2015c) recognises a degree of ambiguity in the participatory relationship between the executive and the citizenry. Here, public interaction or engagement depends on the nature and extent of participatory arrangements ranging from Crown Entities to central government departments.

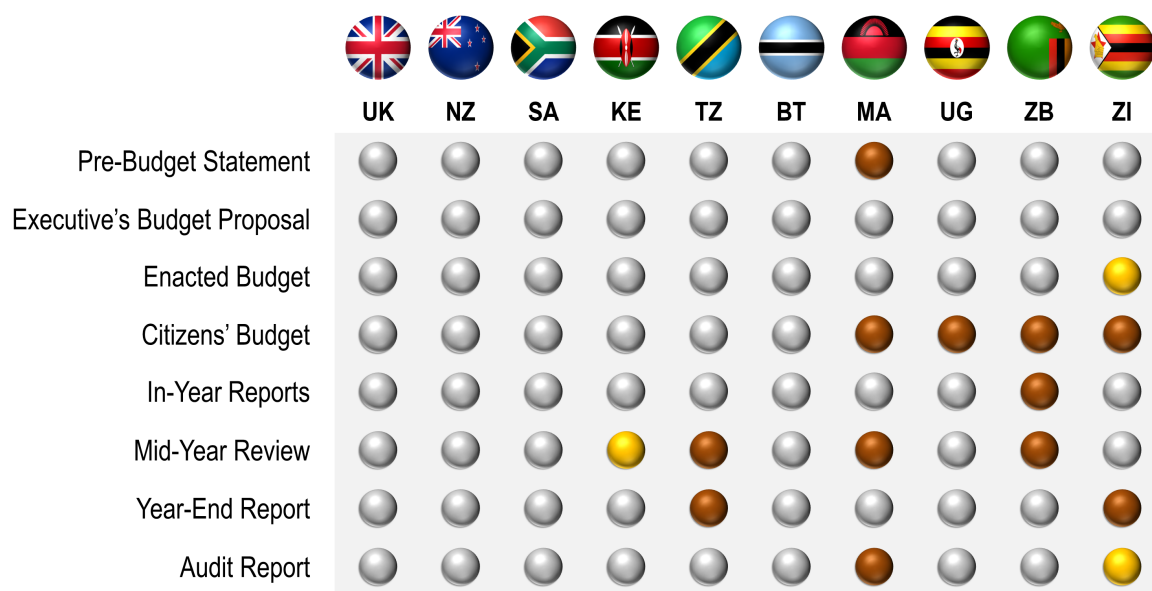
The participatory dimensions of selected developing economies present two dissimilar outcomes — either weak or adequate. The IBP (2015f) and (2015g) notes that Kenya and Tanzania equally rank 33rd out of 102 countries, reflecting **weak** opportunities for the public to participate in budgeting processes. Although the IBP (2015c) emphasises that the Government of Tanzania aims to involve civil society organisations in policy dialogue through engagement platforms, many of these initiatives had not been implemented fully because of uncoordinated community meetings, poor communication and inadequate timeframes allocated for proper planning. Regarding Kenya, the IBP (2015c) notes that the executive branch, while not providing feedback on how inputs from the country's citizenry had been incorporated into the development of budget plans, acknowledges their contributions in the budget formulation process (Republic of Kenya, 2015:35).

As a developing country, South Africa shares the 65th position with New Zealand. In this regard, the IBP (2015h) notes that the South African citizenry is provided with **adequate** opportunities to participate in the budget process — a process emphasised through regulatory and legislative arrangements and mechanisms such as *Izimbizo* and Exco Meets the People and, what Subban, Reddy and Pillay (2011:132) refer to as the importance of community-based planning as “a vehicle for participation” to ensure the proper enactment of the IDP process.

7.5.2.2 Public availability of budget documents

According to Greening (in IBP, 2012), “transparency is one of our most powerful weapons against corruption, waste and bad governance, providing the basis on which people can hold their politicians to account and demand change where change is needed.” The objective of the *Open Budget Survey, 2015*, is to achieve a standardised analysis of transparency within the global budgeting framework, consisting of 140 questions completed by independent researchers in 102 countries and subjected to independent peer review.

Figure 7.2: Public availability of budget documents, 2015 survey data



Key: UK (United Kingdom), NZ (New Zealand), SA (South Africa), KE (Kenya), TZ (Tanzania), BT (Botswana), MA (Malawi), UG (Uganda), ZB (Zambia) and ZI (Zimbabwe).

- Available to the public (Grey)
- Available for internal use (Yellow)
- Not produced (Brown)

Source: IBP (2015a).

The substance of the *Open Budget Survey, 2015* questions relate to the amount of budget information in eight strategic budget documents, as indicated in Figure 7.2, with the answers to a subset of 109 questions relating to these documents creating the OBI score as a broad measure of the country’s budget transparency. The survey

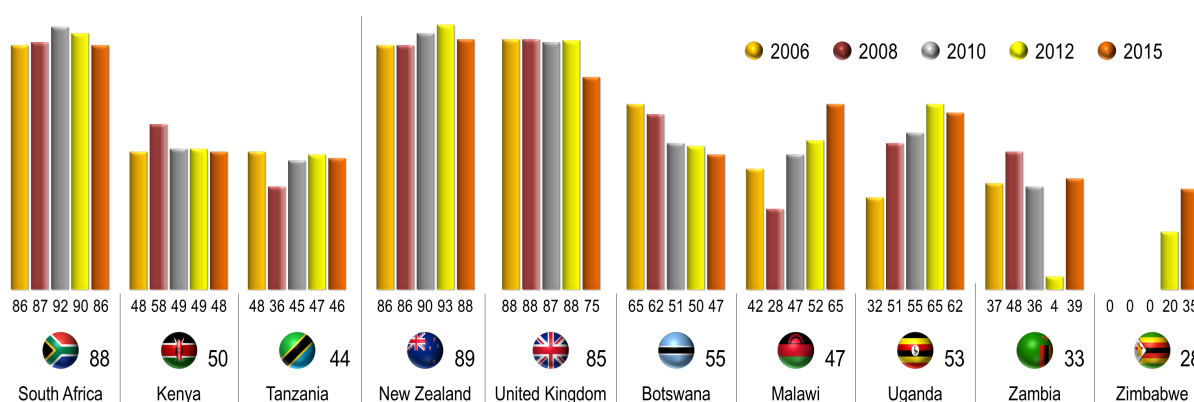
is conducted biennially, with the *Open Budget Survey*, 2015 reflecting that many countries still fail to meet the basic standards of budget transparency. Nevertheless, 44 countries provide limited budget information, while 19 countries provide substantial budget information (IBP, 2015a:16).

While the report summarises research relating to the effectiveness of budget transparency, the IMF (in IBP, 2012) indicates that transparency is critical to a country’s fiscal credibility and performance. Countries’ resource allocation relating to budget management might further present a problem with Krafchik (in Mann, 2013) specifically noting “the combination of inadequate budget information with the restrictions on public participation will make it far more difficult to monitor progress against the current and next generation of the UN’s Millennium Development Goals.”

7.5.2.3 Budget openness for selected countries

Budget openness and transparency is regarded as a mechanism to achieve accountability. However, processes and mechanisms to achieve accountability differ over time, particularly when incorporating changing administrative practices. In this regard, Figure 7.3 reflects budget openness and the average rank for selected Anglophone countries since 2006. Based on data obtained from the *Open Budget Survey*, 2015, marked changes in openness and transparency can be observed.

Figure 7.3: South Africa's OBI position in relation to selected Anglophone countries over time



Source: IBP (2015a).

The IBP (2015d) assessment ranks the United Kingdom 75th and eighth overall with a significantly higher than average score of 45 for all the 102 countries surveyed in 2015. This score indicates the frequent provision of information on the government's budget and financial activities throughout the budget year, providing the citizenry with the means to hold the government accountable. However, based on *Open Budget Survey, 2012* data, the country's position dropped 13 ranks, positioning it as part of the group of countries that provide substantial information in relation to budget openness and transparency. According to the IBP (2015e), New Zealand ranks 88th and first overall for the 102 countries surveyed. While this score is significantly higher than the average of 67 for the 17 other OECD countries surveyed, the country's position dropped five ranks compared to the *Open Budget Survey, 2012*. Still, this position reflects the government's commitment to provide the public with extensive information *vis-à-vis* official budget and finance-related activities.

Kenya is ranked 48th, with the IBP (2015f) scoring the country as second in East Africa, below Uganda that ranks 62nd. This score deviates marginally from the *Open Budget Survey, 2012* assessment and indicates that the government provides the citizenry with some budget and financial information. The IBP (2015g) assessment ranks Tanzania 46th — a decline of one rank compared to the *Open Budget Survey, 2012*. As with Kenya, this score is marginally higher than the average of 45 for all the countries, but still falls below the overall averages of Kenya and Uganda. This score indicates that limited information on the national government's budget and fiscal activities is provided to the public, making it difficult for citizens to hold the government accountable in terms of government spending and project development.

South Africa is ranked 86th according to the IBP (2015h) assessment and is amongst the top performing countries globally, significantly higher than the average score of 45 for the 102 countries surveyed. This score reflects open access to budget-related information and documents that serve as accountability tools for the management of public money. It is therefore evident that maintaining a good financial system will yield positive results, underscoring Fourie's (2007:742) argument of maintaining internal control structures to manage interrelationships between all role-players in the system. However, based on the data presented in the *Open Budget Survey, 2012*, the country's position dropped four ranks.

7.6 AFROBAROMETER SURVEYS

Afrobarometer Surveys are conducted in more than 30 African countries, employing a standard set of questions that are ingeniously grouped and systematically compared to determine trends in the social, political and economic environments. Using Afrobarometer data, Mattes (2008) conducted the study *South Africans' Participation in Local Politics*. This study positioned three integral assumptions about local government and public participation in South Africa: the prospect for increase participation in relation to the physical proximity of government institutions and the citizens they serve; citizens' natural predisposition to participate in public affairs; and that the overall socio-economic situation in the country determines the levels of voter turnout, particularly with reference to marginalised groups.

The study concluded that local government's role in South Africa is less meaningful than often anticipated and that developing economies' local government institutions have a far greater footprint to institutionalise public participation although they have lower levels of public infrastructure and civil service training. In addition, Mattes (2008) indicates that levels of interaction and participation with local municipal councils are also compared to the same levels in Africa, particularly in relation to proximity-based interaction based on the geographical location of service centres. In addition, South Africa outranked other developing economies in Africa in terms of unconventional participation such as demonstrations and community protests. Mattes (2008:137) maintains that "the timing, location and expression of protest in South Africa generally convey an image of intense dissatisfaction with local government service delivery amongst the powerless and marginalised."

Notwithstanding these findings, Mattes (2008:138) states that public engagement with local government seems to have increased since 2000, suggesting a learning process for both councillors and the broader citizenry although this interactive engagement takes place within a limited framework currently prevailing at local government level.

7.6.1 Replication measurement activity/methodology

Based on Mattes' (2008) argument, this section will focus on public engagement with local government, public view of local government performance, performance

evaluations and political culture to determine the current situation regarding public participation in South Africa, Kenya and Tanzania. Although not duplicating or replicating Mattes' (2008) study *per se*, significant indicators will be used to determine a trend based on the existing study. Replicating methodological processes in the research environment is not uncommon. According to Morrison, Matuszek and Self (2010:278), replication to validate arguments is commonplace to validate two outcomes to measure the direction of future research: success or failure. In the social sciences and economics environments, replication studies often follow from established theories. Glass (1976) and Lipsey and Wilson (2001) (in Morrison, Matuszek & Self, 2010:278) assert that these theories are substantiated using meta-analysis, defined as a "study of studies." In this context, Lee (2007:142) argues that the traditional procedure of researchers to use replication studies revolves around the assumption that "individual participants are essentially equivalent and that one should study additional participants only to make certain that the original subject was within the norm."

7.6.2 Interpretation of the Afrobarometer Survey data

This research encompasses selected indicators of Afrobarometer Surveys in Mattes' (2008) study. The main deliberation in this regard extends to two primary indicators: *Public Interest in Local Government* and *Public Views on Local Government Performance*. The original study incorporates datasets from the Institute for Democracy in South Africa between 1995 and 1998 and Afrobarometer between 2000 and 2006. This research will integrate the fifth round of Afrobarometer Surveys conducted in the selected countries during 2011 and 2012.

Table 7.6 provides an analysis of public interest in local government. At 7%, South Africa ranks lowest in terms of regularly attending community meetings, while Tanzania ranks highest at 39% despite intermittent instability in the country. However, 25% of the South African survey sample indicated that they occasionally attend community meetings, whereas Tanzania's figure reflects at 29%. In Kenya, the situation margins that of Tanzania with 15% indicating that they regularly attend community meetings, while 31% does so occasionally.

Table 7.6: Public interest in local government: Attend community meetings

Question 26(a). Here is a list of actions that people sometimes take as citizens. For each of these, please tell me whether you, personally, have done any of these things during the past year. If not, would you do this if you had the chance: Attend a community meeting?

	RSA	BOT	MAL	ZAM	ZIM	KEN	TAN	UG
No, would never do this	19	4	6	7	8	7	4	6
No, but would do if had the chance	23	32	15	40	18	24	16	24
Yes, one or twice	26	19	11	16	22	22	13	26
Yes, several times	25	25	20	26	35	31	29	29
Yes, often	7	20	48	11	17	15	39	14
Don't know	0	0	0	0	0	0	0	1
	100	100	100	100	100	99	101	100

Source: Citizen Surveys (2011); IDS and MSU (2011); CSR (2012); MPOI (2012); REPOA and MSU (2012); Southern Africa Barometer (2012); Wilsken Agencies Ltd and CDG (2012); and RuralNet Associates (2013).

A specific observation is that in the South African sample, 19% reflected their apprehension about attending community meetings. This could probably be ascribed to what Mattes and Richmond (2014:4) term “deficiencies at the level of citizenship” in general where low levels of political efficacy and engagement strongly reflect voter turnout during elections.

Table 7.7: Public interest in local government: Discuss community issues

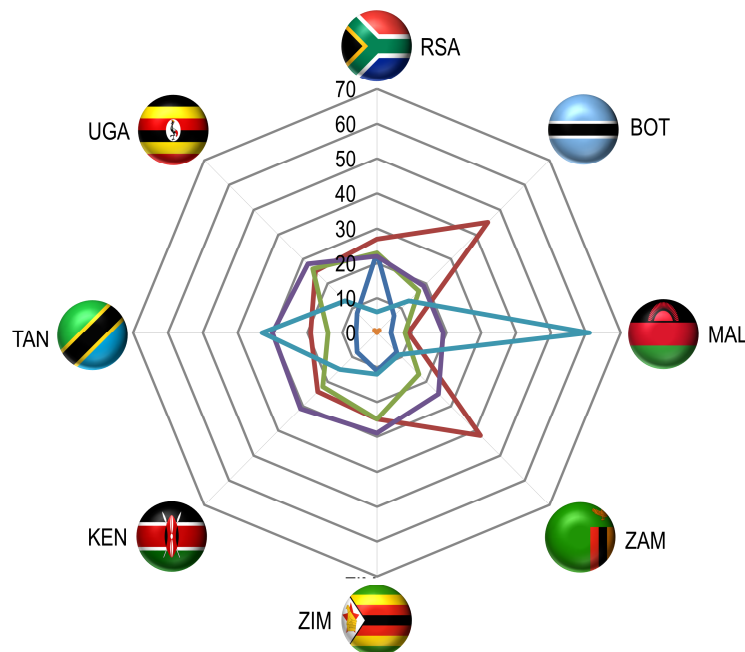
Question 26(b). Here is a list of actions that people sometimes take as citizens. For each of these, please tell me whether you, personally, have done any of these things during the past year. If not, would you do this if you had the chance: Got together with others to raise an issue?

	RSA	BOT	MAL	ZAM	ZIM	KEN	TAN	UG
No, would never do this	27	10	2	9	13	9	7	10
No, but would do if had the chance	30	57	3	43	31	24	21	25
Yes, one or twice	20	15	4	18	27	22	14	26
Yes, several times	18	12	17	23	23	30	30	27
Yes, often	5	5	74	7	6	14	27	11
Don't know	0	1	0	0	0	0	0	1
	100	100	100	100	100	99	99	100

Source: Citizen Surveys (2011); IDS and MSU (2011); CSR (2012); MPOI (2012); REPOA and MSU (2012); Southern Africa Barometer (2012); Wilsken Agencies Ltd and CDG (2012); and RuralNet Associates (2013).

With reference to discussing community issues, indicated in Table 7.7, a similar trend regarding the South African sample is observed. Only 5% indicated that they do discuss community issues, with 27% reflecting their non-interest. However, 30% indicated that they would do so if they had the chance. With the exception of the Malawi sample at 74%, the Tanzanian sample reflects that 27% often discuss community issues. In Kenya, 30% indicated that they do so several times.

Figure: 7.4: Public interest in local government



Source: Own deduction.

For the purpose of this research, questions 26(a) and (b) of the Afrobarometer Surveys (2011–2012) as reflected in Tables 7.6 and 7.7 respectively, have been integrated to obtain a general perception for the indicator *Public Interest in Local Government*. The different scores, already presented as percentages of the population, were added where after a combined percentage of each question, of which the total combined scores varied between 99 and 101 respectively, was calculated and presented in Figure 7.4. The main objective was to obtain a universal indication of what the data, as a percentage of the population, was likely to reflect in the context of this research. When combining the two survey samples to structure a *Public Interest in Local Government* indicator (applying the same set of questions),

the observation is that Tanzania and Kenya outrank South Africa in terms of interest in local government (purple line at 30%). Public interest in local government varies significantly across the selected countries. Whereas the South African average is almost 20% showing a keen interest in local government affairs, Tanzania and Kenya presented at 30% and 15% respectively.

7.7 DECENTRALISATION INDEX, 2012

According to Ivanyna and Shah (2012:4), “a government is closer to its people if it encompasses a small geographical area and population and it enjoys home rule and cannot be arbitrarily dismissed by higher level governments.” A conceptual understanding of government closeness, more appropriately referred to as decentralisation, therefore requires an understanding of the structure, size and significance of local government within a defined legislative and regulatory framework. The unit of analysis reflects the geographical size of subnational divisions such as states, provinces or counties in proportion to the available census data of these units. States and provinces in larger countries, for instance, might be larger in terms of geographical size and have larger populations than small or medium countries with the same or even larger populations.

In view of these discrepancies, local government structures have been used as a more appropriate unit for measuring closeness to people. Notwithstanding this consideration, differences in local government structures have also been taken into account due to administrative inconsistencies of tiers, ranging from one to five. Another factor that had to be considered was the size of local government in terms of population and area of coverage, which varies across countries. The significance of this unit of measurement has a bearing on the potential participation of citizens in decision-making activities and processes.

7.7.1 Decentralisation Index, 2012 measurement activity/methodology

Ivanyna and Shah’s (2012) analysis identifies three core elements for exploration: *Significance of Local Government*, *Security of Existence of Local Government* and *Local Government Empowerment*, which address the various types of decentralisation. Even though all these elements combine to form a geo-locality

paradigm, only *Significance of Local Government* and *Local Government Empowerment* will be analysed in this research.

- a. **Significance of Local Government (LG RI).** The significance of local government was also measured with the intention of determining if local governments command a substantial share of national expenditures and whether or not local governments have a decisive role in multi-order governance. The significance of this unit stems from the varied interpretations and applications of decentralisation initiatives.
- b. **Empowerment of Local Government.** Three important suppositions are analysed in this context: political decentralisation, fiscal decentralisation and administrative decentralisation. The decentralisation argument postulated by Cheema and Rondinelli (2007), Rondinelli, Nellis and Cheema (1983) and Sridharan (2012) in Chapter 3 of this research supplements this analysis.

Table 7.8: Decentralisation Index: Selected Anglophone countries

Sub-Region	Country	LG SE	FDI	PDI	ADI	DI OR	LG RI
Other	UK	0.50(61)	0.52(41)	0.67(56)	0.51(49)	4.29(22)	0.28(22)
	NZ	0.50(46)	0.79(9)	0.67(51)	0.55(41)	2.21(41)	0.09(41)
Southern Africa	Botswana	0.25(63)	0.16(122)	0.33(129)	0.37(68)	0.09(102)	0.05(102)
	Malawi	0.00(149)	0.13(135)	0.67(49)	0.00(157)	0.01(140)	0.02(140)
	RSA	0.50(55)	0.58(30)	0.42(117)	0.40(62)	2.03(47)	0.18(47)
	Zambia	0.00(181)	0.31(81)	0.25(152)	0.13(107)	0.03(122)	0.02(122)
	Zimbabwe	0.00(182)	0.17(117)	0.42(119)	0.10(112)	0.08(105)	0.10(105)
East Africa	Kenya	0.25(73)	0.36(71)	0.33(137)	0.15(105)	0.14(96)	0.05(96)
	Tanzania	0.25(91)	0.21(104)	0.50(101)	0.32(77)	0.63(74)	0.21(74)
	Uganda	0.50(59)	0.20(106)	0.75(32)	0.49(54)	1.87(49)	0.29(49)

Key: (LG SE) Security of Existence; (FDI) Fiscal Decentralisation Index; (PDI) Political Decentralisation Index; (ADI) Administrative Decentralisation Index; (DI OR) Decentralisation Index, overall ranking and (LG RI) Relative Importance. Number presented in brackets indicates the country's overall ranking/position as assessed out of 182 countries.

Source: Adapted from Ivanyna and Shah (2012).

7.7.2 Interpretation of the Decentralisation Index, 2012 data

The LG share of General Government (GG) expenditures indicated in Table 7.8 varies markedly between the selected Anglophone countries from the lowest, (Malawi and Zambia at 2%) to the highest, Uganda (29%) and the United Kingdom (29%).

South Africa's percentage of LG share of GG expenditure is 18%, Tanzania 21% and Kenya 5%. Intergovernmental fiscal transfers continue to form the core framework of intergovernmental relations and while transfers are necessary for the continued rendering of services, expenditure responsibilities vary widely across sub-Saharan Africa.

South Africa's Local Government Equitable Share formula has been developed to provide local government with its entitled share of nationally raised revenue as prescribed by Sections 214 and 227 of the Constitution. According to the CLGF (2013b:152), unconditional transfers to local government were estimated at 59,4% in the 2012–13 financial year, consisting of the equitable share of 47,9% and the general fuel levy shared with metropolitan municipalities at 11,5%. Total conditional and indirect transfers amounted to 40,6%, comprising conditional grants from the national budget (almost 35%) and indirect transfers from the national budget (nearly 6%).

Local authorities in Kenya receive government block grants through the LATF that, according to Kibua and Mwabu (2008) and Mboga (2009) (in Otieno, 2014:57), was established in 1998 in accordance with the *Local Authorities Transfer Fund Act, 1998* (8 of 1998) to enable local authorities to reduce their debt and achieve financial sustainability. Bonoff and Zimmerman (in Otieno, 2014:60) note that the Ministry of Local Government encourages the transfer of 60% of LATF funds upon submission of budgetary and technical proposals as a mechanism to encourage accountability and transparency. The remaining 40% of the fund is based on LASDAPs, similar to South Africa's IDPs, and is distributed according to performance.

The Local Administration Grant in Tanzania ensures that grants are allocated to LGAs in the sectors of education, health, water, roads and agriculture. Mzenzi (2013:3) concurs and refers to the 2005–06 financial year, which effectively introduced three baseline criteria for grant allocation, that is, the size of the

population (70%), poverty count (20%) and land area (10%). According to Kitchen (2007:489), nearly 88% of all grant revenue in the country is conditional.

Fiscal decentralisation concerns the checks and balances, weights and counterweights of acquiring and spending public money as part of the accountability argument within the governance framework. New Zealand was allocated the highest score at 79%, while Botswana achieved the lowest score at 16%. South Africa (58%), Kenya (36%) and Tanzania (21%), were on average the highest of the selected group of Anglophone countries. Political decentralisation implies directly elected governments, thereby strengthening the accountability paradigm. Uganda acquired the highest score at 75%, while Zambia received the lowest score at 25%. Of the selected group of countries, Tanzania scored highest with 50%, followed by South Africa at 42% and Kenya at 33%.

The degree of powers local governments have concerning contractual obligations and accountability mechanisms constitute part of the administrative decentralisation measurement. New Zealand received the highest score at 55%, while Malawi's negligible score indicates the non-availability or usability of data. The administrative decentralisation scores for South Africa (40%), Tanzania (32%) and Kenya (15%) possibly indicate excessive political interference that might cause service delivery interruptions.

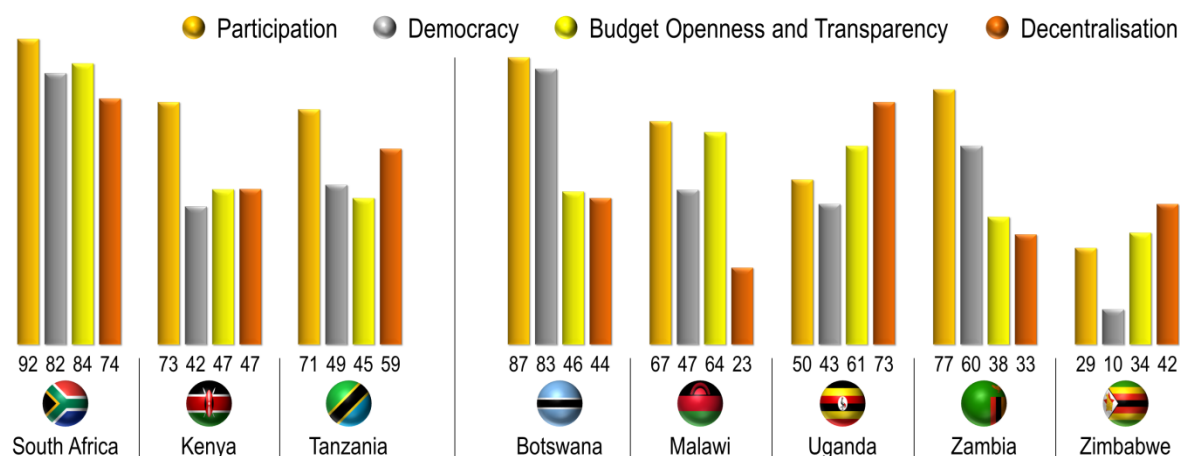
7.8 BUDGET OPENNESS AND PARTICIPATION: A CASE FOR SOUTH AFRICA

Public participation, notably participation in a government's budgeting affairs, is a broad topic generating constant debate. Not only has it attracted attention from different research disciplines since its broad acknowledgment in the early 1980s, it has also generated considerable debate around the nature and extent of public involvement in policy matters as already addressed in this research. PB can take many forms, with constructs such as participation, decentralisation, budget openness and democracy principally defining its locus in the budgeting framework. Conversely, South Africa is no exception. Even before the landmark elections of 1994 when the first democratically elected government accepted the responsibility to embark on a process of reconstruction and development, public participation, albeit in different

forms, was seen as an important tool to address political concerns across the socio-political spectrum.

The introduction of the Constitution in 1996 essentially paved the way to reshape mechanisms for interaction and the power distribution between the different levels of government, eventually culminating in the notion of spherical government in which the different levels of government are seen as separate, but unified entities as opposed to a tier-styled government. This distinction not only recognises the individuality of the different spheres of government, but also the inherent conflict between the relative autonomy of each sphere within the context of a unified government based on integrated, participatory and partnership-orientated governance. In this regard, Fox and Meyer (1995:66) appropriately describe intergovernmental relations as a function incorporating all the complex and interrelated relations among the various spheres of government, including the coordination of policies between the spheres of government through informal communication structures and formal processes such as the government planning cycle and the budgetary process.

Figure 7.5: Comparative indices analysis



Source: Own deduction from IIAG (2014); EIU (2014); IBP (2015a); and Ivanyna and Shah (2012).

Against this background, participatory democracy emerged to improve efficiency accessibility. Participatory policy formulation, as a primary frame of reference for developmental initiatives, evolved from a plausible decentralisation agenda based on

a sound intergovernmental fiscal framework. Here, the ANC (1994:4) fittingly describe the notion of empowerment as a "people-driven process" ensuring active involvement throughout the process to guarantee the delivery of goods and services through a variety of established structures. Therefore, a comparison of the four equalised datasets (see Figure 7.5) provides an inclusive representation of public participation and openness. The objective of this analysis is not only to provide generalised knowledge on the nature and extent of the different contexts comprising the PB construct in Anglophone countries, but also to specifically frame the participatory construct in the South African context.

As mentioned in Chapter 6 of this research, the right to public participation is a significant concept of democracy. When considering the data, the IIAG (2014c) ranks South Africa 4th out of 52 African countries in terms of participation, culminating in a score of 81,1. While this presents a good overall rank in terms of the global score, a negative trend of -0,98% can be observed since 2009. Nevertheless, a noteworthy remark in this regard relates to South Africa's overall ranking in terms of participation according to the *Open Budget Survey, 2015*. While the OBS was not included as part of the assessment criteria for participation in this analysis, South Africa's overall rank of 65 depicts a setting where the broader citizenry is provided with adequate opportunities to participate in the budgeting process. In this regard, a comparison between the two datasets reveals that the IIAG's (2014) assessment correlates with the *Open Budget Survey, 2015* and is thus plausible.

The *Democracy Index, 2014* ranks South Africa 30th out of 167 countries with an overall score of 7,82. Political participation varies fundamentally across the categories defined by the Index, with South Africa being depicted as a flawed democracy. A flawed democracy, according to the EIU (2014:38), denotes a specific grouping of countries that present significant weaknesses in governance-related matters, political apathy or low levels of political participation notwithstanding a customary adherence to basic democratic principles such as free and fair elections. Matthee (2015) depicts these flaws as, amongst others, corruption on all levels of government, the polarisation of the security establishment, infringements on media freedom, increased political intervention in relation to economic freedoms and

patronage. Nevertheless, South Africa outranks those in Southern Africa with an overall score of 7,78.

Budget openness and transparency also emphasise the importance of accountability and good governance. South Africa's ranking underscores civil society's interest in publishing information of this kind with Robinson (2006:3) arguing that developments around PB in Brazil during the 1990s attributed to the overall interest in open budgets, effectively prompting a new political momentum to strengthen democratic principles. Here, budget openness and transparency is regarded as a mechanism to achieve accountability. According to the IBP's (2015h) assessment, South Africa ranks 86th overall with a score of 45 out of 102 countries surveyed. The public availability of budget documents denotes a core assessment factor, providing the framework for accountability. Furthermore, transparency in view of access to government budgets remains critical to fiscal credibility and performance.

The *Decentralisation Index*, 2012, ranks South Africa 47th out of 182 surveyed. As part of the decentralisation framework, three important contexts form part of this analysis: fiscal decentralisation, depicting the procedural aspects of acquiring and spending public money as part of the accountability paradigm; political decentralisation, referring to the closeness of government and the procedural dynamics of electing political office bearers; and administrative decentralisation, noting the degree of powers officials have in terms of contractual obligations and accountability mechanisms. In this regard, South Africa scored 58%, 42% and 40% respectively.

While some successes are noteworthy, many in the local government sphere continue to experience some sort of exclusion due to the nature and extent of involvement in the budgeting processes. Public participation often takes place on an *ad hoc* and sometimes violent basis, events often related to a vague understanding of democratic principles or governance dynamics. Segments of government still inadvertently exclude public society from the broader decision-making process, reasoning that the process is too cumbersome, expensive and time-consuming. In a review of IDP participation in Gauteng Province, Marais, Everatt and Dube (2007:ii) argue that while many appointed officials regard participation is a legal imperative, others perceive the process as one that would add little to the development of

integrated development plans in general, albeit that these plans are perceived from a strategic level. Furthermore, in cases where development plans had been promoted, citizens opted to participate. However, knowledge regarding these development plans remains low, with communication thereof being either too technical or inadequate. The politicisation of participation is a further concern with factions constantly opting for competitive lobbying as opposed to addressing issues of concern. An approach like this should not be perceived as a *de facto* mechanism to veto decisions nor to force outcomes on communities. Public participation in budgeting processes requires institutionalised commitment to enhance and develop existing democratic principles. Fuo (2015:181) fittingly argues that "public involvement cannot be meaningful in the absence of a willingness to consider all views expressed by the public."

7.9 SUMMARY FINDINGS: PARTICIPATORY PROCESSES

The implementation of effective PB strategies requires dedication, commitment from all stakeholders and effective communication. Ivanyna and Shah (2012:4) argue that decentralisation is critical towards the effective implementation and management of participatory approaches. Similarly, Mattes' (2008) argument relating to community interest in political issues enhances the degree to which participatory approaches will likely be fulfilled. According to Greening (in IBP, 2012), budget openness and transparency forms the baseline for the execution of participatory policy as access to budget information and ease of interpretability remain key factors for success. Although primarily a concern within democracies, the EIU (2014:33) also identifies public involvement as the apex of a functioning government in relation to the rate and frequency of interaction regarding policy matters.

7.9.1 United Kingdom

Jackson (in Wilhelm & Alenitskaya, 2010:51) notes that in the UK, the PB framework in non-political and is based on core values such as transparency, accessibility, empowerment, deliberation, local ownership, mainstream involvement, representative democracy and shared responsibility. While these values present an outline for participatory initiatives, a combination of these values and an alignment with existing community engagement practices underscores success (SQW Consulting, CEA and

GFA Consulting, 2011:5). In practice, community budget initiatives integrate "good practices" in the private and public sectors, while civil society responds to local needs. The PB Network (2013) specifically notes that, based on experience, investment models are developed and structured to sustain the most effective intervention protocol.

7.9.2 New Zealand

In New Zealand, direct public participation in the budgeting environment remains an innovative concept apart from the legislative framework that encourages participatory activities. PublicVoice (2014:3) notes that Citizens' Panels constitute a prominent form of public participation in the country. Panel selection (the recruitment of participants) takes place through mixed random sampling techniques, is representative of the local population and reflects the demographic and geographic variables characteristic of the particular community. While this system ensures a random selection of potential participants, participation remains voluntary. Core characteristics of the PB process in New Zealand include simplified communication, the incorporation of marginalised groups, cost-effective consultation techniques, interactive ICT initiatives and collaboration with a wide range of stakeholders.

7.9.3 Kenya

According to the Government of Kenya (2012:7), the effective management of public resources constitutes the core commitment of the Kenya Administration when considering budget openness. In this regard, Oduor (2014:25) stipulates that County Government participatory processes include pre-budget public consultative forums, participation through the County Budget and Economic Forum, the inclusion of Sector and/or Department Working Groups and Budget and Appropriations Committee hearings. These procedures inherently include mechanisms aimed at encouraging dialogue between County Executives and the citizenry. Shall (2007b:205) also notes that LASDAPs, participatory initiatives involving municipal/local government and stakeholders in a three-year planning enterprise to identify relevant projects and activities to be included in the municipal budget, further enhances the concept of participation. Here, public involvement contextualises a focussed approach on community development and poverty alleviation.

7.9.4 Tanzania

Subnational budgeting in Tanzania involves extensive consultation. The legislative framework requires LGAs to consult with local communities as part of the planning process. The implementation of Decentralisation by Devolution in 1998 laid the foundation for autonomy and participation, while signalling in a new participatory planning approach referred to as Opportunity and Obstacle to Development (O&OD) planning. Furthermore, the implementation of the LGRPs has resulted in the integration of public participation and the government has achieved some successes in this regard. Conversely, public participation in policy and budgetary frameworks enhances and strengthens communities' capacity to undertake sustainable projects. Shall (2007b:201) remarks that the LGRPs were specifically introduced to build the capacity of LGAs, increase the financial autonomy and decision-making authority and promote the quality of service delivery.

7.9.5 South Africa

The legislative and regulatory frameworks in South Africa extensively govern the nature and extent of public participation in South Africa, particularly in the local sphere of government. Community-based planning entails the active participation of community members, notably marginalised groups, to manage their own development to ensure the effective, efficient and economic delivery of goods and services through the appropriate channels. A core concept in this regard relates to responsive assertiveness to address community concerns. The Metropolitan Sub-Council system and the Ward Committee system can be regarded as the two primary structures for community participation in South Africa. The sub-council participatory system allows for delegated powers to be exercised by sub-councils established for parts of the municipality and is promulgated through a municipal bye-law, while Ward Committees, according to DPLG (2007:59), function as fora allowing public participation, consultation and the distribution of information. As with many participatory structures globally, some problems remain a concern. Ndima (2012) notes five of these as the overall comprehension of the public participation process; the practice of public participation; adherence to the legislative and regulatory frameworks; financial and logistical challenges to participate; and perception regarding the participatory process. Nevertheless, the IDP Guide (2000:4) stipulates

that Ward Committees are currently the most suited structures to advance community-based planning within the integrated development planning framework.

When considering the above, budget transparency and openness alone do not guarantee effective public participation in budget matters and, despite the fact that access to information is paramount within the decision-making framework, civil society's comprehension of the broader budget making process remain problematic. In developing economies, low education levels, access to technology and the lack of support structures often inhibit actionable outcomes at grassroots level. The type and quality of information being published also matters. Although strategic information regarding the state of any government's financial affairs is invaluable, most citizens only require actionable information pertaining to their immediate environment to enable them to take decisions accordingly.

7.10 CONCLUSION

This chapter assessed five important indices relating to participation and budget transparency. Each index focused on a different segment of governance with democracy, participation, decentralisation and budget openness and transparency being the primary areas of analysis. An important consideration throughout was the requirement for public participation to advance accountability. The analysis of the IIAG focused on governance itself, comparing South Africa to other African countries in relation to the quality of governance. The analysis of the *Democracy Index*, 2014, presented the framework in which transparency and accountability is enhanced through democracy. Analysis of the *Open Budget Survey*, 2015, provided the opportunity to determine the state of public participation in the budget process as well as budget openness and transparency between selected countries. The Afrobarometer Surveys further provided an indication of citizens' predisposition towards citizenship and public affairs in general. The *Decentralisation Index*, 2012, focused on local government's geographical, proximity-based position regarding decentralisation. A summary of findings related to the participatory constructs of selected countries provided an overview of the dynamic interaction between policy and process. Lastly, a comparison between selected indices provides an opportunity to contextualise and analyse South Africa's ranking in terms of the participatory construct in relation to other African countries.

CHAPTER 8: CONCLUSION AND RECOMMENDATIONS

8.1 INTRODUCTION

This research considered the participative construct of public budgeting. The budgeting paradigm in the public administration environment fundamentally shapes a government's developmental objectives and this paradigm requires unambiguous investment in the procedural and managerial competencies of communities as upliftment programmes to advance broader developmental initiatives. The need to establish a contextual framework through which civil society can become actively involved in the intricacies of policy formulation in the budgeting environment reflects this reality.

8.2 OUTLINE AND RESEARCH DESIGN

Chapter 1 provided the framework concerning the importance of PB in the South African context with specific reference to the prominence and interplay of decentralisation, participation and PB within a democratic dispensation. The research objective, problem statement and methodology were addressed, with the research design and methodology in particular, focusing on the normative assessment of public participation in the budgeting environment. The requirement for a conceptual analysis, a comparative assessment and the importance of indices was also highlighted as part of a contextual exploration of selected Anglophone countries such as the United Kingdom, New Zealand, Kenya and Tanzania.

Although specific indices have been identified and analysed in this research, the normative focus consisted mainly of a literature review to form the theoretical baseline to contextualise public participation in a democratic dispensation. The literature review indicated that PB encompasses social, political and economic factors. Against this background, five specific indices were identified to compare the governance, democracy, budget openness, participatory and decentralisation constructs between these countries. The use of these indices emphasised the differences between the stated dimensions notwithstanding the specified time frames of each index. The appropriateness of this research is emphasised by the fact that active PB has not evolved beyond the notion of intermittent procedural actions, often characterised by discussions without fully giving effect to community involvement in

budgetary matters. Although there has been some development in this regard where municipalities have implemented PB initiatives with some success, PB is still equated to public participation, which in turn often results in the top-down implementation of local government initiatives. PB as such has not become the norm within the local sphere of government.

The notion of participation in the budgeting environment originates from the restructuring of the South African administrative and financial environments. Restructuring policies paved the way for the development and introduction of processes, allowing citizens to interact directly with government departments and institutions. A crucial realignment of the administrative environment brought about the creation of a single public service through the integration of the former homeland administrations, the establishment of nine provincial governments and the demarcation of municipalities. The established intergovernmental relations system in South Africa also allowed for an integrated service delivery environment where local government could interact with provincial and national government regarding the implementation of national government's strategic objectives. Furthermore, the nature and extent of the South African decentralisation model enables cooperative governance between the spheres of government and, from a fiscal perspective, this model effectively requires the total embrace of the decentralisation concept by municipalities to ensure a broader fiscal income base.

Although the budgeting process might be intact, government programmes based on development and upliftment initiatives have often been implemented without following proper consultation processes, processes that require the active involvement of civil society given the nature and extent of socio-economic initiatives. An extensive legislative and regulatory framework covers the participatory concept in this regard, allowing a comprehensive focus on policy participation in the local sphere of government. It is also expected that planning and administrative systems in the local sphere of government must align with national government's strategic developmental trajectory. Consequently, municipal integrated development planning processes form the baseline planning mechanism and are developed to comply with this statutory requirement.

While South Africa has a progressive system where participation is recognised, active PB is far from being institutionalised at local government level and this is evident in the IBP's biannual OBS. Segments of government still inadvertently exclude public society from the broader decision-making process, reasoning that the process is too cumbersome, expensive and time-consuming. Participatory processes are, therefore, structured around comment-specific democracy where public society is only allowed, for a specific period, to deliver comments on intended processes or legislation without a guarantee that their inputs will be taken up or included in the final output.

As a progressive form of democracy, the practice of PB emphasises direct influence over important community matters. This implies that local residents are allowed to spend an allocated portion of public money on developmental projects or any kind of project considered important by the community. Municipal integrated development planning programmes currently contextualise public participation initiatives. However, these initiatives depend on a range of factors including access to meeting venues, interest group identification, communication and even the approval of developmental programmes.

The problem statement of this research concerned the process and ability of government-public interaction at the local level to address participation in the budgeting process. It is within this context that community involvement in strategic planning and visioning requires extended participation methods, the sustainable use of resources and commitment between all parties involved. The achievement of enhanced public consultation and effective participation should be developed within the scope of unambiguous rules to curb undue process and unequal representation, specifically when planning and delivery do not coincide with the actual needs of public society. It is important, however, that public participation does not negate due process, that is, the specific decision-making capacity of elected accountable public representatives.

8.3 PUBLIC ADMINISTRATION AND BUDGETING THEORY

Chapter 2 addressed the theoretical constructs in public administration, focusing on theories of management and administration underscoring the problem statement of

this research. The aim of this chapter was to contextualise public participation in the budgeting environment of public administration. As indicated in the introductory paragraph, the art and practice of public administration emphasises the core business of the public sector and, having a strong relationship with other study disciplines, vibrantly focuses on balancing the responsibilities of a government in an interactive framework through appropriate checks and balances, notably budgeting. Presenting theoretical frameworks at the onset of this study emphasises the consolidation of different approaches within the administrative environment to frame the participatory concept within the budgeting framework and the political context that governs public administration.

Classical theory assumes a narrow view of organisational dynamics, particularly when considering the interactive relationship between the individual, management and the overall working environment. The deficiencies presented by this framework prompted the development of humanist theory, which emphasises aspects related to organisational life and the interaction between the individual and the broader organisation. Evolving from the classical approach, the human relations approach focused on human dynamics within the organisation, particularly the relationship between the individual and the management echelon as part of a process to realise collective actions. The systems approach assesses the contextual understanding of the organisation as a system with interactive and interrelated elements aimed at achieving a particular goal. While not negating these original theories, the contingency approach opted to revert to the original context of focusing more on organisational dynamics and that management as such needs not to be constrained to specific categories.

While independently applying or assessing these theories does not reduce their validity and credibility in any particular field, combinations of some provide a unique perspective on public participation in the budgeting environment. In this regard, three theories in particular advocate democratic and participative practices in decision-making, essentially establishing the baseline argument for PB. These theories include Rensis Likert's assessment of the interrelationship of group decisions and their impact on productivity (management systems), Chris Argyris and Wright Bakke's humanistic perspective of administrative and management theory (organisational

dynamics) and Douglas McGregor's humanistic perspective focusing on participation and involvement in organisational decision-making processes (motivational theory).

Public administration was also defined and analysed with specific focus on the four dimensions of public administration as a prelude to the assessment of the generic functions of public administration of which financial management and control effectively form the core functions relating to public administration in the budgeting environment. However, the other generic functions play an equally important role and should not be discarded for the sake of categorising functions and outputs in this particular field.

An important discussion also centred on the terminological difference between the State and government as concepts that are often used interchangeably. The assessment of the role and functions of the State provided a framework for administrative decision-making, expanding on the definition of public administration based on the spectrum of activities within a collective framework. The argument was made that a State comprises four critical elements, that is, a sovereign entity with an administrative capacity in the form of a government to serve a citizenry within a particular geographical area. A government, therefore, realises the objectives of the State through derived powers and it is part of the State, temporary and visible through the delivery of goods and services as perceived on a daily basis.

Budgeting remains an important activity in any management environment, not only in terms of the allocation of resources, but also as part of the overall decision-making process. With the focus of this research being on the role of civic participation in the South African budgeting process, an assessment of budget theory and administration was also provided. In this regard, three specific theories have been postulated, namely, normative theory, descriptive theory and positive theory.

Normative theorists frequently advocate PBB strategies derived from performance-based information and perceive this as a critical element in resource allocation. This theory refers to how people should behave in view of imminent budget decisions and emphasises rationality. Descriptive theorists, on the other side, emphasise the importance of environmental influences as critical factors shaping public budgeting processes. The classical representation of descriptive theory contextualises rational

actions based on how decision-making takes place. Lastly, positive theorists are concerned with the outcomes of policy decisions. This view supports the integration of economic and sociological decision-making processes, taking into account potential influences from both the micro- and macro environments.

PB can essentially adapt to either of these budget theories depending on the specific objectives that need to be achieved. On the normative level, municipalities might be concerned with the value for money principle and might therefore structure participatory processes to such an extent that effective public participation in the budgeting process is limited to specific developmental projects that might have already been approved prior to the formal consultation phase. From a descriptive theory perspective, more focus could be placed on the procedural dynamics of PB and less on the actual content of the engagement process. PB's connotation to positive theory relates to the integrated dynamics of community wants and needs to achieve immediate satisfaction while focusing on developmental objectives. However, the overall PB process will probably be influenced by municipal (organisational) dynamics exacerbated by diverse community interests.

8.4 DECENTRALISATION AND PUBLIC BUDGETING

Chapter 3 focused on decentralisation and public budgeting in two interrelated sections as an introduction to public participation and PB. A definition and detailed analysis of decentralisation and public budgeting provided the baseline for the analysis of PB in the following chapter.

Decentralisation essentially implies a framework of credible systems and processes to deliver goods and services on the one side, while incorporating the broader citizenry in decision-making structures on the other. In this context, fiscal decentralisation, in particular, has a positive impact on overall governance and social stability if workable structures and processes are instilled. Although government systems differ throughout the world, the way in which intergovernmental relations (through decentralisation initiatives) are structured influences the manner in which public services are rendered. Furthermore, irrespective of the arguments for and against decentralisation, its relevance remains invaluable within the PB environment,

serving as a vehicle to incorporate broader civil society in decision-making processes.

Fiscal decentralisation in particular, also has the potential to enhance efficiency and accountability through collective decision-making. It is important to note, however, that decentralisation does not imply an alternative arrangement to centralisation and that the concept itself refers to more than public sector institutions, the civil service or administrative reform.

The types of decentralisation were discussed and reference was made to the symbiotic relationship between governance and decentralisation. Political decentralisation refers to the provision of power to citizens or their elected representatives to influence public policy. Administrative decentralisation essentially focuses on the deconcentration of central/national government structures in an effort to redistribute authority, responsibility and fiscal resources. Fiscal decentralisation deals with the sharing of public revenues between the levels of government through appropriate structures instituted through legislation. Economic decentralisation, often referred to as market decentralisation, allows private sector interests to articulate public sector requirements. A further breakdown of decentralisation entailed the concepts of deconcentration, delegation, devolution, privatisation and deregulation. In essence, this contextualisation indicated that decentralisation has the potential to improve governance and political stability through government efficiency, effectiveness and accountability.

A significant discussion around fiscal decentralisation, transparency and budgeting followed, referring to the intergovernmental relationship in relation to expenditure financing and transfers as core elements to improve efficiency, equity and accountability. The type of decentralised government system, and the arrangement of intergovernmental fiscal transfers will therefore determine the manner in which the different levels of government will be able to influence fiscal management, macroeconomic stability, distributional equity, allocation efficiency and public service delivery. However, notwithstanding the structure of government, subnational governments are rarely considered as autonomous entities regarding fiscal matters, with almost all being reliant on intergovernmental transfers. Fiscal decentralisation also denotes transparency through the subsidiarity principle, an essential element in

the PB process and, by not ascribing to this notion, decentralisation may jeopardise social capital, effectively creating opportunistic ventures for capture by local elites.

The importance of budget transparency, described by Charles Tiebout in the context of fiscal federalism, further strengthens the PB paradigm. Although Tiebout (1956) does not refer to transparency as such, the proposed argument relates to consumer awareness regarding revenue and expenditure patterns within any particular geographical locality. In this context, civil society preferences will essentially determine local government expenditure patterns, ultimately affecting the quality of governance.

Public budgeting involves the systematic planning and decision-making process of allocating collected revenue to deliver essential goods and services through an established administrative framework. A good budgeting process, however, depends on a range of interrelated factors functioning in harmony to achieve policy objectives. The discussion surrounding public budgeting included an analysis of contemporary public budgeting, briefly describing the origins of the budget and contemporary reforms. Budget principles were also discussed, indicating that the application of these principles effectively reflects good governance.

An analysis of budgeting as both a system and a process followed. As a system, budgeting can be considered an organic entity, referring to the interaction of management planning and control systems and the interplay between public and private interests. The process side of budgeting refers to the political, bureaucratic and technical procedures relating to the compilation of the budget. The budget cycle was also analysed to provide a framework from which the PB cycle could be assessed. As an annual cyclical process in most countries, two applicable frameworks have been identified, namely, the Westminster/Commonwealth budgeting model (in reference to the comparative assessment of Anglophone countries in this research) and the cycle endorsed by the World Bank.

Various budgeting approaches have also been identified. Based on historical, economic and cultural influences, these budgeting techniques and processes have been adapted to address country-specific requirements. Nevertheless, irrespective of the approach towards budgeting, the structured format of the adopted arrangement

establishes rules to regulate the fiscal process while providing a mechanism to measure achievements. Specific budgeting approaches include line-item budgeting, an expenditure control approach often referred to as object code budgeting, programme and performance budgeting, structuring traditional expenditure categories depicted in line-item budgets into larger units of activities performed by an agency or managed by a programme, and ZBB, a process requiring institutions or agencies to conduct their budgeting decisions without previous baseline considerations. The PB methodology can essentially include one or more of these approaches if an inclusive engagement process is followed.

8.5 PARTICIPATORY DIMENSION OF BUDGETING

Chapter 4 contextualised the participatory dimension of budgeting, arguing the meaning, role and function of public participation as part of the accountability paradigm in the budget process. Essentially, public participation can be regarded as democracy in practice. In this chapter, the concept of participation was divided into two constructs, namely, public participation referring to a plethora of participatory practices as a democratic imperative on the one side, and PB, referring to the specialised practice of public participation in budgeting matters typically associated with local government structures on the other. In effect, PB allows communities to decide on the spending of public funds through open and deliberative budget forums convened on their behalf.

The assessment of public participation and PB was pre-empted by an analysis of civil society. As a collective concept, civic participation denotes role-players' interests and activities that overlap traditional segments of society such as government, the private sector and civil society, forming an integrated spherical arrangement sustained through technological advancements. The conceptualisation of civil society also emphasised the contextual arrangement of public engagement, predominantly against the background of changing political landscapes and the integration of the broader citizenry into the political sphere.

Notwithstanding these developments, participation has become invaluable in developmental initiatives with governments, international organisations and NGOs increasingly insisting upon participatory approaches to achieve common objectives.

With participation being a matter of principle for some, while an end in itself to others, participation denotes procedural arrangements in which all role-players influence developmental initiatives to achieve individual and mutual contentment. Assimilating public participation into the structures of government, however, might be problematic, particularly in view of time frames, procedural requirements and logistical arrangements.

The participatory dimension of good governance aims to bring government closer to the people notwithstanding the environmental dynamics of civil and political differences between countries. To achieve this, focus should be placed on accountability and trust as two important pillars of participatory democracy. Accountability denotes two inclusive spheres: administrative conduct, referring to customary administrative dealings and social accountability, depicting the interaction between political office-bearers, appointed officials and civil society in the socio-political environment. Trust, on the other side, refers to the openness of government processes to realise policy objectives in cooperation with the broader citizenry.

Effective and quality public participation also needs to take into account a variety of participatory mechanisms such as participatory policy-making, PB, public expenditure tracking, monitoring and evaluation activities, public awareness campaigns on legal rights regarding public services and broad-based citizen involvement in public commissions, hearings, advocacy boards and oversight committees. However, deliberative processes inherently have several limitations that include the nature of the participatory process, organisational dynamics and the scale and impact of deliberative initiatives. Notwithstanding these potential obstacles, success depends on the drafting of a clear strategy while taking into account the capabilities and limitations of all stakeholders.

The dissimilarity between traditional and PB was analysed, most notably in relation to differences in application and process. Traditional budgeting in the municipal sphere primarily relates to the activity of political office-bearers and appointed officials, whereas PB concerns the active involvement of citizens from the identification of needs and priorities to implementation, monitoring and evaluation. The PB process follows from the traditional budgeting process, is determined by the overarching dimensional characteristics dominant within the local government authority and can

be categorised according to specific dimensional characteristics resulting from environmental influences such as political culture and the existing fiscal and financial framework. Political culture, in particular, has the potential to influence participatory governance in a positive manner.

The dimensional characteristics of PB that were provided include the participatory dimension, the fiscal dimension, the legislative dimension and the geographical dimension. Notwithstanding these, the prevailing political and governance framework could also be included as a fifth dimension. These dimensions essentially run parallel to prevailing PB models structured according to socio-political phenomena, normative frames, participatory rules and collective action and include:

- a. participatory democracy, signifying a range of mechanisms within which the broader citizenry can be accommodated in the decision-making process;
- b. proximity democracy, referring to geographical access and closeness to ease communication between the broader citizenry and local government;
- c. participatory modernisation, based on the NPM philosophy where participants are considered as clients;
- d. multi-stakeholder participation, revolving around the configuration of participatory groups in which citizens constitute a part thereof;
- e. neo-corporatism, with the incorporation of organised groups into local government structures to establish a broad consultation base; and
- f. community PB, focusing on participatory actions during the implementation phase of local government projects.

Public participation remains an important primer towards the realisation of good governance. However, its realisation depends on the institutionalisation of proper structures, processes and the allocation of resources. With public engagement in the financial management and administration environment of public sector organisations entailing the concept and process of PB, descriptive and normative theory, as

indicated in Chapter 2 of this research, complements financial administration in the public administration domain, rendering both theories relevant and valid for application in this field. Furthermore, deliberative public administration is increasingly being recognised as a viable option in the policy formulation environment and when considering the need for good governance, citizens have to be involved through accountability mechanisms such as budget reviews.

8.6 ANGLOPHONE COUNTRIES AND PARTICIPATORY PROCESSES

Chapters 5 and 6 discussed the participatory frameworks in selected Anglophone countries, focusing exclusively on developed economies (the United Kingdom and New Zealand) and developing economies (Kenya, Tanzania and South Africa).

Chapter 5 expounded upon international declarations and practices of public participation, highlighting five recognised affirmations acknowledging civil society participation in policy and decision-making processes as part of the good governance construct. These declarations and practices comprise the Declaration of Human Rights, the African Charter for Popular Participation, the African Charter for Partnership, the Manila Declaration and the *Declaration of the International Conference on Public Participation, 2012*. While PB can be regarded as a sub-category of participatory democracy, these affirmed values guide public participation and form the hypothesis for civil society engagement and budget interaction in the international environment.

The discussion surrounding PB in developed economies included a review of processes in the United Kingdom and New Zealand and focused on a brief introduction to the countries, their respective structures of government, budget openness and transparency and examples of public participation in the budget process. Concerning the developing countries, Kenya and Tanzania, a similar approach was followed, focusing more on the normative aspects of public participation.

8.6.1 Participatory processes in developed economies

Since the early 2000s, PB initiatives increased exponentially. While all PB models share a common origin, they differ markedly between Europe, Oceania and Africa, for

instance. The European interpretation of PB is diverse, with some countries interpreting the concept within the context of their unique environmental characteristics. PB in Oceania is mostly structured as integrated systems complying with government reform initiatives.

PB methodologies in developed economies, while diverse, incorporate the principle of privatisation and deregulation (discussed in Chapter 3) as part of a broader decentralised service delivery imperative. The United Kingdom, for instance, has an open and transparent system of government that provides financial information to its citizenry. Tools exist to enhance participatory democracy. Of these, consensus conferences, citizens' panels and citizens' juries have proved invaluable. Furthermore, community budget initiatives allow a unified working environment where public services, businesses and the voluntary sector respond to local needs. Public participation forms part of a holistic approach, focusing on transparency and the needs and requirements of the citizen. The ascribed principle of transparency denotes the publication of sufficient information to allow citizens to scrutinise the conduct of fiscal policy and the state of public finances. However, from a strategic perspective, the lack of parliamentary oversight and scrutiny sometimes jeopardises the transparency principle because the United Kingdom Parliament does not have an appropriate budget and appropriations committee.

Legislation in New Zealand compels local authorities to consult their communities as part of community planning processes. Devolved responsibilities to local government specifically focus on provisions mandating public participation in decision-making processes, emphasising the incorporation of marginalised groups to contribute to decision-making processes through interactive consultation processes. Although public participation is encouraged and even contextualised through legislation, PB remains an innovative concept. Nevertheless, the IBP recommended that public engagement could be strengthened. Financial legislation furthermore emphasises the principles of accountability and transparency, with accountability and the publication of budget-related information becoming a central argument within the administrative environment. A prominent form of grassroots participation in New Zealand is Citizens' Panels. These random and voluntary associative groupings of community members form the link between municipal councils and the broader citizenry. Citizens' Panels

also serve as advisory structures should municipal councils choose to implement new policies or developmental initiatives.

8.6.2 Participatory processes in developing economies

Participatory models in Africa effectively conform to frameworks originating from PRSs and demands by international donor organisations and aid agencies. In addition, prevailing political conditions, political competition, the size of the government and the preferred route of decentralisation also determine public expenditure programmes and budgets within the African environment, while cultural and historical influences further contribute to the overall system of budgeting and the developmental curve. In this regard, the political and local government organisations of Kenya and Tanzania, in particular, do not vary significantly, primarily due to historical influences where British colonialism features as the common denominator that shaped their respective administrative systems.

The implementation of the *Constitution of Kenya, 2010*, allowed for concrete changes in administration and politics, particularly in mandating public participation throughout the levels of government. On the strategic level, public participation has been incorporated in decision-making processes related to financial management practices, while decision-making in subnational levels of government has further been strengthened. Although decentralisation effectively began in the 1980s with the empowerment of already established District Development Committees and District Commissioners, the effectiveness of decentralisation policies has only been optimally realised in recent years through the implementation of structural adjustment programmes in the subnational levels of government. While the effective management of public resources remains the core focus of strategic policy initiatives, particularly when dealing with public financial resources and budget openness, the Government of Kenya opted to improve its overall ranking in the OBI, focusing on the dissemination of more appropriate budget information to the broader citizenry. With public participation in general not being a new phenomenon in Kenya, the assimilation of budget information by all relevant stakeholders will contribute to the achievement of focused developmental initiatives, a process that will advance the broader LASDAP initiative.

The concept of public participation in Tanzania has steadily developed since the implementation of the Constitution of Tanzania, which allows for the establishment of LGAs in all regions to empower civil society through participatory practices, planning opportunities and the implementation of development programmes in their respective areas and generally throughout the country. Local government councils have also been mandated to organise public hearings and thus require institutionalised cooperation with civil society, particularly in promoting and ensuring democratic participation and control of decision-making. The progressive nature of the LGRPs, for instance, continuously focuses on the development and maintenance of democracy, with participatory decision-making constituting a major part of the process. Local government financial arrangements also address the strengthening of frameworks governing expenditures and the collection of revenue, while decentralised decision-making remains an area of focus with the main argument being the strengthening of accountability.

Chapter 6 introduced the legislative and regulatory framework regarding public participation in the South African environment. Specific legislating frameworks supporting the notion of public participation include the Constitution, the *White Paper on Local Government*, 1998, the *Municipal Structures Act*, 1998 (117 of 1998), the *Municipal Systems Act*, 2000 (32 of 2000), the *Municipal Property Rates Act*, 2004 (6 of 2004), the MFMA and the *Draft National Policy Framework for Public Participation*, 2005.

The nature and extent of developmental local government focused on the planning and budgeting process, while also emphasising the structure of participatory processes. The intricacies of local government tasks and responsibilities are defined by structural arrangements as either district, local or metropolitan municipalities. Within this context, the role and function of local government has evolved considerably since the late 1990s with developmentalism being the primary area of focus. Developmental local government signifies the uniqueness of the geographical nature of service delivery to strengthen socio-economic development through the involvement of local communities and community organisations in the affairs of local government. In this regard, mutual interaction remains pivotal and this implies open channels of communication to concretise democratic and accountable government.

However, the nature and extent of civic inputs in relation to budgetary matters will vary since many are not familiar with corporate financial matters and administrative processes.

The participation process, focusing on the structures, processes and legislative framework for public participation have also been discussed. The two primary structures for public participation in South Africa are the Ward Committee system and the Metropolitan Sub-Council system. Ward Committees have an obligation to communicate and liaise with the community on a regular and open basis regarding all developmental projects. The sub-council participatory system allows delegated powers to be exercised by sub-councils established for parts of the municipality and is promulgated through a municipal bye-law. The nature and extent of planning and budgeting in the local sphere of government further incorporates two mutually inclusive processes, namely, integrated development planning and community-based planning. The integrated development planning process concerns the coordination of developmental initiatives for a five-year period, while community-based planning forms the planning mechanism to promote community needs and requirements. Ward Committees are currently the most suited structure to advance community-based planning activities within the integrated development planning framework, while the framework provided by the MFMA allows a structured mechanism to integrate municipal budgets with IDPs and local government resources.

The public participation process in the EMM was also examined and this provided an important example of the disparity between intended policy outcomes as opposed to actual experiences relating to participatory initiatives. Public participation in the EMM is perceived as a core asset towards community development and upliftment. Typical participatory arrangements include council meetings, peoples' forums and mayoral roadshows, Ward Committee structures and meetings, petitions and project-specific arrangements or forums. While there are successes regarding the implementation of participative programmes, the process can, to a certain degree, be regarded as inadequate based on the requirement for interaction as derived from the legislative and regulatory environments regarding council-community interaction. Specific tools and mechanisms to improve council-community interaction in South Africa have also been evaluated. These mechanisms not only address communication, but also

emphasise the requirement for local government structures to incorporate marginalised groups into decision-making structures.

A theoretical construct for PB further depicted a normative and procedural outline in relation to public participation in local government budgeting processes. This model contextualises the procedural dynamics and stakeholders involved in the PB process. It not only encapsulates the idea of participation through community development initiatives, but also allows community members to progress and develop through mutual interaction. In this regard, a notable observation is that South Africa is currently considering the Kenyan model of decentralisation regarding district municipalities. Should this model be adopted, it would create large single-tier councils in unified districts, effectively centralising the regulatory and legislative powers and functions associated with district services, while still maintaining the notion of decentralisation. Nevertheless, the appointment of capable and qualified community representatives and local government administrators remains critical for the achievement of predetermined PB and developmental outcomes. Referring to the potential of the Kenyan model, this could attract skilled resources, generate economies of scale and focus resources on the provision of bulk services.

8.7 INDICES ANALYSIS AND PARTICIPATORY BUDGETING

Chapter 7 focused on indices relevant to participatory governance, with the prevailing argument being that public participation in budgeting processes stems from the need to contribute to good governance based on trust and social accountability. In most cases, the compilation and analysis of indices to either validate or nullify hypotheses formulated according to set criteria can accomplish this. Accordingly, the contributing concepts to good governance as part of the PB construct relevant to this research were identified as governance, democracy, budget openness and transparency, public interest and decentralisation. Importantly, these concepts represent a mixture of quantitative and qualitative variables, necessitating the application of the QCA theory as a bridge between the two fields of research.

Participatory democracy inherently enhances the quality of democracy. However, its success depends on the nature of the relationship between political office-bearers, appointed officials and the broader citizenry. The IIAG provided a quantitative

measurement of the quality of governance in African countries through a predetermined set of indicators. While not addressing the entire IIAG, this research focused on two sub-categories, namely, Participation and Public Management in the *Participation and Human Rights* and *Sustainable Economic Opportunity* categories respectively.

A comparative analysis indicated that South Africa, while still being ranked at the top, presented a negative growth trend in the *Participation* sub-category between 2009 and 2013. During the same period, both Kenya and Tanzania showed a growth trend in the Participation category, with Kenya increasing its rank markedly since 2009. The three countries presented a negative growth trend in the *Public Management* sub-category since 2009, with Tanzania showing a steeper decline than the other selected countries.

Democracy and PB inherently share a common link, that is, the active commitment and involvement of the broader citizenry in decision-making structures and activities. With PB essentially representing a pure form of democracy, the measurement of democracy significantly assists in determining the degree to which governments are likely to allow citizens to take part in participatory initiatives. PB allows citizens to make actual decisions to forge relationships as part of a common objective within a democratic paradigm. The *Democracy Index*, 2014, measured the state of democracy according to the following five interrelated categories: *Functioning of Government*, *Political Participation*, *Political Culture*, *Civil Liberties* and *Electoral Process*. South Africa's overall rank out of 167 measured entities was higher than that of Kenya or Tanzania, although significantly lower than the United Kingdom or New Zealand. A lower overall ranking indicates insufficient administrative control and intermittent inadequacies in the public domain that are often ascribed to the lack of training, transparency and poor policy formulation.

The *Open Budget Survey*, 2015, presented the state of budget openness and transparency according to the public availability, comprehensiveness, usefulness and timeliness of budget documents. This research focused on the analysis of two specific indicators: *Public Participation in the Budget Process* and the *Public Availability of Budget Documents*. Findings from the *Open Budget Survey*, 2015, indicate that participatory processes regarding budget issues are more adequate in

South Africa than in Kenya or Tanzania. South Africa also outranks the United Kingdom and New Zealand in some sub-categories of consultation. However, issues of concern relevant to South Africa, Kenya and Tanzania relate to the lack of mechanisms to involve broader public participation in the overall audit agenda and feedback on the actual use of budget-related inputs provided by the broader citizenry.

The situation regarding the public availability of budget documents presented more favourably. Although South Africa, the United Kingdom and New Zealand have systems in place for the public to access a range of budget documents, Kenya only avails its Mid-Year Reviews and Year-End Reports for internal use, with Tanzania not producing them at all. According to the overall budget openness score, New Zealand outranks the selected countries followed by South Africa. Furthermore, a significant finding of the *Open Budget Survey, 2015*, is that a country's predominant income level, and not its geographic location, primarily affects budget transparency.

Afrobarometer Surveys have long been regarded as a benchmarking tool to assess a variety of governance-related aspects in more than 30 African countries. Although this research borrowed from Mattes (2008), the overall assessment focused on recent data concerning public engagement with local government, specifically two important indicators: *Attending Community Meetings* and *Discussing Community Issues*. Based on the outcome presented in the original datasets, South Africa ranked lowest in terms of regularly attending community meetings. In Tanzania, more people also indicated that they regularly attend community meetings than in Kenya. A similar trend was observed with reference to the discussion of community issues. More people in Kenya indicated that they regularly discuss community issues as opposed to those in Tanzania. In South Africa, however, a small percentage indicated actual attendance. By combining these two result sets to formulate an additional indicator, namely, *Public Interest in Local Government*, the results vary across the selected countries with a small percentage of South Africans indicating a keen interest in local government affairs as opposed to Tanzania and Kenya.

Decentralisation affects governance, particularly the way in which government institutions and structures relate to the broader populace. The conceptual understanding of decentralisation entails government closeness, referring to the ease of access to government-provided goods and services. The *Decentralisation Index*,

2012, focused on the assessment of five core elements to determine government closeness in 182 countries, specifically focusing on local government structures as units that are already close to the citizenry. Of these, this research analysed two, namely, *Significance of Local Government* and *Local Government Empowerment*.

The *Significance of Local Government* indicator refers to the prominence of local government in terms of its share of national government expenditure. Across sub-Saharan Africa, intergovernmental fiscal transfers continue to shape intergovernmental relations and, while transfers are necessary for continuous service delivery, expenditure responsibilities vary widely. The local government share of GG expenditures varies significantly between the selected Anglophone countries with the United Kingdom ranking highest, followed by Tanzania, South Africa, New Zealand and Kenya.

The *Empowerment of Local Government* indicator, which embraced the decentralisation construct, further presented marked differences between the selected Anglophone countries. In the combined decentralisation ranking, the United Kingdom ranks highest with Kenya lowest. However, it should be appreciated that while the United Kingdom already has a working decentralised system, the *Constitution of Kenya, 2010*, emphasises a reassessed decentralisation model and that the development of structures could take time before significant changes may be observed.

Lastly, a comparative index analysis provided clarification on public participation and budget openness. With the exception of the Afrobarometer Surveys, the remaining four indices were equalised to provide a comparative assessment pertaining to four specific indicators, namely, *Decentralisation, Governance, Democracy and Budget Openness and Transparency*. The comparative assessment revealed that South Africa outranks the selected Anglophone countries, scoring high on participation according to the IIAG. This is a notable variation from the Afrobarometer Survey results referred to in this research.

8.8 CONCLUDING REMARKS AND RECOMMENDATIONS

PB effectively transforms the management and administration of public money. Contrasting traditional top-down management where municipal officials often attempt

to completely control the intended policy outcomes of capital projects, PB endorses the idea of citizen control through engagement and the galvanisation of grassroots ideas regarding the spending of accumulated funds.

Regardless of the methodology decided upon, PB principally comprises five core components. These include:

- a. **Funding allocations.** Municipal councils initially commit a percentage of funds from their operating or capital budgets for developmental initiatives.
- b. **Forming PB committees.** Communities gather to form committees, brainstorm ideas on projects and select representatives.
- c. **Proposal development.** Delegated representatives put forward proposals to develop these projects.
- d. **Voting on these proposals.** Upon finalisation, communities vote on proposals.
- e. **Budget resource commitment.** Municipalities then commit resources to implement projects.

PB also comprises specific benefits and weaknesses. The main benefits of PB include community empowerment, legitimacy of decisions, knowledge acquisition on the functioning of government and community mobilisation. The foremost weaknesses include the creation of unrealistic expectations, noncompliance in lethargic communities and the potential of capture.

For PB to succeed, two critical features have to be present. First, policy makers have to support the idea of bottom-up involvement through the institutionalisation of appropriate policies. Second, communities must demonstrate a degree of constructive activism and genuine commitment to take part in decision-making processes as part of a broader developmental paradigm. The success of PB will, however, not immediately result in positive returns because of mixed interests and actors involved in the budget process. However, active citizenry has the power to

establish workable frameworks starting with monitoring and evaluation initiatives as a primer to active budget involvement.

The composite idea of PB involves the advancement of community interests.

Regardless of the budgetary percentage allocated towards participatory initiatives, every opportunity and funding structure allowing engagement with local government on developmental issues has the potential of developing communities of action while instituting progressive development. Nevertheless, it is important that coalitions between budget specialists, community organisations and civil society be established to accomplish different goals though a common interest.

The realities impeding community involvement in planning budgetary processes should also be addressed.

In this context, size, marginalised groups, technology, education, time and funding are a few factors that could negatively impact intended interaction if they are not managed properly. Municipal councils should effectively take note of these potentially destabilising factors and meticulously address them during initial project or programme planning activities.

Baseline infrastructure to support, develop and maintain citizen engagement practices has to be present or developed to ensure effective compliance within any PB activity.

The creation of public spaces, for instance, has the potential to instil meaningful discussions relating to current and future developmental initiatives, effectively cultivating and securing community assets in the long-term. In this regard, democratic practices through which public debate is encouraged remain paramount and, as part of these initiatives, media freedom serves as an enabling factor.

While public participation in South African governance affairs is not a new phenomenon, a focused process should follow to instil the practice in budgeting matters.

Participatory enterprises have for a long time been part of the cultural and traditional arrangements of a variety of population segments throughout the country. However, public participation in matters relating to budgeting has not been implemented comprehensively to empower citizens to decide on the allocation of funds in relation to developmental projects. Furthermore, while selected municipalities in South Africa have taken up PB initiatives, these initiatives are mostly structured around the concept of participation alone with the focus being more on

participatory engagement through information sessions as opposed to the incorporation of citizens in the budgeting affairs of municipalities.

In some cases, municipal councils remain the custodians of spending priorities in relation to accumulated public funds. This anticipated practice is inherently part of the nature and extent of the public financial environment democratic societies through the trust placed in political office-bearers and appointed officials to administer public funds. To a certain degree, however, this curtails public interest in participatory endeavours, particularly where future developmental initiatives are been vaguely communicated, often side lining immediate community interests. Given the framework of the tasks and responsibilities of local governments in South Africa, predominantly the metropolitan municipalities, investments have to be made to secure viable socio-economic platforms for future generations. These investments might not always require community inputs, although communities sometimes might have a better idea of what they would like their futures to be. While arguments can be formulated either in favour of or against this process, the fact remains that within a decentralised system of governance supported by strong democratic values and principles, citizens have the right to question the utilisation of public funds.

PB will remain a nonsensical activity if budget involvement stagnates as a one-sided affair. While a framework for public participation does exist within the local sphere of government, it does not imply that public participation in budgeting matters will follow automatically. The current framework for public participation in the South African local sphere of government could be optimised to include the practical involvement of communities in local government budget matters, similar to Citizens' Panels in New Zealand or participatory networks in the United Kingdom. Interim provisions could also include arrangements where SMEs and stakeholders formulate practical solutions at ward level to spur the development of more formalised and objective-driven PB initiatives. Civil society has to be motivated enough for PB to succeed. The combination of technical interpretation by SMEs and the organising capability of communities with regard to developmental issues are likely to forge a specialised relationship through which skills transfer and development can take place.

Although a comprehensive regulatory framework exists, public participation should not be perceived as a procedural matter to expedite the budgeting process. An inclusive methodology should be followed instead, where the interests of the community take centre stage as opposed to the current political wrangling evident in many municipalities. Furthermore, attention should also be focused on community planning initiatives in support of the current five-year integrated development planning process to augment long-term projects.

An essential aspect that needs to be revisited periodically relates to the council-community communication interface. Here, the prospect of constructive community contributions is measured according to a wealth of local knowledge that could be shared and deposited as part of a focused process. Public participation in the budgeting process will certainly promote openness, transparency and accountability, effectively empowering communities to take responsibility for socio-economic development, including health, education, optimal trade and development, to name a few.

Political office-bearers and appointed officials should refrain from politicking when services or developmental projects need to be realised. Administrative processes should be streamlined to focus on the effective, efficient and economical utilisation of resources and there should be a stronger focus on decentralisation within the local sphere of government while maintaining a focus on achieving national developmental initiatives.

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APPENDIX A: COMPARATIVE INDICES ANALYSIS EQUALISATION

Statistical evaluation is an integral part of comparative investigation. However, comparing imbalanced datasets often presents the problem where classes (indicators) differ due to varying methodological and presentation practices. Comparing the *Decentralisation Index*, 2012, the IAG, the *Democracy Index*, 2014 and the *Open Budget Survey*, 2015, presented such a problem. However, reconstructing the datasets into a single, self-explanatory dataset involved the equalisation of the original data, then converting it to percentages based on the original dataset interpretation where after the new indicators were combined as a comparative dataset. From these datasets, four unique indicators emerged: Participation, Democracy, Budget Openness and Transparency, and Decentralisation.

<u>Indicator 1</u>	Country	Rank (<i>r</i>) out of (<i>n</i>)	Equalised score converted to %	
Participation Countries (<i>n</i>) = 52	South Africa	4	48	92%
	Kenya	14	38	73%
	Tanzania	15	37	71%
	Botswana	7	45	87%
	Malawi	17	35	67%
	Uganda	26	26	50%
	Zambia	12	40	77%
	Zimbabwe	37	15	29%

Source: Own calculation; IAG (2014c).

<u>Indicator 2</u>	Country	Rank (<i>r</i>) out of (<i>n</i>)	Equalised score converted to %	
Democracy Countries (<i>n</i>) = 167	South Africa	30	137	82%
	Kenya	97	70	42%
	Tanzania	86	81	49%
	Botswana	28	139	83%
	Malawi	89	78	47%
	Uganda	96	71	43%
	Zambia	67	100	60%
	Zimbabwe	150	17	10%

Source: Own calculation; EIU (2014).

Indicator 3	Country	Rank (<i>r</i>) out of (<i>n</i>)	Equalised score converted to %	
Budget Openness and Transparency Countries (<i>n</i>) = 102	South Africa	86	86	84%
	Kenya	48	48	47%
	Tanzania	46	46	45%
	Botswana	47	47	46%
	Malawi	65	65	64%
	Uganda	62	62	61%
	Zambia	39	39	38%
	Zimbabwe	35	35	34%

Source: Own calculation; IBP (2015a).

Indicator 4	Country	Rank (<i>r</i>) out of (<i>n</i>)	Equalised score converted to %	
Decentralisation Countries (<i>n</i>) = 182	South Africa	47	135	74%
	Kenya	96	86	47%
	Tanzania	74	108	59%
	Botswana	102	80	44%
	Malawi	140	42	23%
	Uganda	49	133	73%
	Zambia	122	60	33%
	Zimbabwe	105	77	42%

Source: Own calculation; Ivanyina and Shah (2012).