Accountability in Public Services in South Africa

Selected Issues

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In 1994, the legacy of apartheid presented the new South Africa with enormous challenges: poverty, inequality, and the immense aspirations for greater access to basic public services. The government immediately began addressing these challenges by enshrining constitutional rights to service access, radically reforming economic and sector policies, and funding ambitious service delivery programs. A new governance and administrative framework for racially diverse provinces and municipalities had to be built—and the new structure had to progress quickly in delivering the improved services expected by the people. These challenges have grown in the past 16 years, as South Africa’s population has increased with immigration and the HIV/AIDS crisis has spread.

Since passing the Constitution, the government has continued to spend on basic public services and on public order and safety. Despite the enormous effort and money put into new policies and institutions for improved service delivery, providing coverage and quality services for the rapidly growing, mostly black and poor population remains a colossal challenge. The government and civil society are increasingly concerned that the huge investment in development is having less impact than expected. Inadequate services, combined with unemployment and continued poverty, have frequently ignited township protests and riots (known as “service delivery protests”) and have spurred vigorous policy analysis, debate, and reform proposals.

Creating jobs and improving services have emerged as the highest priorities of President Jacob Zuma’s administration, which emphasizes accountability for results in all tiers of government, as demonstrated by the establishment of a new Ministry for Performance Monitoring and Evaluation.

Rationale and justification
This study attempts to shed light on service delivery capacity and quality challenges in South Africa by analyzing the institutions that “produce” services. “Institutions” are not defined as “organizations” but as the rules that govern the interaction between service providers and beneficiaries. This study examines the accountability relationships among citizen-users, policymakers, and service providers. These relationships can be seen as the three legs of a triangle: the first leg represents accountability between citizen-users and politicians/policymakers, the second between politicians/policymakers and service providers, and the third between service providers and citizen-users.

This study is less concerned with the organogram (organizational chart) of a particular ministry, the skill level of civil servants, the content of the teaching curriculum, or the adequacy of overall budget allocations. Instead, it concentrates on the “rules of the services game.” What incentives do stakeholders have to deliver services effectively and efficiently? The fundamental question posed by this study is whether the organizations in charge of deciding what services to deliver and how those services should be delivered are accountable to the citizens they are meant to serve.

A number of hypotheses will be presented to try to explain the shortfall in service delivery. These hypotheses are based on the 2004 World Development Report’s “Making Services Work for Poor People,” which proposes that the more service providers are held accountable by citizens, the more service delivery improves; to improve quality and coverage of public services, “the key is to enhance the power of poor clients in service provision” (World Bank 2003, p. 64). “When governments do not feel the pressure to respond to citizen demands, when they are incapable of enforcing basic performance rules
on those directly responsible for services delivery, and when citizens have no control or choice over service providers, typically service will fail” (Fiszbein 2005, p. 4).

This theory, which is finding increasing empirical support, lays at the center of several successful approaches to development, such as carefully managed decentralization, citizen report cards, and community-driven development.

**Batho Pele**

In 2002, recognizing the service delivery challenge, the government launched *Batho Pele*—Sesotho for “people first”—an initiative that aims to improve access to public services through increased transparency, accountability, and citizen involvement in public service planning and operations. The Batho Pele message resonates strongly with that of the 2004 World Development Report: services can improve by empowering poor people to monitor and discipline service providers by raising their voices in policymaking and strengthening incentives for service providers to serve the poor.

The Batho Pele policy actions to improve public service delivery include:

- **Consultation and choice.** Citizen-users should be consulted in a number of ways: customer surveys; interviews; group consultations; meetings with consumer representative bodies, nongovernmental organizations, and community-based organizations; and Integrated Development Plans. Consumers should also be given real choices.

- **Precise and measurable service standards.** In consultation with users, the government should benchmark citizens’ satisfaction with the services or products they receive from departments. To make South Africa globally competitive, standards should be benchmarked (where applicable) against those used internationally, taking into account South Africa’s current level of development.

- **Increased access.** The government should rectify the apartheid inequalities in service distribution. Access to information and services empowers citizens, creates value for money, improves service quality, and reduces unnecessary citizen spending.

- **Ensured courtesy.** Service providers should empathize with citizens and treat them with as much consideration and respect as they would like for themselves. The public service is committed to honest, transparent communication with citizens.

- **Providing of information.** Information on services should be available at the point of delivery, but other arrangements will be needed for users who are far from the point of delivery.

- **Openness and transparency.** The public should know how national, provincial, and local government institutions operate, how well they use resources, and who is in charge. It is anticipated that the public will take advantage of this principle by suggesting improvements to service delivery mechanisms and raising queries with government employees to hold them accountable and responsible.

- **Redress.** Emphasis is needed on quickly and accurately identifying when services are falling below the promised standard and on having procedures to remedy the situation.

- **Value for money.** Many improvements the public would like to see require no additional resources and can sometimes even reduce costs. Failure to give a member of the public a simple, satisfactory explanation to an inquiry may, for example, result in an incorrectly completed application form, which will take time to fix.

Note that all the Batho Pele principles attempt to strengthen accountability between citizens and service providers. Objectives of this report include assessing how well the Batho Pele principles are being practiced and suggesting possible improvements and areas for further research.

**Outline of the report**

The *introduction* discusses the accountability framework developed by the World Bank that will be used for the report.

*Chapter 1* sets the stage for the rest of the report by broadly assessing South Africa’s progress on service access and quality, summarizing recent policy initiatives, and highlighting salient considerations about South Africa: its excellent Constitution, which enshrines universal rights to basic services; its well-functioning democracy; and its substantial increase in pro-poor spending since 1994 on vital public services such
as education, health, social grants, and housing. It then summarizes the most important government programs, offers objective assessments of public service delivery, and identifies where this study can add value to the debate.

Chapters 2, 3, and 4 describe the international and South African experience with mechanisms that seek to improve accountability—public sector reform, citizen report cards, and others—and posits hypotheses to be explored in the following chapters.

Chapter 5 applies the World Bank’s accountability framework to a participatory assessment of services in six municipalities in South Africa.

Chapters 6 and 7 apply the framework to the education and water and sanitation sectors.

Chapter 8 explains why community-driven development does not factor in any main South African development programs, though similar approaches were successful before 1994. The chapter will show how scaling up community-driven development can be effective for location-and beneficiary-specific public services that are not characterized by economies of scale. A South African community-based planning approach currently being scaled up will be reviewed, along with a proposal by the Ministry of Cooperative Development and Traditional Affairs about how to scale up community-driven development.

Chapter 9 explains the continuing “learning” practices pioneered in the manufacturing sector and addresses how these practices might be used by the South African government to effect change. Some suggestions to improve monitoring and evaluation in South Africa are also presented.

Chapter 10 summarizes the conclusions, translates these into main hypotheses to be tested in future work, and formulates a number of policy recommendations for public debate.
This study was identified in the joint Country Partnership Strategy 2008–2011 between the Government of South Africa and the World Bank under the theme “capacity building for public services.” The work was undertaken in partnership with the National Treasury, Inter-governmental Relations division, led by Deputy-Director General Lungisa Fuzile, who provided overall guidance. The report’s goal is to initiate discussion within and outside government on how to improve public services.

This report was written by a team led by Rogier van den Brink that included Hans Binswanger, Sam Chimbuya, Dave DeGroot, Kathy Eales, Deon Filmer, Steven Friedman, Ian Goldman, Vincent Hungwe, Rod MacKinnon, Ntombini Marrengane, Zani Naudé, Laïla Smith, Servaas van der Berg, Ahmedi Vawda, Michele Zini, and Phindile Ngwenya. Peer reviewers were Daniel Cotlear and Brian Levy. The responsible technical manager was John Panzer of the Poverty Reduction and Economic Management unit for Southern Africa. The study was initiated under the guidance of Ritva Reinikka, when she was country director for Botswana, Lesotho, Madagascar, Mauritius, Namibia, South Africa, and Swaziland. It was updated in June 2010 by Hans Binswanger, Deon Filmer, Kathy Eales, Laïla Smith, and Rogier van den Brink under the leadership of the current country director Ruth Kagia. The update benefited from the comments of Ronette Engela, Martin Gustaffson, Christopher Loewald, Neva Makgetla, and Themba Zulu at a June 15, 2010, workshop on the report. Sandeep Mahajan guided the report through the update. Background papers were prepared by Doreen Atkinson and Lolette Kritzinger-van Nickerk; David Everatt and Lulu Gwagwa; Craig Schwabe and Carolyn Winter; Servaas van der Berg and Deon Filmer; Somik Lall, Rogier van den Brink, Kay Muir Leresche, and Basab Dasgupta; Stephen Berrisford, Dave DeGroot, Michael Kihato, Ntombini Marrengane, Zimkhitha Mhlanga, and Rogier van den Brink; and Hans Binswanger, Ronald Henderson, Zweli Mbhele, and Kay Muir Leresche. Bruce Ross-Larson and Rob Elson of Communications Development Incorporated (Washington, DC) edited the manuscript.

Supporting research

The report relies heavily on several recent studies by teams of World Bank staff and local researchers. The research has led to a number of reasonable hypotheses, which should be tested by stakeholders in future research.

Participatory service assessment in six municipalities in South Africa. Participatory assessments of services access and quality in five services (water supply and sanitation, housing, health, education, and social grants) were undertaken by the Khanya-African Institute for Community-Driven Development (Khanya-aicdd), a local nongovernmental organization. The six municipalities were selected to represent a wide variety of situations.

Tshwane citizen report card. The Human Sciences Research Council of South Africa and the World Bank (led by Craig Schwabe and Carolyn Winter) piloted a citizen report card project in South Africa’s capital. Tshwane, with a very detailed service delivery compact, is obliged to monitor its activities regularly, but it has no system to assess outcomes. The exercise produced a user evaluation of the main services provided by the municipality, ranked according to their customers’ satisfaction rating.

Education. Servaas van der Berg (University of Stellenbosch) and Deon Filmer reviewed literature on the education sector, conducted an expenditure incidence analysis, and tested a set

Acknowledgments
of survey instruments. This work served as the foundation for a full-scale school survey undertaken in 2008–2009 under the auspices of the Department of Education and financed by the Directorate General of International Cooperation of the Netherlands. A qualitative assessment using focus groups in rural communities informed the work program’s broader analysis of the relationship among schools, parents, and communities. It also informed the development of the school survey instruments.

Responsibility for services. Doreen Atkinson and Lolette Kritzinger-van Niekerk explored a range of aspects of the existing responsibility assignment for services. They argued that the discrepancy between inputs and service outputs and outcomes could be explained partly by the evolution of South Africa’s system for intergovernmental relations, which has resulted in systemic policy and program challenges for services, particularly for municipalities. Service difficulties are exacerbated by the weak accountability of municipal politicians, service providers, and citizens. But stronger top-down regulatory, fiduciary, and other state oversight systems have strengthened the compact among national, provincial, and local governments, partially compensating for the lack of direct accountability between citizens and service providers.

Subsidized housing and access to land in South African cities. Introduced as part of the Reconstruction and Development Programme, the government has focused on providing subsidized housing built by construction companies contracted by provincial departments of housing. Using new household survey data, Somik Lall, Rogier van den Brink, Kay Muir Leresche, and Basab Dasgupta conducted an initial impact evaluation of the Reconstruction and Development Programme’s housing initiative.

In Search of Land and Housing in the New South Africa: the Case of Ethembalethu. This case study was undertaken at the request of Mogale City for World Bank technical assistance on integrated housing and agriculture projects. To illustrate the difficulties that such projects face, the study focused on one community, composed largely of laid-off farm workers that more than a decade ago wanted to buy their own farm in a peri-urban area west of Johannesburg. Their dream was to establish a mixed-use settlement. They called the village Ethembalethu—“Our Hope.” About 250 families started their own association and savings scheme to establish the village. By 1997, they had saved enough money—ZAR125,000 (about US$18,000)—to make their first purchase offer. The study tracks the numerous challenges faced by the community over the years in making their dream a reality. The report surfaced as a World Bank working paper (Berrisford and others 2008) and also formed the basic script of a video case study produced by Black Earth Communications and published on YouTube.

The above studies, combined with a literature review, were used to create hypotheses across themes and sectors. After a World Bank review, a concept note for the current report was written in accord with the National Treasury. An initial version of the report was completed in June 2008 and circulated in the government, where it was read widely. Formal discussion and dissemination of the report were postponed until after the 2009 election—until the new government had time to review policies and implementation with respect to services. The present report, completed in July 2010, has benefited from a workshop with government officials and a subsequent update.

Notes
1. Local partners included the Human Sciences Research Council, the University of Stellenbosch, Khanya-aicdd, and several local consultants.
2. “Subsidized Housing and Access to Land in South African Cities” by Somik V. Lall, Rogier van den Brink, Kay Muir Leresche, and Basab Dasgupta.
3. http://www.youtube.com/watch?v=RZxXsG6mO3g.
Executive Summary

This study is concerned primarily with incentives and accountability. What incentives do the stakeholders involved in providing services have to deliver services effectively and efficiently? The fundamental question imposed by this study is whether the organizations in charge of deciding what services to deliver and how those services should be delivered are accountable to the citizens they are meant to serve.

Accountability relationships in public services: conceptual framework

The World Development Report’s 2004 framework identifies three different accountability relationships among citizens, politicians/policymakers, and service providers. These relationships form two routes to accountability, a long one and a short one (figure 1):

- The political process citizens try to use to influence politicians is called “citizen voice” — the long route’s first “leg.”
- The relationship between politicians/policymakers and service providers is the second leg of the long route—“the compact.” Many of the government’s current initiatives to improve accountability focus on this leg.
- The short route—the third leg—considers how much the citizens, now acting as clients of public services, can directly pressure the service providers to ensure efficient delivery —we call this “client power.”

Accountability is strongest when both the long and short route to accountability work. This is much easier said than done. A growing body of research demonstrates that “getting these accountability relationships right” is the key to improving public services for the poor. Getting it right means that accountability relationships are all working properly, reinforcing each other as a public service delivery system. This methodology emphasizes strengthening both the short and long route to accountability—strengthening democracy, internal state capacity and accountability, and citizen participation (World Bank 2003; Fiszbein 2005).

South Africa’s achievements

South Africa has already attained several important achievements on which it can build to develop an effective public service delivery system, including:

- Democracy.
- The Constitution, including the constitutional mandates for basic services.
- The decentralization framework.
- The intergovernmental fiscal system.
- The Batho Pele (Sesotho for “people first”) principles.
- Sector-specific legal and policy frameworks.
- A vibrant civil society.

But stakeholders agree that implementation has fallen short of citizen aspirations and the government’s goals.

This report begins by analyzing trends in public spending. Overall spending on public services has increased dramatically since 1994, but...
per capita spending on health and education has increased only 20–25 percent over 15 years—less than usually assumed—while real per capita spending on housing has fallen 12 percent since 1990.

The “double whammy” of population increase and smaller household size presents unique challenges for South Africa. Population increased 20 percent, from 40.5 million in 1996 to 48.5 million in 2007, and the average household size decreased from 4.48 people per household to 3.88. Thus, the number of households increased 38 percent. Except for social security, welfare, and public order and safety, spending on most basic public services as a share of GDP has remained constant or declined.

The study then reviews the South African government’s self-assessment of service provision. As noted by the Public Service Commission (PSC)—an independent and impartial body created by the Constitution to investigate and evaluate the performance of the public administration—in several recent assessments, most sectors have long had a coherent and well-crafted legal and policy framework to support the mending of apartheid inequities. Yet it finds that implementing these frameworks to improve citizen well-being remains a serious challenge. The Presidency’s *Towards a Ten Year Review*, the African Peer Review Mechanism, and the sector chapters in this report conclude that weak accountability systems underpin the failure of widespread effective service delivery.

**Batho Pele: missing in “delivery”**

In principle, South Africa’s parliamentary democracy, combined with a free press, allows citizens to influence policymakers and express their voice. But a number of issues weaken citizen voice, or political accountability in the broad sense. These issues do not seem to be rooted in the national, provincial, and local electoral systems or processes. More fundamental issues are at play.

The South African development paradigm has focused on service delivery, and meeting national infrastructure development targets has undermined citizens’ choices of what services are needed and their participation in how to deliver them. Centralized planning has tended to use provincial and local governments as “delivery” agencies of the national sphere rather than as representative institutions accountable to citizens. To strengthen political accountability, communication with all citizens must be improved and institutionalized, particularly among the poor and those living in informal settlements.

South Africa’s sectoral legal and policy frameworks place a high priority on citizen-user participation in public administration and service provision—a view enshrined in the Constitution. But participation is often missing in delivery. The PSC found that “part of the implementation weaknesses are the non-involvement of beneficiary communities in the planning and implementation of programs . . . departments generally do not adopt project management approaches that allow for effective beneficiary participation and alignment of projects with local development plans” (PSC 2008a, p. 40).

The government developed ambitious delivery targets to overcome the backlog in services and provided ample financial resources to meet these targets. But national, provincial, and local institutions for service delivery were still weak, along with technical and managerial capacity. Many sectors stressed community and user participation initially, but participation systems were time-consuming and hard to scale; policymakers feared this would slow implementation. Consequently, the sectors relied on centralized mechanisms focused on outputs, rather than on more participatory approaches focused on outcomes. The sector programs invariably became “silos”—supply-driven and focused on the delivery of sector outputs—and in the process took power from citizens. Intense delivery pressures and a focus on quantitative output and input targets were therefore partly, albeit inadvertently, responsible for undermining the intentions of the Constitution, the Batho Pele principles, and the original sector strategies and policies.

The South African experience is not unusual. Losing focus on citizen participation in favor of centralization and delivery silos is not unique to South Africa. The same has happened in many places, including India, the Philippines, most African countries, and Latin America. Many countries today face the same service challenges as South Africa.
Another unintended consequence of the supply-driven approach in South Africa is that citizens now expect the government to assume full responsibility for service delivery, including regular maintenance for even private assets such as household toilets. Service problems are increasingly blamed on the government. Discontent has exploded into many episodes of unrest as ambitious government targets for development and increased citizen expectations overwhelm capacity, especially for municipally or provincially delivered services.

As background for this study, the participatory assessment of service delivery in six municipalities held focus groups with politicians, service providers, and citizen-users. The study has led to several hypotheses about where in the long and short routes to accountability main challenges stand in the way of better service outcomes:

- Politicians, service providers, and citizen-users agreed that accountability problems between citizen-users and politicians were few. Similarly, few problems were identified with the policy frameworks in each sector.
- Despite well-designed policies, politicians, service providers, and citizen-users all see many problems in the second leg of accountability: the compact between politicians and service providers.
- Significant disagreement exists between politicians/policymakers and service providers on one hand and citizen-users on the other on how well accountability between service providers and citizen-users is working. Neither politicians nor service providers see this accountability relationship as a serious problem, so few recent initiatives to improve accountability focus on this leg. But citizens give accountability problems in this relationship weight equal to those between politicians and service providers.

It appears that citizens feel their loss of participation and accountability acutely. Weak participation and short-route accountability could partly explain the limited impact that public spending has had on the quality and availability of public services.

The PSC and many senior policymakers and researchers cited in this report share this view, but politicians and service providers in the six municipalities studied do not. Subject to further research, this suggests that reforms would probably require initiatives to change the mindset of important stakeholders.

The participatory assessment found that water and sanitation (a municipal responsibility and the most decentralized service) consistently received the best evaluation, despite considerable sustainability problems. Healthcare services, mandated to be managed at the provincial level without any local community oversight, received the worst.

**Education**

Education rated high in access but not in quality. Education service delivery is also managed at the provincial level, but it benefits from an important community oversight institution—School Governing Bodies. Student education achievements (outcomes) differ significantly by how effective these bodies are at guiding school decisions.

An expenditure incidence analysis shows a modest improvement in reducing the small remaining public spending inequality between rich and poor communities between 2000 and 2005. While the spending imbalance of the apartheid era has been corrected—an important achievement—the benefit in terms of the learning outcomes of poor students lags.

What could explain this? We suggest a number of reasons:

- Teacher pay structures provide the wrong incentives. While better educated and more experienced teachers are underpaid, teachers with less attractive characteristics or endowments earn more than employees in other sectors, providing the perverse incentives of attracting and keeping lower performing teachers in the profession.
- “Time on task”—the classroom time that teachers actually devote to teaching and learning activities—is low.
- Deficiencies in school budget management. Schools that receive a “paper budget” must rely on provincial procurement for access to funds, goods, and services, which do not always arrive on time or in the quantities intended. Schools that ostensibly have authority over their budget face many restrictions on how to use it.
Better understanding of actual school financial operations would help identify how to further the reform process

- Most schools have little decisionmaking authority, and parents have little information on, and minimal control over, budgets and teacher performance, resulting in a lack of local accountability.

What could improve the benefit incidence? The short route to accountability is weak in most South African schools—especially among those serving the poorest communities. It is important that information on education outcomes be disseminated so that progress can be tracked and parents can know how schools are performing. Ensuring that parents are empowered to hold schools accountable would strengthen citizen voice.

Increasing school decisionmaking responsibility is also critical. Carefully crafted school decentralization—providing increased autonomy in decisionmaking on financial operations, on procurement of goods and services, and on hiring and firing educators—coupled with more information on local school performance, can empower schools and make them more accountable to children and parents.

To strengthen the compact between government and frontline providers, the operation of the paper budget in non-Article 21 schools could be reviewed. Likewise, restrictions to funds flowing to Article 21 schools could be reviewed for their usefulness. Reported delays in procurement, and uncertainties about remaining budgets, create an environment in which schools cannot plan effectively.

A better understanding of actual school financial operations would help identify how to further the reform process. Teacher pay structures should also be reviewed to create more incentives for good teaching and to retain effective, experienced teachers.

Water and sanitation

In water and sanitation, a municipal responsibility, service deficiencies are most pervasive in the former “homeland” areas, where municipalities were established for the first time in 2000. Political commitment to meet ambitious goals for universal service coverage is strong, and expansion in infrastructure coverage has been extraordinary. But the quality, maintenance, and sustainability of these achievements are in danger of being compromised. Water and sanitation problems have become critical in many municipalities.

The approach to service delivery in water and sanitation is similar to many others: state-centric, top-down, target-driven, supply-led, generously funded, and often fully subsidized. This approach has skewed infrastructure investment decisions toward highly capital- and skills-intensive solutions, aggravating the pre-existing skills shortage. Since most municipalities have opted for in-house municipal provision rather than contracting, the situation has worsened further, raising the risk of service failure, increasing recurrent cost liabilities, and undermining infrastructure sustainability.

The approach has also usurped power from citizens. And there are many ways to improve the accountability relationships among the different spheres of government. Some specific recommendations, including strengthening regulatory oversight in the water sector, are offered in the report. But much more attention needs to focus on the relationship between citizens and municipal service providers.

The primary responsibility of holding local, municipal service providers accountable should not lay with a remote regulator. Citizens need direct, short-route accountability mechanisms to reroot service providers and local political representatives. They should have recourse to a regulator, but the primary engagement and response must be local because that is usually where the problem is felt most acutely and where immediate intervention is required.

Four measures would make a substantial impact:

- Dedicate significant resources in each municipality to building public understanding of how water and sanitation services work and help citizens understand their rights, roles, and shared responsibilities. This will build mutual accountability relationships for service provision.
- Experiment with local and community-driven water services approaches where appropriate—with vouchers for toilets, for instance.
- Strengthen public accountability in selecting service providers, preferably through revising the Municipal Systems Act to permit more integrated and inclusive assessment
of provider options such as service partnerships with local businesses and/or community-based organizations, particularly in rural areas where municipal service providers struggle to provide the support and management required.

- Strengthen the compact and the regulatory framework by using results-based performance management, revising the conditions attached to infrastructure grants, and providing incentives for the proper maintenance of new and existing infrastructure.

**Decentralization**

Has decentralization helped or hindered service provision? South Africa has made tremendous progress establishing a constitutional framework for decentralization, creating racially diverse municipalities and provinces to replace an incredibly complex set of race-based local jurisdictions. Decentralization also benefits from an excellent intergovernmental fiscal system, but municipal capacity varies enormously and many struggle to attract people with technical and managerial skills. Meanwhile, municipalities bear the brunt of service discontent, even for those whose services they are not responsible.

This study hypothesizes that decentralizing service responsibilities is often incomplete, even where it has the potential to improve services. In many sectors, decentralization in South Africa is merely a kind of delegation, with limited devolution of responsibilities and resources to the local level. Each ministry develops programs in which responsibilities for services are delegated to provinces and municipalities. Programs reach the final provider or end-users in fragmented “silos,” which are difficult to coordinate and integrate into a coherent whole. Consider the following example: to establish a farm, a South African that has received land under a reform program must apply for separate funding for planning, land acquisition, agricultural investments, advisory services, and housing—an almost insurmountably complex set of processes and silos for both the service providers and the beneficiaries.

The debate centers on dividing roles and responsibilities between national and provincial governments. Policy should instead focus on defining the specific responsibilities of different spheres of government, service providers, communities, and citizen-users in a combined “co-production” approach to service delivery. Lacking are joint operational manuals between silos and spheres that describe the responsibilities of different coproducers and how they should be carried out, are lacking. And many financing mechanisms now fragmented into separate silos and spheres need reform.

Decentralization can encourage citizen-user participation in the design, implementation, and monitoring of services, but this potential has not been fulfilled. Our research suggests that participation is often confined to consultations with citizens, including in preparing South Africa’s Integrated Development Plan, intended to be a main instrument for participatory development planning and budgeting. Policymakers and service providers often minimize citizen participation because it risks slowing delivery and missing infrastructure development targets. But reviewing international findings on local and community-driven development—the decentralization of services along with the resources to plan and implement services—shows that participation can be scaled up cost-effectively and incorporated into massive delivery programs without slowing them. This would require complex training and facilitation logistics and innovative financial accountability mechanisms.

Fortunately, financial policies, planning approaches, and implementation mechanisms for some municipal devolution of development and service functions are already established and have shown promise in application. The Ministry of Cooperative Governance and Traditional Affairs has issued a proposal to widen these mechanisms. This study’s findings support that these proposals be fully debated and implemented.

Governments sometimes respond to poor service delivery by recentralizing implementation and control—but this is risky. If decentralization is incomplete and client participation is weak, recentralized service delivery will worsen service provider accountability to citizens. International evidence suggests that services that are difficult to monitor and require discretionary

Municipal capacity varies enormously and many struggle to attract people with technical and managerial skills
Governments sometimes respond to poor service delivery by recentralizing implementation and control—but this is risky.

Performance monitoring and evaluation—learning from mistakes
A new Presidential Department of Performance Monitoring and Evaluation has been established in South Africa. After an intensive study, the government developed 12 critical outcome goals associated with measurable outputs that will guide performance agreements with ministers and interministerial coordination arrangements. Data collection is being improved to monitor outcomes and measurable output, with progress reviewed by the President bimonthly. Impact evaluation is being strengthened to support policymaking.

Departmental monitoring and evaluation must also be reformed. All departments have monitoring and evaluation units, but they are almost always separate from the implementation hierarchy to help ensure their independence. This separation often makes it difficult to collect basic implementation data on inputs and outputs, let alone outcomes. Findings are often late, incomplete, and not automatically fed back into improving operations. Many departments know little about which policies and programs are working, which are not, and why. Responses to failed programs often focus on establishing new programs and subdepartments, worsening coordination and increasing fragmentation.

International businesses and other organizations have incorporated “learning by doing” or “learning from failure” approaches. Quality control strategies now used widely in the automotive industry empower all workers to stop the assembly line when they detect a mistake, allowing expert teams to resolve the problem before production resumes. No such problem solving teams exist in South African development. The Presidency has instituted a hotline where citizens can complain about services, and complaints are then passed to departments and provincial and local governments. These government tiers could learn from the problem solving systems used in the automobile industry and implement continuing learning and feedback to deal with valid complaints and problems.

Accountability issues
The following recurring issues associated with the incomplete implementation of the Batho Pele principles (the short route to accountability) emerge:
- Participation is often diluted to mere community consultations and treated as something to check off on the official’s checklist of “his” project.
- Little or no choice of providers by users, combined with low or absent user fees and copayments.
- Underdeveloped or absent user supervisory committees and power over service providers.
- No systematic and institutionalized use of client feedback mechanisms such as citizen report cards.
- No systematic and institutionalized reporting by service providers and local governments to the citizens about coverage and quality of services and use of resources.
- Insufficient use of local languages in information provision and feedback mechanisms.
- Ineffective complaints, redress, and sanctioning/reward mechanisms.

Despite President Zuma’s considerable efforts to strengthen the long route to accountability, the underdevelopment of the short route is further aggravated by the following problems in the long route:
- Compacts focused on inputs and outputs, rather than on outcomes.
- Services organized as centrally driven sector silos, which are difficult to coordinate, as demonstrated internationally and in South Africa.
- Complex procedures, some still stemming from apartheid, developed in central offices rather than in the field through participatory methods, and after field testing, prior to adoption.
- Lack of practical and comprehensive operation manuals for implementation.
• Inadequate monitoring, evaluation, feedback, and learning processes, which treat monitoring and evaluation as ancillary rather than integral to service delivery.
• Financial management and information systems not integrated with the data on inputs and outputs, resulting in dispersed, inaccessible, poor, and untimely basic data on services.
• Underdeveloped feedback mechanisms with no systematic approach for correcting errors quickly.
• Lack of follow-up and sanctioning—both exacerbated by poor data—when manager performance is unsatisfactory, including in financial management.
• Incomplete decentralization due to a lack of consistent application of the subsidiarity principle.
• Overlapping mandates and responsibilities among the center, provinces, districts, municipalities, and service providers, and a lack of coproduction agreements that define the functions and responsibilities of the actors.
• Excessively complex Integrated Development Plan process, interpreted differently by politicians/policymakers than by citizen-users.
• Municipalities preferring to deliver services themselves rather than through public-private or other partnerships, due to the onerous requirements for contracting service provision.

Effecting change
Multiple breakdowns in both the short and long routes to accountability mean that reforms must be broader than those initiated by the current South African government. While this may seem daunting and overly ambitious, the task does not involve introducing any new legal or policy frameworks. Needed is consistent and effective implementation of the existing, well-designed constitutional decentralization and the fiscal and sector policy frameworks already in place.

Reforms are being led by the Presidency with support from the Department of Cooperative Governance and Traditional Affairs and the National Treasury. This study concludes with a proposed list of important components and roles to make service providers as accountable to citizens as they are to politicians/policymakers.

Typically, when a new program is initiated, central units of national departments formulate implementation “policies” without involving the operations managers, staff, or end-users. Once the program is rolled out, these policies are often not formalized into operation manuals, which should be continually updated as implementation experience accumulates. Programs and projects would benefit from placing more effort on systematically building on implementation experiences.

Finally, services are organized typically as supply-driven silos delivering outputs without citizen-user participation. Successful service outcomes depend on the government working with citizens to design, implement, and evaluate services—with each party holding the other accountable. Progress will come not from adding more resources and more delivery capacity but from creating systems that give incentives to all parties—politicians, service providers, and citizens—to achieve better outcomes and continually learn from experience.
Introduction

What analytical framework could assist us in thinking through successes and failures in public service for the poor? The 2004 World Development Report used an approach that looked at the politician and service provider incentives to provide quality services to citizens, including the:

- “Political voice” that citizens have with politicians to shape priorities and policy design.
- “Compacts” and “contracts” between policymakers and service providers to provide services effectively and efficiently.
- “Client power” of citizens over service providers to ensure delivery.

The goal of policy should be to create a system that gets these accountability relationships right. Getting it right does not mean a one-size-fits-all approach: local context, history, and issues specific to each institution affect reforms. A successful system provides opportunities for learning, rewards good outcomes while learning from poor ones, and adapts as it progresses.

Accountability relationships in public services: conceptual framework

See the triangle of relationships in figure 1—the accountability relationships between citizens, politicians/policymakers, and service providers, and two routes to accountability: a long one and a short one. The political process through which citizens try to influence politicians is called “voice.” This is the long route’s first “leg,” which represents both voting and communication between citizens and politicians beyond the electoral process. When citizens express their priorities and preferences for particular policies to politicians, we call the politicians “policymakers” receiving “policy feedback.” Policymakers include ministry staffs, provincial and local governments, and regulators. For simplicity, we assume that together, politicians and policymakers constitute the central state and are responsible for setting policies and allocating budgets.

Policymakers reach agreements with service providers—public, private, or nongovernmental—to deliver the services citizens demand. This...
The triangle of relationships in public services is more complicated than a market transaction between a buyer and a seller. Second leg of the long route to accountability involves the relationship between politicians/policymakers and the frontline service providers. This leg is about the “vertical” accountability relationships in the state to deliver public services. If this agreement is solely between agents in the public service, we call it a compact. If the government hires a private or nongovernmental provider to deliver the services, we call the agreement a contract. The compact relates to state capacity; think of this as the “command and control” part of service delivery within the government bureaucracy (but including government outsourcing of certain activities to the private sector).

The short route—the third leg—is about how much influence citizens, now acting in their role as the clients of public services, can directly exert on service providers to ensure efficient delivery; think of this as client power. The two routes are:

- Long route to accountability:
  - Leg 1 is about citizen voice—political accountability.
  - Leg 2 is about the compact—state capacity and accountability.
- Short route to accountability, leg 3, is about client power.

The long route represents how accountability usually manifests in the modern state: citizens elect and influence their political representatives, who in turn form and lead a government to deliver a variety of public services. If it does so poorly, the citizens will vote the politicians out of power, so in theory politicians have a strong incentive to hold public servants accountable for services. Given this feedback mechanism, services are bound to continually improve.

The short route focuses on the direct interaction between citizens and service providers. When services are delivered, citizens should be able to exercise various degrees of influence over the service providers—we call this “client power.”

While analytical separation of accountability into the long route and the short route is helpful, in practice there will be cases in which a specific mechanism—such as participatory development planning and budgeting—can strengthen both the long and short routes. Policymakers will see it as an expression of voice, but citizens will try to use it to increase their power over providers. Similarly, decentralization and community-driven development will affect all three legs of accountability.

The accountability model covers several functions: delegating, financing, performing, informing, and enforcing (figure 2).

- **Delegating** implies that responsibility for the delivery of a service is assigned by one actor to another, who will be held accountable for it.
- **Financing** is the payment for the costs of delivering a service.
- **Performing** is the actual supply of a service.
- **Informing** is gathering and communicating relevant information on whether and how well a service has been delivered.
- **Enforcing** is the sanctioning mechanisms (positive and negative) to reward good and bad performance.

These functions are equally useful in analyzing simple market transactions, such as buying a kilogram of mealie meal, or complex actions, such as running a municipal democracy. Asking for the mealie meal is delegation, paying for it is finance, selling it is performance, eating it generates information, and enforcing it comes from the buyer either going back to the same seller for more or getting it from another seller. Similarly, citizens choosing a local politician to manage their municipality is delegation, paying taxes allowing politicians to make budget decisions is finance, and service providers producing services is performance. These services are assessed by citizens based on their experience and information, and citizens ultimately act to control the local politician politically or legally, which is enforceability (Reinikka 2007).

The triangle of relationships in public services is more complicated than a market transaction between a buyer and a seller. Take education: a child does not “buy” education directly from a public school teacher, and if the child feels service is bad, he or she typically cannot change teachers. Similarly, families do not directly affect the budget allocation to education through their own purchasing power. Without relevant information, benchmarks, and comparators, families have little on which to base their opinions on the quality of schooling.

Whether a teacher does a good job depends on complex, interrelated factors: a political...
system that influences policies and budgets; an administrative system that assigns roles and responsibilities, allocates the budget to schools, establishes curricula, and defines salary scales and bonuses, among other things; and a governance system at the school level, where the involvement of some parents in school boards assists teachers in finding the best way to impart knowledge to pupils.

The analytical framework in this report looks at each of these categories of interactions and tries to identify what incentives and other accountability mechanisms the various actors in the public service systems face. A growing body of research demonstrates that “getting these accountability relationships right” is critical to improving public services to the poor. Getting it right means that accountability relationships are all working properly, reinforcing each other as a public service delivery system. This methodology emphasizes strengthening both the short and long routes to accountability—strengthening democracy, internal state capacity and accountability, and citizen participation (World Bank 2003; Fiszbein 2005).

The report reviews the international and South African experiences with the various mechanisms to strengthen service accountability. South Africa’s challenges are similar to other countries, but others have typically had more time to devise solutions, whereas South Africa is still young. South Africa has a progressive, innovative government that has already learned substantial lessons about what works and what does not. Though South Africa is unique, much can be learned from international experience.
This chapter describes the broad trends in South African public service provision and quality. The overall assessment, shared by a wide range of researchers and observers, is that the South African government has a pro-poor approach to governance.

**Setting the stage**

South Africa has an excellent Constitution that enshrines universal rights to basic services. Since the fall of apartheid, the country has become a well-functioning democracy that has increased public spending on basic public services targeted to the previously disadvantaged majority. The economy recovered from slow growth before 1994 and, until the global economic crisis, had been growing at about 4 to 5 percent annually. Exemplary fiscal management and revenue collection led to a dramatic fiscal turnaround, reducing public debt. The country is now reaping the benefits and has been expanding public spending from the country’s own savings rather than borrowing. The strong fiscal position has also enabled South Africa to withstand the recent global economic crisis far better than many Organisation for Economic Co-operation and Development countries.

A sound decentralization framework has been established in South Africa, with an advanced intergovernmental fiscal framework. It allocates funds from the national to the provincial spheres of government, based on an equitable share linked to population and poverty and through conditional grants. In addition, real estate property taxes provide a source of locally collected own revenues for municipalities, and subnational sovereign borrowing is an option for creditworthy municipalities.

But South Africa faces many challenges. Progress in improving poverty and income distribution indicators over the past decade has been mixed. The percentage of people living below the poverty line rose from 28 to 33 percent over 1995–2000, and inequality also increased. Poverty fell over 2000–2004, though researchers disagree on both the extent of the drop and how much the rapid increase in social grant spending contributed.

The “Second Economy Strategy Process” (TIPS 2009) led to a Second Economy Strategy approved by the Cabinet in 2009. The strategy uses the terms “first” and “second” economy to describe the conditions still prevailing in South Africa, with wealth and resources concentrated in the first economy and poverty and disadvantage concentrated in the second. Certain legacies of apartheid make this inequality deeply structural, particularly the:

- Centralized monopoly structure of South Africa’s core economy, including legacy.
- Labor market laws and the highly skewed distribution of assets such as land and capital.
- Spatial legacy of Bantustans and apartheid cities.
The Community Works Program (CWP) uses many of the implementation and accountability mechanisms advocated in this study: decentralization, community participation, contracting, and accountability mechanisms to beneficiaries in the communities it serves. It embodies approaches and lessons from India’s National Rural Employment Guarantee Program. For each site, the program guarantees regular, predictable employment, such as two days per week, to about 1,000 unemployed or underemployed people of working age—people that do not receive social transfers. The CWP uses community participation to identify useful work and priorities in the sites or communities where it operates. It requires formal government and uses ward committees, thereby avoiding the creation of parallel systems, which strengthens local government. But centrally appointed implementation agents are employed to avoid placing extra burden on local government. These agents have to account locally for the usefulness of the work and the quality of the assets and services delivered.

In practice, some common priorities have anchored the programs:

- A strong focus on food security.
- Home-based care, mainly for HIV- and TB-affected households.
- Care of orphans and vulnerable children in households headed by children.
- Social programs to tackle alcohol abuse, violence, and crime.
- Development of recreation spaces and sporting facilities for youth.
- Environmental rehabilitation, maintenance, and upgrading of informal settlements.
- Zibambele-type road maintenance.

After a period of intensive piloting, the program was mainstreamed as a Cooperative Governance and Traditional Affairs program in April 2010. It has reached at least 55,582 people, having developed a scaling strategy that fans out from existing worksites to cover entire municipalities. CWP hopes to reach the most marginal municipalities first and all municipalities soon after.

Source: TIPS 2009; Philip 2009.

Challenges to public services

What does this mean for public services? South Africa’s development model has focused on reorganizing the state to move from an undemocratic state delivering quality services to the white minority to a democratic state delivering the same standard to the black majority.

First, the development model for South Africa has sought to reverse the authoritarian and nontransparent workings of the apartheid state machinery by adopting mechanisms that introduce and strengthen “procedural” democracy. For instance, citizen participation and consultations with business and labor—often together referred to as “stakeholder participation”—are formally required in drafting legislation and in all subsequent policy formulation and review. Also, several independent “watchdog” agencies...
accountable to Parliament were established by the Constitution to provide checks and balances on the executive, including the Public Service Commission, the Human Rights Commission, and the Financial and Fiscal Commission.

Second, to ensure the transformation in coverage, the development model enacted constitutional guarantees for basic services. The Constitution of the Republic of South Africa (1996), in its Bill of Rights (chapter 2), defines the following rights: access to adequate housing, healthcare services, sufficient food and water, social security, and education. It dictates that the state must take reasonable measures, legislative and otherwise, within its available resources, to progress toward realization of these rights.

To realize these rights, enormous energy first had to be applied to merging the previously separate “white” and “black” administrative systems. This task, often underappreciated, has now been completed. A highly fragmented and unrepresentative system has now been consolidated into a single representative state, including a public service that reflects the demography of the country. But this process “has also led to the loss of experience and institutional memory” (PCAS 2003, p. 106). And the massive logistical exercise of amalgamating the previously white and black bureaucracies shifted emphasis to organizational matters at the expense of more important institutional matters—the new “rules of the game” of a developmental state. The latter is a more difficult problem, particularly for a state that inherited apartheid institutions, because “institutions are not machines that can be reprogrammed by a new ‘organogram’” (Pieterse and others 2008, p. 8).

The main challenge now is to ensure that this strong state and its strong procedural democracy achieve a more fundamental transformation toward a state that is responsive and accountable to all its citizens, including those who have yet to benefit from its public services (Pieterse and others 2008).

Third, to reduce poverty and undo the inequality and high unemployment inherited from apartheid, South Africa’s development model has made redistribution—transfers to poor households—its primary priority. According to the government, “fully two-thirds of the income of the poorest quintile is attributable to state transfers” (PCAS 2003, p. 18).

Fortunately, due to the fiscal space created and the successful targeting of fiscal resources to the poor, South Africa finds itself in an enviable position: fiscal resources have not been the binding constraint to improved service coverage and quality. Instead, the challenge is to ensure that public transfers result in better outcomes—current outcomes are disappointing. The best measured examples come from the education sector, where South Africa participates in several international education evaluations. South African student performance in math, science, and reading is disappointing compared with most countries, except a few very poor countries in Africa. Results from South Africa’s Department of Education evaluations confirm this underperformance. And despite great shifts of resources to poorer schools since the transition to democracy, inequalities in education outcomes do not appear to have narrowed.

Fourth, the development model must address the double whammy: population increases have been accompanied by smaller households, a problem that has created service backlogs and substantially increased the challenge of improving service coverage and quality. Declines in fertility associated with higher incomes do not alone explain the smaller households. The reasons are more complex: the Presidency, for instance, suggests that an element of opportunistic household behavior is involved as families “unbundle” into several households, anticipating that doing so would increase their probability of accessing services (PCAS 2003).

Fifth, the South African development model has accorded a leading role to the state and to state-owned companies—and will continue to do so. No leading roles in public services are envisaged for civil society organizations and the private sector. The focus on formal procedural democracy driven by a strong state has, perhaps unintentionally, reduced the role of communities and civil society in development, with few exceptions, such as the Treatment Action Group (box 1.2).

Sixth, HIV/AIDS puts enormous strains on both the supply of, and the demand for, services. South Africa’s development model must target this problem. For instance, in 2005,
10 percent of public servants may have been affected by HIV/AIDS, a quarter of whom could die by 2012 (PSC 2008a). In 2004, the HIV/AIDS prevalence rate among educators in public schools was 12.7 percent (PSC 2008a). Children may drop out of school because they have to take care of the sick or become head of an orphaned household. And clean water and proper sanitation become vital—literally. This pandemic affects service delivery in many ways.

Public expenditures on basic services

So how has this democratic, pro-poor, and state-led model, with its strong constitutional guarantees for basic services, allocated the fiscal space created by sound fiscal management?

Exemplary fiscal management—based on a strong revenue effort and a three-year rolling and results-based Medium Term Expenditure Framework—has created the fiscal space to substantially increase pro-poor spending on vital public services such as education, health, and social grants. Further, analyzing expenditures on such basic services shows that the government has been effective in increasing pro-poor orientation of social spending. Resource shifts have been large and rapid so that few areas are left in which the poorer deciles are not obtaining at least their share of public expenditure.

In 1996, the South African government constitutionally enshrined the right for everyone to have access to housing, health care, food, water, social security, and education. Since passing the Constitution, the government has significantly increased nominal expenditures on basic public services. On education alone, public spending reached ZAR148 billion (US$19 billion), or 6.1 percent of GDP, in 2009/10. Welfare transfers amounted to about ZAR118 billion, while spending on free or low-income housing amounted to ZAR17.5 billion.

Even in real terms, the increases have been substantial. Measured in 2005 prices, education was allocated ZAR109.7 billion in 2009/10, a 55 percent real increase since 1995/96. Over the same period, health spending grew 110 percent in real terms, social welfare spending grew 186 percent, and public order and safety spending grew 95 percent (figure 1.1). Real expenditure on housing and community services increased 355 percent over the same 14-year period.

The GDP share of allocations has increased for each major social sector spending category since apartheid (figure 1.2). The share of resources devoted to education as a percentage of total GDP declined initially, falling from 6.1 percent in 1995/96 to 5.1 percent in 2007/08, before recovering strongly to 6.1 percent by 2009/10. Health spending increased from 2.9 percent of GDP in 2001/02 to 3.9 percent in 2009/10, recovering to the levels seen in 1996–1998. Resources allocated to housing and community services have also grown sharply, from 0.9 percent of GDP in 1995/96 to 2.7 percent in 2009/10.

Social security and welfare saw its share in GDP rise from 2.6 percent in 1995/96 to almost 5 percent in 2009/10. Over the same period, resources allocated to public order and safety rose from 2.5 percent of GDP to 3.2 percent.
The composition of public spending has also changed in favor of the social sector (figure 1.3). Defense spending, which absorbed about 15 percent of the total budget in 1983/84 and 8 percent in 1995/96, makes up only 4 percent today. In figure 1.3, defense spending has been grouped with expenditures on mining, manufacturing, construction, agriculture, and fishing. Collectively, these other sectors saw their share of the total government budget decline from about 7 percent in the early 1980s to 2.2 percent in 2009/10.

The share of the budget spent on interest payments has also fallen significantly, from 19.8 percent in 1995/96 to 7.3 percent in 2009/10, further generating the fiscal space needed to ramp up social sector spending. The prudent fiscal policy adopted by the successive democratically elected governments, which sought to reverse the unsustainable stance of apartheid, has helped create this fiscal space.

With this added fiscal space, and to its credit, the government has increased the share of the public budget dedicated to basic public services (health, education, housing and community services, and social transfers) from 44.8 percent in 1995/96 to 48.1 percent in 2009/10. Interestingly, there has been a steady increase in the share of this broad spending category since 2001/02, following a noticeable inverse-V pattern before that.

For basic public services, social security and welfare saw the biggest jump in its share of the total budget, increasing from 9.5 percent in 1995/96 to 15 percent in 2009/10 (figure 1.4). Education spending fell from 22.1 percent in 1995/96 (its peak level since the 1980s) to 18.8 percent in 2009/10, while health spending rose from 10.4 percent to 12 percent. Housing and community welfare spending saw a two-and-half-fold increase, from 3.4 percent to 8.8 percent. The share of social security and welfare grew more than 50 percent over this period, from 9.5 percent to 15 percent.

South Africa’s real GDP has grown significantly, but so has its population, increasing the scale and complexity of providing public services. Thus, it is of interest to separately consider real per capita expenditure on basic public services, trends that are significantly more muted (figure 1.5). Real per capita expenditure
on education increased 23 percent over 1995/96–2009/10, health spending increased 67 percent, and spending on housing and community services increased 12 percent. Real per capita expenditure on public order and safety also increased significantly: in 1995/96 it was ZAR761 but in 2009/10 it was ZAR1,172, an increase of 55 percent, with the bulk of the increase since 2006.

Social security and welfare transfers have seen an explosive increase: in 1995/96, the average South African received about ZAR279 per year (in 2005 prices) in social transfers, which had increased almost four-fold to ZAR1,003 by 2009/10. While some studies (for example, Ardington and others 2005) have shown an increase in poverty and inequality into the late 1990s, Aguero, Carter, and May (2008) argue that these trends reversed partially after 1998. Van der Berg (2005) argues that this reversal is explained by social security and welfare transfers that have reduced inequality and the spread of the expenditure distribution by lifting up the lowest part of the distribution. For instance, both the Child Support Grant (which has substantially increased the number of grant receivers and the resources of poor households, particularly in rural areas) and greater access to services are likely to have improved other aspects of well-being.

Targeting of government spending
How well have these expenditures been targeted? It turns out that public expenditure on basic public services has been surprisingly well targeted post-apartheid (Van der Berg 2006a). A large proportion of the poor now receives grants through various social security and welfare programs. Studies show that spending on health and education, the two other major social programs, are also reasonably well targeted to the poorer segments of the population. The poorest 40 percent of the population receives more than their share of overall social spending on these items.

Expenditure on social security and welfare programs—the budget item that has increased the most in the past decade—appears especially well targeted. A means test has ensured targeting of all the grants, including social old-age pensions, disability grants, and child support grants. Some errors of inclusion have occurred (ineligible, nonpoor people receiving grants), but errors of exclusion (eligible, poor people not receiving grants) seem fairly minor.

Since the poorer segments of the population have more children, they now obtain, relative to their population size, slightly more than their share of public spending on primary and secondary education. In addition, pupil-teacher ratios have largely been equalized. Note, however, that urban and affluent schools still retain more expensive, better qualified, and more experienced teachers, and thus still receive more public fiscal resources per school child (Crouch 1996; Gustafsson and Patel 2006; Motala 2006; Van der Berg 2006b; Wildeman 2004).

The major exception in education spending appears to be in tertiary education, where the poor benefit far less than proportionate to their numbers. This could reflect three factors:

• Pro-poor spending might be underestimated as surveys typically do not capture tertiary students living in their parental home, and students from poor households may be recorded as belonging to single but richer households.

• Poor students may be constrained from advancing to tertiary education because of the weak quality of education in poor schools and the poor socioeconomic background of students.

• Access to tertiary education is more constrained by financial factors than is primary education.
In health, resource shifts have increased access to primary healthcare services (mainly clinics), even in deep rural areas (Barron and others 2006; Blecher and Harrison 2006; Burger and Swanepoel 2006; Collins and others 2000; Grobler and Stuart 2007; McIntyre, Muirhead, and Gilson 2002). According to the 2006 General Household Survey, 83 percent of respondents who had suffered an illness or injury in the preceding month had consulted a health worker. Distance (as a proxy for access) was only the third most prevalent reason for not consulting a health worker: only 8.6 percent of those who did not consult a health worker cited distance as their reason for not doing so. This means that only 1.5 percent of those not ill or injured did not consult a health worker because of distance.

But perceptions about low-quality public health care have resulted in health care largely reflecting the characteristics of an “inferior good” (Palmer 1999; Palmer and others 2002). This is also reflected in our participatory assessment of service delivery in six municipalities (Khanya-aicdd 2008), where health received the lowest scores for access and the most complaints. Long waiting times were extremely prevalent in public health care: 43 percent of patients visiting public clinics in the 2006 General Household Survey complained of long waiting times. In addition, 15 percent found the supply of drugs lacking, and 9 percent complained about rude staff.

Thus, especially for more serious ailments, even the poor “vote with their feet” and use more expensive private health services. Not surprisingly, more affluent members of society are even more likely to pay for private health services. The concentration curve for public health services reflects that the more affluent benefit little from such services while the poor benefit more than proportionally. The Department of Health (2007) also acknowledges the quality imperative.

In conclusion, public spending on vital public services is substantial, and in most instances public spending is growing and generally well targeted to the poor. But does this translate to good outcomes? Unfortunately, in many areas increased spending has not translated to sufficiently improved outcomes to meet the expectations of the population—the gaps between the rich and poor remain large. Several studies show that improved targeting of spending for the poor for both health and education has delivered only limited benefits in terms of outcomes. (For health, see Burger 2007; Burger and Swanepoel 2006; Grobler and Stuart 2007. For education, see Patel and Crouch 2008; Gustafsson and Patel 2006; Van der Berg 2005, 2006a, 2006b; Van der Berg and Burger 2002, 2005.) Ajama and Aron (2008) confirm this finding, stressing that poor outcomes in public service delivery cannot be explained by inadequate fiscal allocations.

Then what could explain this? We will turn first to a number of authoritative assessments of state performance, relating particularly to service delivery. We then delve deeper to suggest plausible explanations for the inadequate outcomes.

Assessments of services
What are the most important assessments of public services in South Africa? What do they say about overall performance? We have selected two main assessments to discuss in this section: a 2003 assessment led by The Presidency of South Africa, Towards A Ten Year Review, and the 2007 assessment made by the African Union under its African Peer Review Mechanism. The results of other assessments, such as Van Donk and others (2008), will be referenced throughout the report.

Towards a Ten Year Review
Concluded in 2003, Towards a Ten Year Review was an internal review of the government’s performance, overseen by a steering group of ministers. The study commissioned 35 overview and 25 “gap analysis” papers from officials and researchers. Overall, the Presidency concludes that the government is making progress on its stated objectives, which it reaffirms are the correct ones. The objectives originate in the Reconstruction and Development Programme and include meeting basic needs, building the economy, democratizing the state and society, developing human resources, and building the nation (PCAS 2003).

But the report also concludes that weaknesses reside “at the coalface of interaction with the public and in the supervision and management of implementation” (PCAS 2003, p. 102).
The report warns that continuing on the current trajectory would “. . . precipitate a vicious cycle of decline in all spheres” (PCAS 2003, p. 102). The findings above are consistent with the findings in the following chapters, including those of the participatory assessment in six municipalities.

Towards a Ten Year Review used a number of composite outcome indices to measure how much the “average” province in South Africa has caught up with the “best” province since 1994. The best province was rated 100 and the worst province rated 0. (Note that these indices do not measure progress in absolute levels since 1994.) From 1995 to 2002, the:

- **Infrastructure Services Index**—measuring access to piped water, toilets, rubbish removal, telecommunications, and electricity—increased from 46 to 60.
- **Quality of Life Index**—measuring access to medical facilities, adult functional literacy, use of electrical stoves as opposed to the environmentally bad use of wood and coal fires—increased from 52 to 67.
- **Political Participation Index**—measuring voter turnout for local government elections, a political approval rating from Afrobarometer, and union participation among formally employed workers—increased from 37 to 47.
- **Social Inclusion Index**—measuring the proportion of households in which the household head has a partner, home ownership, and participation in cultural organizations—increased from 27 to 36.
- **Safety and Security Index**—measured as serious crime, court prosecution, and resolution rates—decreased from 53 to 49.
- **Economic Participation Index**—which uses the narrow definition of unemployment and average earnings received by workers—decreased from 63 to 60 (PCAS 2003, pp. 88–89).6

The report also records changes in inequality as measured by the Gini coefficient between 1997 and 2000, the only years for which the relevant data were available. As mentioned, the role of social transfers in reducing inequality is substantial. Before transfers, the Gini coefficient was between 0.68 to 0.59; after social transfers, it decreased from 0.44 to 0.35 (PCAS 2003)—a comparative increase in wealth equality.

Subjective assessments complete the picture. Based on The Institute for Democracy in South Africa’s Afrobarometer (covering 1994–2002) and Markinor (1996 and 2003), a consistent picture of improving government performance in South Africa emerges (PCAS 2003). But education concerns persist, and opinions on health care are consistently negative and getting worse. Public approval for housing, however, improved substantially (PCAS 2003).

Towards a Ten Year Review reaffirms the role of the state, saying that successes were often achieved in areas where government had significant control, though acknowledging that this finding is not consistent (PCAS 2003). It posits that “the architecture of the new democratic State is in place, yet in many areas of service delivery the performance of the Public Service requires much improvement” (PCAS 2003, p. 75). And it identifies an area of contestation of roles and “competing” legitimacy claims between elected bodies, nongovernmental organizations, and community–based organizations (PCAS 2003, p. 76).

The report also acknowledges that government coordination could have been better, and that less progress was made in areas that require partnership with others—the private sector and civil society, for example. By contrast, it notes the positive use of faith-based organizations to increase the number of child support grant recipients (PCAS 2003).

The report states that “involving social partners and the broader civil society must go further than the mere articulation of visions and frameworks. . .” (PCAS 2003, p. 105). It calls for a social compact, not just to better integrate government programs into society but also to harness the existing capacity in civil society for national development (PCAS 2003). It also calls for greater participation and interaction of people with the state. From ward committees to the Integrated Development Plan process to workplace forums, actual participation has been limited mainly to special interest groups or hindered by short-term self-interest (PCAS 2003). The policy recommendation is “to improve accountability to, and contact with, the electorate by all levels of government . . . [and to] develop and maintain partnerships with civil society with emphasis on practical programs” (PCAS 2003).
Lack of capacity is identified as a major constraint on the quality of governance in all spheres of government

African Peer Review Mechanism

The African Peer Review Mechanism (APRM) is a self-monitoring body created under the New Partnership for Africa’s Development of the African Union. Open voluntarily to all African Union members, its goal is to ensure that “the policies and practices of participating countries conform to the values, principles, codes, and standards enshrined in the Declaration on Democracy, Political, Economic, and Corporate Governance” (APRM 2007, p. 1). The report lauds the unprecedented success achieved in meeting the basic needs of the people since the first democratic elections of 1994. It also praises the Constitution as the major achievement of post-apartheid South Africa, formalizing a process of contestation within a spirit of cooperative government to resolve conflicts and a system of intergovernmental checks and balances.

But the APRM also notes imbalances and paradoxes on which the government should focus more effort, including the continued high levels of poverty and inequality, the severe HIV/AIDS pandemic, the neglect of rural areas, and the asymmetry between legislation and implementation, between rights and realities, and between policy formulation and putting such policies into operation (APRM 2007). This disconnect between policy and implementation is also a recurrent theme in this report.

The APRM also worries about the extent to which democratic ideals are being put into practice, pointing out that ordinary South Africans have insufficient contact with their political representatives. It urges the African National Congress (ANC), as the dominant political party, to “. . . put in place the necessary political machinery that will nurture citizens capable of sustaining democracy and political governance through bottom-up decision-making processes” (APRM 2007, p. 8). The machinery should ensure grassroots, local participation in the design and implementation of public services.

This APRM recommendation closely mirrors the findings of our study. In general, the APRM finds that public consultation, education, and feedback in policymaking and implementation are inadequate and recommends improving public participation in these processes (APRM 2007).

The APRM warns that the centralist, top-down approach taken by the South African government to deliver services and build local capacity raises serious concerns. It suggests a more bottom-up approach that vests legal authority and local governance responsibilities in local communities. As is the government’s stated policy, the APRM recommends that local governments be progressively empowered to make democracy truly effective at the grassroots level and engender development from below (APRM 2007). This report takes up this theme in chapter 8.

Lack of capacity is identified as a major constraint on the quality of governance in all spheres of government. The existence of three spheres of government seems to prevent a dynamic use of scarce skills across the spheres, because each sphere protects its own staff (APRM 2007). Further, a centrally driven initiative to build capacity in poorly performing municipalities (Project Consolidate) may perpetuate, rather than resolve, the syndrome of dependency on the center (APRM 2007; see annex 5 for a description of Project Consolidate). The skills constraint is further aggravated by the large emigration of skilled professionals; the APRM urges the government to encourage the return of these professionals, especially to local government in municipalities where implementation capacity is weakest (APRM 2007).

Increases in education spending are welcome, but the results are poor: the system does not provide those leaving school with the skills the economy needs. The APRM also highlights that more effort should be taken on land reform, arguing that it is the single most important factor to social, political, and economic empowerment. It recommends that “. . . greater flexibility
in land acquisition options and decentralized community-driven initiatives” (APRM 2007, p. 22) be supported. Again, this is fully consistent with the findings in this study.

The APRM warns of the emergence of a dependency syndrome: “There is also a need to address enduring attitudes of dependency on government handouts. If not checked, creeping dependency tends to put incremental pressure on service delivery, thereby further straining capacity for service delivery, given the scarcity of resources. Inability to deliver may lead to dissatisfaction and, ultimately, to disaffection with the governance system and the spirit of reconciliation” (APRM 2007, p. 79).

The APRM report underscored the issue of corruption, citing the results of stakeholder consultations and survey data. For example, in a Gauteng provincial survey, 63 percent of respondents agreed with the statement that “there is lots of corruption in the Departments” (APRM 2007, p. 111). Finally, the APRM was alarmed at the levels of reported violence against women and children. Again, the legal and policy frameworks are excellent, but implementation lags.

In conclusion, both the government’s assessment and that of the APRM raise the gamut of accountability issues outlined in the analytical framework of this report.

**The rising tide of service delivery protests**

Protests soared in South Africa in 2009 in response to poor services, unresponsive councillors, corruption, ongoing job losses, and other grievances; as many protests were recorded in 2009 as in the previous five years combined, with disturbingly high levels already recorded in early 2010 (figure 1.6).

It is inadequate to describe these merely as service delivery protests, as the issues voiced range far beyond service provision. Quoting Martin Luther King Jr., Sicelo Shiceka—the former minister of the Department of Cooperative Government and Traditional Affairs, responsible for local government—has described such protests as “the language of the unheard” (Shiceka 2010). It seems that the protests have disturbed the complacency of the department, which has responded to these protests with unprecedented vigor and with frank and comprehensive assessment of local government performance.

**Notes**

2. See Bhorat and Kanbur (2005).
3. See van der Berg and others (2005). Authors estimate a reduction in the number of people living in poverty by more than 3 million (from 18.5 million to 15.4 million). Also see Meth (2006). The author argues that a fall by 1.5 million is more likely.
4. The international evaluations include the Progress in International Reading Literacy Study (PIRLS), the Southern African Consortium for Monitoring Educational Quality (SACMEQ), and the Trends in International Mathematics and Science Study (TIMSS), though South Africa opted not to participate in the 2007 round of TIMSS.
5. South Africa’s steady decline in the Human Development Index (a composite index of education, health, and GDP per capita) is caused entirely by the rapid decline in life expectancy due to HIV/AIDS. By 2010, it is estimated that AIDS will have reduced life expectancy at birth in South Africa by 20
years: without AIDS, it would have been 68 years, with AIDS, it will be 48, or perhaps even less (Seekings 2007).

6. These indices are not absolute performance indicators but relative measures. “The scale adopted was based on a comparison of provincial rates of each index in the two time periods. The worst ranked province at either of the two time-points received a score of zero for that component. The province that had the best measure of that component in either of the two years received a score of 1. . . . After scaling all the constituent parts of the index from 0 to 1, they were then averaged to reveal an index value for the two periods in question.” This implies, for instance, that even if all provinces achieve lower scores from one year to the other, but the distribution stays the same—the overall performance index would not change.
In the next three chapters this study addresses international and South African experiences in improving service accountability. Examples of institutional choices and accountability mechanisms that have worked for specific services in specific contexts, in South Africa and in other countries, are provided. Also presented are hypotheses to be applied and tested in the following chapters.

What are the key messages emerging from these chapters? First, the best results are achieved when all three legs of accountability are improved. We hardly find countries that have improved services by focusing on just one mechanism—elections, or a citizen report card, for example. So we should guard against the temptation to emphasize any particular tool and to ignore local context.

The second message is that accountability mechanisms—as well as the merit of the long route to accountability versus the short route—depend on the characteristics or “technology” of the service and the environment in which it is provided. Services differ radically in all of these dimensions, so the appropriate level of decentralization and the specifics of the accountability mechanisms for each service will also differ.

There are no “silver bullets” and no universal solutions for designing accountability systems. Systems must fit not only the sector in question but also the service provided (for example, vaccinations versus curative health care). The sector-specific chapters will address these design questions in greater detail.

Recall that the accountability framework has two routes. The long route covers the relationship from citizens to politicians, from politicians to service providers, and then back to citizens. Services are provided through government responsibility rather than market-based transactions.

Improving the long route has often been the main recommendation for delivering better services. Under democracy, citizens can hold politicians accountable through voting and voice; in turn, politicians will hold service providers accountable through compacts and contracts, setting the appropriate incentives for improved services. Only successful delivery to the majority of the population keeps politicians in power. Thus, the accountability chain is internally consistent.
The direct relationship between citizens and politicians/policymakers is the first leg of the long route to accountability.

Elections

The direct relationship between citizens and politicians/policymakers is the first leg of the long route to accountability. Elections are perhaps the most powerful of several mechanisms to hold politicians and policymakers accountable. But elections are periodic and rare; many other voice mechanisms are needed. Electoral systems can be established quickly, but creating a truly democratic and inclusive society takes time.

Some recent innovations in service delivery, such as citizen report cards and participatory budgeting, can nudge society along on this process (the “strategic incrementalism” recommended by the World Development Report). But these innovations cannot compensate for the absence of fundamental democratic institutions (for example, the separation of powers, its checks and balances, and the rule of law). Merely holding elections or introducing citizen report cards will not fundamentally alter the sociopolitical and institutional environment on which good service delivery depends. Conversely, as democratic processes become more rooted in society, these same innovations can become effective tools for improving service delivery when adapted to local conditions.

Political accountability at the local level

How does political accountability work in practice in local government, where local political representation should interact most directly with the citizens? (Note that many services are delivered not by local government but by other spheres of government, so investigating political accountability at the local level cannot alone be sufficient.)

Local government is designed to allow public participation, which will benefit development and enhance democracy. Chapter 10 of the Constitution of the Republic of South Africa (1996) ensures that citizens have direct access to elected local government representatives and that they have the opportunity to participate in local governance. The White Paper on Local Government (DPLG 1998) mandates active citizen participation to ensure that ward councilors, bureaucrats, and the community all form part of the local government in South Africa’s 284 municipalities (GCIS 2005).

The local government electoral system is designed to facilitate a direct link between councilor and constituency. Voters have more than one vote: they vote first for a political party using a proportional representation system and second for a ward councilor using the first-past-the-post system (IEC 2008; box 2.1). The assumption is that candidates elected through the proportional representation system will be accountable to their political parties, while ward councilors will be accountable directly to the electorate.

In practice, ward councilors are faced with double accountability: to the electorate and to their political party. Some observers have argued that accountability to the political party wins out in most cases (McKay 2001). But the loyalty of the opposition party councilor cannot

and should provide the appropriate incentives for all the actors.

Unfortunately, reality often differs from theory. Take Latin America: a wave of democratization in the 1980s and 1990s transformed most of its countries from dictatorships to democracies. In its wake, spending on basic public services grew considerably and services expanded. But in the final analysis, increased democracy and spending in Latin America led only to mixed success.

The local political context may explain the limited success of reforms and spending. Most Latin American countries share a history of inequality between an elite European descent and the rest of the often indigenous population. Politics are often deeply rooted in patron-client systems where the elite control access to the state and dispense favors to the poor. In many countries, these political characteristics were unaffected by the change to democratic rule and continued to distort public service delivery, even after significant improvements to the long route (Fiszbein 2005).

This chapter describes how to improve the first leg of the long route to accountability—citizen voice.
be guaranteed. During the 2007 floor-crossing window period in South Africa, 250 councilors crossed the floor, mainly to the African National Congress (ANC), affecting 128 municipalities (GCIS 2008). The African Peer Review Mechanism (APRM) criticizes this phenomenon as having the potential to undermine democracy (APRM 2007). Finally, political parties use national manifestos to contest local government elections, but without a local manifesto it is difficult to hold a political party accountable at the local government level.

Ward committees—made up of about 10 people elected by ward residents and chaired by the ward councilor—should facilitate a link between councils and communities in between elections. Each council has its own regulations governing the election of members. Some observers argue that these election procedures need to be legislated and more exacting. Currently, ward committees are often elected in a public meeting without formal rules for a secret ballot or a quorum. Once elected, a ward committee is supposed to make recommendations to the ward councilor and council (Cloete and Thornhill 2005).

Interpretations within the South African government of the status and role of ward committees differ widely. Some argue that they are part of the system of democratic government—legal entities accountable to all residents of the ward. Others argue that they have no formal autonomous powers, do not carry a mandate from a constituency, and are an advisory body institutionally subordinated to ward councilors. Still others argue that ward committees should be seen as the “voice of civil society.” But in South Africa, civil society is interpreted as nongovernmental, a very odd way to think of legally mandated institutions.

The lack of legislation specific to ward committees may explain why many councilors do not have them. Surprisingly, poorer, rural areas have had more success establishing ward committees than have urban areas. In urban areas, however, 61 percent of people in informal settlements had heard of ward committees, compared with only 35 percent in formal areas (Buccus and others 2008).

Preliminary research findings suggest that ward committees are failing to enhance participatory local governance (Barichievy, Piper, and Parker 2005). Communities sometimes perceive that ward committees are “owned” by the ward councilor. Animosity among political parties often hampers participation, and civil society is often deliberately excluded from governance (Habib and Kotzé 2003).

### Box 2.1  Elections in South Africa

South Africa holds two main types of elections: one for metro councils and one for local councils (which includes district council elections).

**Metropolitan and local councils:** Each voter receives two ballots. A first ballot for their ward will have the names of the ward candidates. The person receiving the most votes in a ward will win that seat. Ward candidates may represent parties or be independent. Each voter will also receive a second ballot on which they can vote for a political party. This is the proportional representation ballot. The parties will then be given seats according to the percentage of votes they receive in the whole metropolitan area. Each party has a list of candidates from which the councilors are drawn.

**District councils:** Each voter in a local municipality will vote for the district council pertaining to their local area. The ballot contains the party names. Of the district council seats, 40 percent will be allocated according to the percentage of votes parties gained in the whole district municipal area—that is, through proportional representation. The remaining 60 percent will be allocated to the local councils in that area. Each local council will be given a number of seats and must send councilors from their ranks to fill those seats. The seats should be filled according to the support that parties have in a specific council. For example, if a local municipality is given five seats on the district council and the African National Congress (ANC) gained 60 percent of the seats on the local council, the ANC councilors should fill three of the five seats. The other two should be allocated to other parties according to the number of votes received.

The Constitution says that the council must reflect overall proportionality of all votes cast, leading to a complicated method of allocating seats. The method for doing this is set out in the Municipal Structures Act: a threshold of votes needed to gain a seat is determined by adding the total number of votes cast in that election for proportional representation and party ward candidates and then dividing it by the number of seats on the council. All votes cast for a party on the proportional representation ballot and for that party’s candidates on ward ballots are then added. Each party’s total is then divided by the quota to see how many seats they are entitled to receive. The number of ward seats already won by that party is then subtracted from the total number of seats allocated to the party. The remainder of seats the party is entitled to is then allocated to the same number of people on the party’s proportional representation list.

**Example:** A total of 100,000 votes were cast in Makana Municipality, where there is a 10-person council. The Inkatha Freedom Party (IFP) wins 60,000 of the combined proportional representation and ward votes in Makana, the ANC wins 32,000, and the Democratic Alliance (DA) wins 8,000. The quota for each seat is 10,000 votes. Therefore the IFP is entitled to six seats, the ANC to three, and the DA to one. The IFP wins four of the five wards and therefore already has four of the six seats they are entitled to. The DA wins one ward and is entitled only to one seat. The IFP is given another two seats to be filled by people on their proportional representation list. The ANC won no ward seats and therefore gets three proportional representation seats. The DA gets no proportional representation seats.
Some argue that the functioning of ward committees is affected by the lack of capacity of elected members (Masango 2002). Others posit that the communication links among the councilor, the ward committee, and the community are insufficient. Ward councilors are legislatively mandated to consult with communities by hosting quarterly ward committee meetings, for instance, but the public in many parts of the country is not aware of this mandate so the councilor is not held accountable when meetings do not occur. Greater public understanding of ward councilor roles and responsibilities is a critical missing link in this public accountability mechanism.

Without mechanisms for effective participatory governance, communities find alternative, often undemocratic methods to express dissatisfaction. The apartheid era trend of nonpayment is still popular despite government campaigns to counter it (Cashdan 2002), frustrated citizens often vandalize government property and development projects, and violent protests are increasing due to insufficient service delivery.

South Africa displays a complex paradox: comfortable ANC voter returns in local government elections contrasts with the many township and village protests that express anger with ANC service delivery. The political party is seldom the target of frustration at the local government level in South Africa (Bekker and Leildé 2003). To understand this paradox, Booysen (2007) points out that the “brick” and the “ballot” may complement the citizens’ strategy to improve services.

Booysen describes a pattern of “absentee representation.” Councilors often do not reside in their communities and are not available for consultation with their constituents. A May 2005 AC Nielsen survey records very low interaction between voters and their municipal councilors, with 80 percent of voters saying they saw councilors once a year or less (Booysen 2007). Moreover, voters deem the ward committees to be politically biased, and committee members find it difficult to even communicate with their councilors since members have no budget to make phone calls or travel (Booysen 2007).

Protests “were firmly anchored in the fertile bases of dissatisfaction with social conditions and in alienation from the institutions of local democracy” (Booysen 2007, p. 24). Ward councilors have often been the target of frustration, sometimes violently (Bekker and Leildé 2003, p. 154). However, the protests worked in the sense that they triggered the attention of absentee councilors, mayors, and municipal managers. President Mbeki even visited some of the affected areas, and the ANC replaced several incumbent councilors. President Zuma is continuing the tradition of ward visits. In other words, South African communities have incorporated “the brick” (protests) in their accountability mechanisms (Booysen 2007).

The ANC has a voter loyalty of 95 percent (CSIR 2006). After the protests, voters returned the ANC to power by even greater margins than before: in national elections for local government, ANC votes grew from 60 percent in 2000 to 66 percent in 2006, 1.3 million more votes in a voter base that had grown by 2 million. Turnout did not change and the ANC increased its votes in the areas most affected. So voting and protests go hand in hand. A November 2005 survey focusing on urban areas (56 percent of the population, with a sample size of 5,143) found that 52 percent of all respondents agreed that voting helped in getting better services, and 54 percent thought the same of elections (Booysen 2007). These patterns remained unchanged in the election of 2009.

Broader political accountability

A more fundamental accountability issue may be at play beyond a mere complaint about service delivery. The primary issue, several political science researchers argue, is that citizens do not perceive that the formal democratic system serves them in the way they expect.

Citizen concern about government responsiveness is documented in several surveys by the Institute of Democracy in Africa (IDASA), the Afrobarometer, and the Human Sciences Research Council. These surveys suggest that citizen responses to government are not usually expressed as a demand to have services delivered. Citizen responses, in other words, do not conform to the current service delivery paradigm in which citizens are like clients in a restaurant—they want a service and judge the provider by how well it does. People want the government to
serve them individually, but they judge the government’s ability to serve using broader, more complex factors: people want to be listened to and they place value on mutual trust. Demands extend to issues such as responsiveness, accountability, and respect.

This has implications for our report. If people do not feel that the government is broadly accountable than they will not feel that it is accountable and responsive in providing services. The spate of local protests further indicates this feeling. An unpublished IDASA study suggests that participation in the recent wave of violence against African foreigners was related to real or perceived exclusion from democratic institutions. The study found that where people felt themselves included they did not take part in the violence. Similarly, the urban poor have concerns extending beyond lack of service to how they are excluded from certain urban space—a remnant of apartheid geographic separation between blacks and whites.

The disconnect between citizens and politicians/policymakers could explain why policy that informs service provision can be severely out of touch with the needs and wants of grassroots citizens (Friedman 2005; Friedman, Hlela, and Thulare 2005). For instance, the South African National Housing Forum in the early 1990s spent years negotiating how to make mortgage financing more accessible to the poor, despite evidence that poor people view mortgages as a trap to be avoided. The first leg of the long route to accountability breaks down if politicians/policymakers do not know what services citizens want and how citizens will react to service initiatives.

So why does this disconnect exist? This report cannot fully answer this question, but it suggests the following points.

First, evidence on how the electoral system contributes to the misunderstanding between politicians and citizens is inconclusive. At best, the electoral system is a necessary but insufficient condition for accountability: change in the electoral system may help, but it will not ensure accountability unless other changes are made. Electoral systems may be a problem at some levels of government, but they are not in themselves a cause of the misunderstanding.

The subservient role of provincial and local governments makes accountability less likely. While the Constitution protects the autonomy of local and provincial governments, it usually regards them as implementing agencies for the national government in spite of the existence of Integrated Development Plans, which are meant to instill local choices. The subservience of local and provincial governments to the national sphere is expressed by national sector plans and the work of MINMECS (liaison forums for national ministers and provincial economic councils), which often lock provinces and localities into national plans.

Representation in provincial and local government is diluted or eliminated as provinces and localities are seen simply as implementers—as service deliverers—despite the fact that they are made up of elected representatives. Unless provincial and local governments are seen as sources of representation—among other things, they must be able to make decisions in response to local constituencies—they will not be held accountable.

Subservience of local and provincial governments to the national sphere also affects public representatives’ understanding of their roles. Local representatives tend to see themselves as service delivery agents rather than public representatives, leading to weak provincial oversight and lack of provincial legislative activity.

Subservience of local and provincial governments also exacerbates tendencies to evaluate provincial governments purely on whether they are “delivering” now, rather than on how accountability would be best served in the long term—by having an elected government at the provincial level willing and able to hold public servants accountable, for instance.
accountability by substituting for, rather than complementing, vigorous representative government. While not flawed in design or lacking sufficient commitment, they may simply be incapable of enabling the poor to make office holders accountable. Rather than simulate democracy through structured forums, institutions must be made to work as intended by the Constitution to make them accountable.

This is an important area for further research and innovation: how do you induce more active citizen engagement with government? Accountability will be weak where citizens cannot engage, and information is an important part of the solution. How the government informs citizens is also as important as whether it does so. Public relations–style communication of government plans will do little to enhance accountability; true engagement involves explaining options in a way that allows citizens to choose (box 2.2).

Citizens should choose services and how they are provided, and links with grassroots organizations could initiate government–citizen interaction to increase accountability. Details can also be critical: if a conversation is held only in English, and only in settings chosen only by officials, grassroots people are unlikely to feel that (if they know enough English) what they have to say matters.

The fourth point regarding the communication gap between politicians and citizens is that many people choose to remain silent even when they wish to speak, especially in societies where undemocratic hierarchies have long been entrenched. This is as true in participation exercises as in the workings of formal democratic government. Simple interventions centered on “educating” people about their rights, or about the importance of holding officials accountable, will not work. Scott (1987) and Monga (1996) show that grassroots people know accountability is important but feel powerless. Greater accountability will ensue only if people feel they can truly act and speak without reprisal, rather than telling people what they already know, or by “educating” them to be citizens. Citizens organizations can play a crucial role, but governments can also reduce the costs of speaking and acting while increasing the rewards.

Citizen silence manifests in many ways in South Africa. Obviously, apartheid has

Centralization in political parties is also common. Unlike in other new democracies, South African parties have clear identities and instill deep loyalty in politicians and voters. While enhancing loyalty to the democratic system, strong party affinity has prompted national parties to subjugate provincial and local representatives to serve party leadership rather than the citizenry. Again, this increases the sense that elected officials are implementing agents of national government rather than public representatives.

Third, some formal forums created by the government—such as the Integrated Development Plan—can inadvertently weaken

Community-based planning was a week-long process in which communities analyze opportunities and constraints in their areas and their livelihoods (but also including the unemployed, young women, and single mothers) and discuss desired outcomes and risks. Communities select the top five priorities, decide which can be implemented by the community and which by the municipality or others, and develop an action plan. The plan is then presented to the entire community, at which point the community can access the unrestricted grant to begin implementing projects.

Similar approaches have been shown to make plans more relevant to people worldwide. These approaches involve citizens in the provision of public services, help citizens control their lives, and promote community action to overcome dependency.

Community-based planning was evaluated by the University of the Free State in 43 wards, with the following results:

- Of 43 wards, 42 had approved plans and 41 had spent on their projects using the grants.
- Participation was widespread, including by the poor and disadvantaged.
- The priorities of the poor were represented in the final plans.
- Community-based planning was useful to most wards.
- Facilitators, drawn from a wide variety of jobs in the municipality, said they felt positive about the experience.
- The manuals were found to be very helpful.
- Training and support to facilitators, however, could have been improved.

conditioned some to believe that they will not be heard if they speak, and South African society is divided between the organized and those who lack the means to organize; some are given a route to hold officials accountable while others are denied this route. The government should try to interact with citizens to encourage a sense of political efficacy, particularly with citizens whose circumstances and histories have conditioned them to believe that they do not matter. Citizen action should enhance service provision accountability, not create an obstacle to it.

The final point is that widespread informality and government reactions to it can erode accountability. For instance, shack-dwellers often do not enjoy an automatic right to be heard because their residence or other aspects of their status are technically illegal, greatly weakening their ability to hold the government accountable. This is clearly the case in South Africa, where evictions or informal access to services are routine. The government should be particularly thoughtful about upholding the citizenship rights of people living and working in informal settings.

**Conclusion**
In principle, South Africa’s parliamentary democracy, combined with a free press, allows citizens to exert significant power over policymakers and express their voice. But a number of issues weaken citizen voice, or political accountability more broadly, including the unclear status and rules for electing ward committees. Committee establishment and election should be mandatory, follow well-defined and publicized rules, and have clear roles and a small budget.

Changing electoral systems will not be enough—more fundamental issues of political accountability are at play. The existing service delivery paradigm has undermined citizen choice of what services are needed and how they should be delivered. Provincial and local governments serve as implementing agencies of the national sphere rather than as representative institutions accountable to their local citizens. Communication with all citizens must be institutionalized—particularly with the poor and those living in informal settlements—to ensure that they feel truly politically empowered.
The relationship between the politician/policymaker and the service provider is the second leg of the long route to accountability, increasing the internal capacity of the state to deliver services. Public sector management reform is the primary instrument often advocated for improving this relationship. One could argue that it was mainly this leg that was emphasized in much of the “old” theory of the public service. For instance, Max Weber’s bureaucracy is entirely governed by “internal” principles of continuity, strict adherence to rules, and clear lines of authority, responsibility, and supervision; direct accountability of the bureaucrat to the citizen does not play a role in Weber’s “ideal bureaucracy” (Weber 1978).

International experience shows that technocratic public sector management reforms in a context of weak voice—a political system with weak accountability between citizens and policymakers—are largely ineffective (Fiszbein 2005). This implies not that reforms should be abandoned but that they should be linked with other innovations and improvements in the accountability system. In particular, linking public sector management reforms with better outcomes—as opposed to better input and output management—is promising. The improved outcomes will likely create political “wins” that would lead to political commitment to reforms.

One reason that public service reform is so difficult is that in most cases, large numbers of frontline service providers (teachers and nurses, for example) need to make many context-specific actions and decisions, which are difficult to monitor and control centrally. Contrast this with, say, macroeconomic management, which can be accomplished by a small group of technocrats. The challenge for public sector reform is to find ways to give frontline providers incentives to do their jobs well without intensive central monitoring. Strengthening the short route to accountability can help because it increases local oversight on service providers.

The compact

The compact is “the broad, long-term relationship of accountability connecting policymakers to organizational providers. This is usually not as specific or legally enforceable as a contract” (World Bank 2003, p. 48). Narrowly interpreted, reforming the compact implies that the compact...
Strategic frameworks and medium-term budgeting are well developed in South Africa, but the two often do not align. It is made up of internal public service management systems that can be improved. Many developed countries—Australia, New Zealand, and the United Kingdom, for instance—have reformed public service management systems with considerable success.

However, in developing countries the record of reform is mixed. Reforms of states’ internal organizational structures and public management systems in Latin America, for instance, have led to some improvement in capacity for core economic management of fiscal adjustment, macroeconomic planning, financial management, and tax administration, but more fundamental improvements to state systems have proven more elusive (Fiszbein 2005).

In South Africa, reforms have met equally mixed results. Many recent initiatives to improve services focus on the compact between policymakers and public service providers, but successful economic and fiscal management reforms have not met parallel success in the reform of the more fundamental compact. Assessing reform of the compact shows that despite elaborate planning, critical elements of the long route to accountability are missing.

Strategic frameworks and medium-term budgeting are well developed in South Africa, but the two often do not align, making it difficult to link the strategy, outputs, and outcomes to the budget. Results-based planning and budgeting have been adopted governmentwide, but the results focus more on inputs and outputs than on outcomes. The new Presidential department on Performance Monitoring and Evaluation will focus more on outcomes. The department’s 12 desirable development outcomes and associated output indicators will underpin performance agreements with departments, provinces, and local governments, which will be supported by improved data gathering and bi-monthly reviews by the President.

Further, detailed managing-by-results frameworks are not supported by strong monitoring systems that measure deviations from goals fast enough to take action. Only in exceptional circumstances do sanctions incur when results or outcomes are not achieved. Finally, South Africa’s compact includes public participation as a constitutional principle, but such participation is often missing.

In its comprehensive 2008 midterm review of the transformation of the public service, the Public Service Commission (PSC)—South Africa’s administrative monitoring and evaluation body—organized its analysis around nine constitutional principles. These principles were also used as the analytical basis for the 2009 PSC report on the state of public services:

- **A high standard of professional ethics must be maintained.** The PSC commends the establishment of a National Anti-Corruption Hotline but also notes that follow-up on reported cases has been poor. It warns of an increase in reported financial misconduct cases—from 583 in 2003/2004 to 1,042 in 2006/2007—and that only about two-thirds of senior managers in the civil service are in compliance with the Financial Disclosures Framework. The PSC worries about the lack of more decisive follow-up in this matter as well.

- **Efficient, economic, and effective use of resources must be promoted.** Government simplification and budget standardization has improved monitoring and benchmarking. Underspending—currently only about 1 to 2 percent of the total budget—is not a significant problem. Coordination between budgets is lacking, however, as is an understanding of the important difference between outputs and outcomes: departments report major variances in basic data from one report to the next. The PSC also notes that it is often not possible to align departmental strategic plans with their annual reports and budgets, which makes performance-based management difficult.

Personnel management reform is essential for accountability of service delivery sectors, which are usually labor-intensive. In Latin America, as elsewhere, organized union labor resistance to performance-based pay and other incentive systems have often undermined reforms. Again, strengthening the short route provides a promising alternative approach. In Brazil, for example, villages were given oversight over family health workers and school director elections (Fiszbein 2005).

In South Africa, government and unions fought throughout the 1990s and early 2000s
over how best to evaluate schools and teachers. This adversarial relationship is based in history: anti-apartheid teachers struggled against autocratic, judgmental, and punitive “panel inspections” of black schools and teachers, and inspectors were often removed violently when they attempted to set foot in black schools. Given this history, performance management to evaluate teachers and schools has been fiercely resisted by teacher unions. Agreement was reached recently on an Integrated Quality Management System (HSRC 2005), which is currently being implemented.

- **Public administration must be development-oriented.** The PSC notes progress on the Millennium Development Goals and overall progress in service delivery: piped water reached 88 percent of the population in 2006 and basic sanitation facilities reached 70 percent. About 2 million subsidized houses were made available by 2007; the public works program created 3.6 million personwork days over 2004–2007; and social grants reached 12 million beneficiaries, 25 percent of the population.

The PSC remains concerned, however, about the lack of participation in these services. It “has over the years raised concerns about the manner in which poverty reduction projects are being implemented. Part of the implementation weaknesses is the non-involvement of beneficiary communities in the planning and implementation of programs.” “. . . departments generally do not adopt project management approaches that allow for effective beneficiary participation and alignment of projects with local development plans” (PSC 2008a, p. 40).

- **Services must be provided impartially, fairly, equitably, and without bias.** The PSC assesses the implementation of the Batho Pele principles and the Promotion of Administrative Justice Act (PAJA) of 2000 as being highly unsatisfactory: “. . . very few departments have service standards, and when citizens attempt to complain, redress mechanisms are either not available or ineffective. It may be for this reason that invoking PAJA to hold government to account by citizens has been very low” (PSC 2008a, p. 49). In explaining this poor performance, the PSC again notes the lack of follow through: “The most pertinent reason pointed out is that there is an absence of sanctions . . .” (PSC 2008a, p. 50).

- **People’s needs must be responded to and the public must be encouraged to participate in policy-making.** The PSC notes that several innovative participatory and feedback mechanisms have been established to support the Batho Pele principles. Started in 2000, Izimbizos are forums where senior government leaders discuss issues with the public. Two Imbizo periods are held each year and include a Presidential Izimbizo and other government-led Izimbizos.

The African Peer Review Mechanism (APRM) found Izimbizo to be an innovative, easy, and effective mechanism to let citizens voice their problems and expectations, but it also noted—as does the PSC—the lack of a feedback loop for communities to track whether their concerns are being addressed. The Izimbizo mechanism cannot replace more institutionalized consultation processes, which would ensure people’s ownership of development programs (APRM 2007).

The PSC notes other participatory programs established by the government, including Citizens’ Forums, Citizen Satisfaction Surveys, and the placement of over 3,000 Community Development Workers in about 2,000 municipal wards to improve communication between the government and the public. However, the PSC finds that participation overall has not been successful. The constitutional principles need more formal policies and procedures to be realized. Perhaps more worrying: “. . . there has been reluctance by government departments to follow suit and engage with citizens in their implementation processes” (PSC 2008a, p. 56).

In one of its strongest statements, and referring to the continuing countrywide township riots, the PSC states: “It is unfortunate that the Public Service has not managed to perform successfully in entrenching public participation measures, resulting in high levels of citizen dissatisfaction and unrest. There are clearly differing interpretations as
The government-wide monitoring and evaluation system—a critical accountability mechanism for the second leg of the long route—has been under construction for several years. To what constitutes adequate consultation; consensus is required around this to prevent the current impasse experienced” (PSC 2008a, p. 94).

Public administration must be accountable. Since 2006, it has been mandatory for senior managers to include the Batho Pele principles in their work plans and performance agreements. However, using the Departments of Education and Social Development as examples, more than 50 percent of senior managers in these departments did not conclude a performance agreement in their first plans. For 2007/2008 only, 16 percent of national department heads and 13 percent of provincial department heads filed performance agreements with the PSC by the due date.

The government-wide monitoring and evaluation system—a critical accountability mechanism for the second leg of the long route—has been under construction for several years. As discussed, the Department of Performance Monitoring and Evaluation is working hard to make the system a reality.

The picture on accountability in financial management is spotty. According to the PSC, some departments have received qualified audits four years in a row, but no action has been taken. National departments receiving qualified audits increased from 7 in 2004/2005 to 11 in 2006/2007. For provincial departments, audits increased from 0 in 2004/2005 to 44 in 2006/2007 (PSC 2008a), still low compared with the total number of provinces. The PSC continues to ask why audits are not conducted on a larger scale and why the President and Parliament do not take action.

Transparency must be fostered by providing the public with timely, accessible, and accurate information. Progress has been made: departments have shifted from reporting inputs and activities to reporting outputs. The PSC urges this shift to move further, from reporting outputs to reporting outcomes. The government’s Programme of Action should be leading the way, but it is very much a work in progress. According to the Programme of Action—found on the Internet and updated every two months—the social cluster carried out between 80 and 90 actions in 2007, and less than 10 percent resulted in measurable positive outcomes. The focus of all actions was biased heavily toward inputs (more than 50 percent of actions) and outputs (more than 30 percent of actions).1

The PSC also notes that most reports are hard to read and understand, and provinces, where the bulk of service delivery takes place, lag in reporting. The 1995 White Paper on the Transformation of Public Service Delivery2 introduces the idea of an “annual citizens’ report,” which in simple language, often produced in local languages, explains what a department does, how it has met its service standards and how it intends to improve its services” (PSC 2008a, p. 72). “In a study conducted by the PSC, not a single national department could confirm that it had produced such a report, and only 18 provincial departments had produced them” (PSC 2008a, p. 73). Exceptions exist however: Limpopo and the Free State have excellent annual citizens’ reports, which are distributed to the public every year on Batho Pele day.

Good human resource management and career development practice to maximize human potential must be cultivated. The PSC notes high vacancy rates and large discrepancies between the vacancy numbers reported in the automated personnel system and those reported by departments. In 2005, 10 percent of public servants may have carried HIV/AIDS, a quarter of whom may die by 2012. In 2004, 12.7 percent of educators in public schools were carrying the virus (PSC 2008a).

Public administration must be broadly representative of the South African people. Employment and personnel management practices should be based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation. This last area may be the most successful in terms of achieving the constitutional principles: the racial composition of the public service now largely mirrors the demography of the country, and women are more represented in senior management, reaching the target of 30 percent in most departments.
In 2007, 35 percent of civil servants were female. But performance is disappointing on employment of disabled people: only 0.2 percent of civil servants are disabled; the target was 2 percent.

In conclusion, the compact is still performing less than satisfactorily despite the emphasis put on it by policymakers. Planning and budgeting systems are well developed, but it remains difficult to link inputs to outcomes. Departments continue to focus too much on inputs and outputs, which distracts from outcomes and results, making it difficult to monitor actual performance. Where deviations from the compact are identified, follow-through is often missing. Finally, South Africa’s compact puts strong rhetorical emphasis on participation, but participation itself is often lacking, suggesting that critical gaps in the long route to accountability remain.

Measuring inputs, outputs, and outcomes

Compacts would benefit from regular and accurate measurements of inputs, outputs, and outcomes. But for the kind of services discussed here (transaction-intensive and discretionary services), they cannot be complete or have perfectly measured outcomes. In education, test scores may adequately reflect certain education goals, but abstract thinking and social adaptability are not so easily measured. Similarly in health care, the alleviation of pain is a subjective judgment by the patient; many outcomes, even when observable to the patient and the doctor, are not “contractible” in the sense that compliance can be proved to a judge or other mediator.

Attributing impacts to provider actions is difficult in almost all social services. It is thus impossible to have performance contracts that make payments to providers dependent on outcomes; all contracts will require at least some payment of wages independent of outputs. When the actions of the provider are specified, the results are often less than optimal because of inflexible response to local variation. Further, since the provider does many things, some or all of them hard to observe by the policymaker, the risk that paying for measured outcomes will displace hard-to-measure tasks is always present. In education, this can be seen in the practice of “teaching to the test:” when teacher compensation or promotion is determined by student performance on a standardized test, teachers will tend to downplay those aspects of pedagogy not covered by the test and concentrate on those that are.

The emphasis of South African reforms in public sector management seems to have shifted: emphasis on pro-poor legal and policy frameworks with participatory design and implementation has moved toward a “delivery targeting” approach with strong focus on budgets and input-output targets. Consistent with the experiences of many other countries, this focus on targets and delivery has come at a cost: departments chase sectoral inputs and outputs through “silo-ized” and centralized delivery systems, often while knowing that critical inputs and outputs from other departments are not in place to ensure good outcomes. In their quest to deliver at scale, they often stifle and bypass citizen-user participation. Although unintended, this places excessive focus on outputs, sometimes even at the expense of outcomes. Since service providers are rewarded for delivering outputs and inputs rather than for successful projects (outcomes), providers become less responsive to beneficiaries’ power to reward good outcomes or punish bad ones.

Our hypotheses are:

• First, despite the shift to outcomes emphasized by the Department of Performance Monitoring and Evaluation, existing compacts still focus too much on inputs and outputs.

• Second, compacts continue to focus primarily on the accountability between policymakers and service providers rather than on the relationship between service providers and clients. While perhaps inadvertent, this undermines participation.

Procedures

Simplifying procedures is often the key to improved services. Administrative procedures need to be understandable and practicable to the average users, not just those with greater technical knowledge. In the Philippines, for instance, the government established a single online public procurement portal to allow simpler, speedier provision of common supplies. The

Compacts would benefit from regular and accurate measurements of inputs, outputs, and outcomes.
Simplifying procedures is particularly important because the administration inherited many complexities from the apartheid bureaucracy.

“e-procurement” portal minimized face-to-face interaction between civil servants and potential service providers, ensured equal information access by various bidders for public contracts, and saved money (World Bank 2005a).

Similarly, in the 1990s the Government of Vietnam launched a Public Administration Reform initiative for administrative procedures in vital service areas. As part of this effort, a one-stop shop was piloted in Ho Chi Minh City in 1995 to provide administrative services in business and cultural activity licensing, land administration, construction, and notarization. The one-stop service counter was intended to help citizens and businesses interact with the public administration. Ten years later, one-stop shops had been established in a third of all provincial departments, most districts, and many communes.

Public feedback indicates that one-stop shops “have helped improve the efficiency, effectiveness, transparency, and equality of administrative services in Vietnam” (Asian Development Bank 2005, p. 4). Procedures for dealing with applications are listed, rationalized, and linked in a single unit where a team has been established to process applications. The process is transparent, with clear published guidelines indicating the documentation needed, the time allowed to process applications, and the fees. This helps streamline and clarify the processes, significantly reducing red tape and processing time. After the one-stop shop model had been implemented for five months for land administration in Quang Tri Province, for example, the time to issue land tenure certificates fell from 91 days to 23 for urban land and from 90 days to 13 for rural land.

In South Africa, simplifying procedures is particularly important because the administration inherited many complexities from the apartheid bureaucracy. Some observers have characterized the complexity as deliberate, intended to make the administration as opaque and inaccessible as possible for the black majority while protecting the interests of the white minority. The number of tariff lines was so excessive, for instance, that it almost looked like each producer had its own tariff line: “By the end of the 1980s, South Africa had the most tariff lines (greater than 13,000), most tariff rates (200 ad valorem equivalent rates), the widest range of tariffs, and the second highest level of dispersion (as measured by the coefficient of variation) among developing countries” (Belli, Finger, and Ballivian 1993). The administration could afford high levels of complexity because the apartheid government delivered services only to a minority. This legacy of bureaucratic complexity continues to constrain the black majority’s access to services.

The remnants of the apartheid regulatory framework are visible in sector after sector. The transition did away with the most egregious racist laws, policies, and regulations, while embarking on far-reaching reforms of the regulatory framework, but the magnitude of the task may have been underestimated.

Moreover, many of the old regulatory frameworks have found new constituencies. For instance, apartheid restrictions on the subdivision of land intended to prevent “die verswarting van het platteland” (literally: the blackening of the countryside) are now touted as tools to ensure environmental sustainability and high incomes for new black producers (Van den Brink, Thomas, and Binswanger 2007). In another example, the Township Planning Act of 1970 forced blacks in peri-urban areas into uniform, dense settlements with standardized housing patterns, reminiscent of military barracks. Today, the Act is still in place to prevent urban sprawl and to minimize infrastructure delivery costs, but it also prevents black communities from establishing mixed-use settlements (known as villages in the rest of the world; Berrisford and others 2008). Annex 4 summarizes two communities’ experiences with the complexities of South Africa’s procedures for accessing land.

Finally, South Africa is pursuing one-stop shops under the name “Multi-purpose Community Centres,” intended to provide communities with integrated, coordinated information and a wide range of services. To our knowledge, there has been no rigorous assessment of the performance of these centers.

Silos

Poor coordination of basic and developmental local services has plagued planners and implementers of development programs all over the world. Their experiences show that the challenge of coordinating and integrating programs...
becomes particularly severe when programs are provided by separate sectors of a higher sphere of government—a province alongside the central government, for instance. In that case, financial resources for the execution of local projects flow through sector programs, often called silos, to the local areas (figure 3.1).

These silos typically develop their own priorities, procedures, and timetables, creating several problems for the local government and communities. First, their priorities are invariably different from those of the local government and communities. Second, local officials and communities confront different, sector-specific procedures and timetables for the preparation of projects, application and approval for funding, procurement of goods and services, and disbursement of funds. This creates unnecessary complexity and drains local capacity to comply with the procedures. Inability to apply the financial resources provided by one sector to bridge funding gaps in other sectors adds to the difficulties. In South Africa, the two case studies of land reform highlighted in annex 4 show the severity of these coordination problems and how they stifle local initiative and capacity.

Sector silos not only create problems for local government and communities, they also undermine development priorities of an individual ministry. Acquisition is only the beginning of a land reform project; transforming land into a successful farm that provides an attractive livelihood almost always requires complementary investment in fixed farm assets—irrigation, roads, inputs, technical advice, and housing, among others—which can be more than twice the land costs. In South Africa, the Ministry for Agriculture and Land Affairs is responsible for financing, or cofinancing, all these program components, except for housing. Nevertheless, the senior ministry officials have considerable difficulty convincing staff in the Department of Land Affairs that simply delivering land is not enough. Even when staff know that these other components are not in place and that the likelihood of outcome failure is very high, they will often push ahead with the project to “deliver” on land and budget targets. In their view, the provision of the complementary and crucially important services is “another department’s problem”—the Department of Agriculture in the same ministry.

To understand the cause of these problems, we must look at the basic implementation and funding architecture in place—the silos. Officials cannot deliver desired outcomes because the ministerial departmental financing mechanisms (the silos) do not fund the complete project, just individual aspects. This silo “syndrome” cannot be blamed on officials as it stems from the incentive structures of compacts: departments until recently were held accountable only for what they could deliver measured by inputs (budget) and outputs (for example, hectares of land), not for joint activities with other departments and the outcomes in terms of a beneficiary’s quality of life. Notwithstanding incessant calls by policymakers, alignment, collaboration, and coordination among departments are poor because incentives do not encourage these practices. A senior manager in the City of Cape Town laments: “Even when we had a comprehensive picture, we created silos” (Smith and Vawda 2003, p. 37).

Another important side effect: since service providers are rarely rewarded for successful projects (outcomes) but instead for delivering outputs and inputs, they may be less responsive to the voice and power of beneficiaries’ to reward good, or punish bad, performance. Accountability between service providers and beneficiaries is limited.

Very aware of the problems of output-focused silos, the government has promoted “joined up service delivery systems,” which focus on outcomes. “However, this is a difficult reform agenda, because most municipalities have inherited, and in some ways deepened, the historical
The establishment of Community Development Workers is one government response to local coordination and information problems.

The establishment of Community Development Workers is one government response to local coordination and information problems, which are particularly pronounced in the South African national and provincial silo system. The following quote describes the problem:

“One of the causes of lack of service delivery is attributed to the shortage of expertise and skills at local government level. The harsh reality is that in many cases, officials who are employed in this sphere of government often do not know how to forge strategic links and engage communities on the wide spectrum of government-sponsored programs and projects which aim to better the lives of the disadvantaged” (Foundation for Contemporary Research 2007, p. 9).

While one can quibble with the perspective—blaming the local level instead of the complexity and inaccessibility of the departmental silos driven from the higher spheres of government—instituting a link between citizen-users and government programs can improve both citizen voice and client power. How is this Community Development Workers program faring?

Community Development Workers go through one year of training and receive a monthly stipend. They are supposed to be well informed on the services offered by all government spheres, help communities access these services (grants, identification cards, and others), and identify problems with service delivery.

Formal accountability for Community Development Workers has evolved over time. In the first few years of implementation, Community Development Workers did not report to ward councilors or ward committees, instead reporting upward to provincial administrations. Currently, Community Development Workers trained through provinces as “municipal facilitators” are seconded by municipalities who take responsibility for placing them.

A Handbook on Community Development Workers states that the workers are accountable to the Community Development Manager of the municipality and should be seen as “partners” of the ward committees. Given their role, which includes ensuring “an organized voice for the poor between elections,” holding Community Development Workers more accountable to ward committees seems appropriate. This could allay ward councilors’ perceptions that Community Development Workers are interfering. More trust needs to be built between councilors and Community Development Workers, starting with a clear delineation of roles and responsibilities.

A second challenge in implementing the program is the often poor mentoring and support given to the Community Development Workers by the departments to which they are seconded. This is unfortunate because the potential for Community Development Workers to foster communication between citizens and the state remains untapped. As an example of how Community Development Workers can help, 10 provincial Community Development Workers were deployed in Cape Town to educate township communities on water and sanitation services. Because the water department put considerable effort into the management, training, and delegation of responsibilities to the Community Development Workers, residents of these 10 townships blossomed. The workers became effective...
Communicators to the water department on the service delivery issues raised by users. They became critical intermediaries between communities and the city, helping the water department become more responsive to issues that could not be channeled through a call center.

**Enclaves**

Special “enclaves” within the bureaucracy are sometimes established to bypass government systems and the coordination problems inherent in sector-based programs. An enclave is a special agency that combines the various functions of the line agencies into one organization that receives special status. The enclave is isolated from regular bureaucratic systems—personnel hiring or financial management, for instance—to produce quick results. The enclave solution is often pursued when the coordination problems of the regular line agencies (the silos) seem insurmountable in the face of an urgent—and usually politically high-profile—delivery goal.

Social action funds for community-driven development represent successful examples of enclaves. Social action funds have been particularly effective at channeling investment funds for basic, small infrastructure projects to previously underserved areas. They can channel investments into poorer, remote rural areas less expensively and faster than can line ministries, which often focus on infrastructure in big urban centers. Several impact evaluations have shown that social action funds have reduced poverty and the cost of infrastructure provision and maintenance (for example, see Rawlings, Darling Sherburne-Benz, and Van Domelen 2003).

Considerable evidence suggests that social action funds have been effective in expanding service delivery in Latin America (Fiszbein 2005). In many Latin American countries, enclave agencies were set up to provide specific social infrastructure services through these funds. Often first launched as “social compensation” programs, the funds softened the impact of structural adjustment policies through construction of small-scale infrastructure projects in poor communities. In the 1990s, Peru created a number of “autonomous” agencies for revenue administration, regulatory activities, and social programs. The agencies tended to be staffed with competent professionals who were generally better paid than civil servants in the core ministries and who operated with a degree of autonomy from governmentwide rules governing personnel and financial management.

Enclaves initially benefit from strong political and donor support and commitment, but in the long run they are vulnerable to the same systemic weaknesses in accountability that justified their creation. In addition, their arms-length relationship with government, and the resulting loss of oversight, can lead to opportunistic behavior, including reckless financial activities, corruption, and favoritism (Fiszbein 2005).

The creation of “public entities” is a growing trend in South Africa. During the 1990s, 60 public entities were created, while only 10 were created in the previous decade. “Public entities were created to allow for flexibility in conditions of service, to retain income from revenue raised, to expedite systems (for example, procurement), to ensure operational autonomy, and to implement commercial principles and practices. Challenges however remain, around performance, corporate governance and commitment of some of these institutions to the overall development objectives of government” (PCAS 2003, p. 12).

Enclaves have been used for municipal services. More recently, enclave-type legal entities for various 2010 World Cup projects were established, and “special purpose vehicles” have been proposed to develop urban land and housing. In Johannesburg, the implementation of the Igoli 2002 decentralization strategy led to the creation of 14 municipally owned entities. While service delivery became more efficient, policymaking responsibility and coherence was lost amid the decentralization of so many core functions.

International experience shows that enclaves have had success delivering desired projects, but enclaves also risk perpetuating parallel and uncoordinated bureaucracies instead of fundamentally resolving coordination problems. Special project enclaves play a role in certain situations and can also provide good testing grounds for new approaches, but they must be accompanied from the outset by a clear strategy to fully integrate these programs into the regular bureaucracy.
Contracting the provision of public services to private sector agents is an alternative to creating enclaves.

Contracts

Contracting the provision of public services to private sector agents is an alternative to creating enclaves. We define a contract as a “formal performance agreement captured in a legal document with a private sector provider.”

How does accountability work in a contract? The best way to ensure service provider accountability is to have payment depend on the actual, successful provision of the service. In South Africa, such service contracts exist for toll roads, garbage collection, and airport management, among other services.

Internationally, solid evidence shows that contracting can be successful when the conditions are right: the services provided must be affordable for the poor, which often requires some form of subsidy or regulation; and contracting should lead to an increase in choice for the users. Conversely, contracting is usually not successful when consumer choice is reduced and—in the absence of a strong regulator working in the interest of citizens—a monopoly results.

State capacity may be insufficient to manage the complexities of long-term contracts or those particularly difficult to design and monitor. When the Johannesburg-owned waste management entity—Pikitup—started subcontracting refuse collection, for instance, service quality declined and the city’s regulator had no way to hold these subcontractors accountable (Smith and Morris 2008). Long-term “capture” problems have also been identified in the regulation of contracts with the private sector. One main difficulty is ensuring a close relationship between the regulator and the executive branch. Balancing investor interests with those of consumers is also a challenge.

Private sector participation in Latin America is credited with enabling significant improvements in the utilities sector: connections, labor productivity, and service continuity have improved. Electricity coverage has increased broadly. Water and sewerage services have primarily benefited lower income groups, while a surge in telephone penetration primarily benefited the middle classes.

By contrast, in Indonesia the contracting of water services to private consortiums led to negative outcomes. The public operator failed to negotiate comprehensive service agreements and to manage the private contractors efficiently. Other problems included a lack of clarity of roles, an inadequate incentive structure, and an unclear bidding process in the selection of contractors. The ill-designed concessions also did not provide incentives to the private operators to extend water services to the poorest parts of Jakarta (World Bank 2006).

Contracting social service delivery to nongovernmental organizations (NGO) is also common. To improve efficiency and reduce costs, a growing number of ministries of health in Central America began to purchase primary healthcare services from NGOs—usually private, nonprofit entities—in limited geographic areas. Through a formal, competitive process, El Salvador, Honduras, Nicaragua, and Panama awarded contracts to NGOs to provide coverage to remote (often indigenous) populations with little or no access to care, in return for a fixed, annual capitation payment.

In education, the best known case of contracting with NGOs is the Fe y Alegría schools, which teach roughly a million students in 14 Latin American countries. Evaluation of the program in nine countries indicates that Fe y Alegría schools outperform traditional public schools: on average they have lower repetition and dropout rates, higher overall school progress rates, and higher overall retention rates. These schools are based on an open environment promoting effective parental involvement in the learning process, community involvement in school management, and student-centered strategies (Fiszbein 2005).

Indonesia has also had success contracting services to NGOs. Since 1987, an NGO in Jakarta has been running a school-based intestinal parasite control program. The scheme includes providing information on the causes and consequences of the infections, teaching pupils about the importance of personal hygiene, carrying out biannual examinations, and treating infected children. The prevalence of intestinal worms among children attending schools serviced by the NGO declined from almost 80 percent in 1987 to less than 10 percent in 2003, while the average incidence in Indonesian schools remains between 60 and 80 percent (World Bank 2006).

How is contracting working in South Africa after more than a decade? The White Paper on
Municipal Service Partnerships (DPLG 2004) and the Municipal Systems Act (as amended in 2003) envisage contracts between a municipal council and a private sector partner (a public-private partnership), a public sector partner (a public-public partnership), or a community-based organization or NGO. Smith and Morris (2008) argue that the current requirements of the Municipal Finance Management Act make these NGO contracts unattractive due to vast complexities and management-intensive processes. As a result, their popularity has waned.

Arrangements with public sector partners have not fared much better. For instance, “ESKOM supplies around 40 percent of the City of Cape Town’s electricity, but does not share any information with the city’s planners. This makes effective coordination of energy planning in Cape Town almost impossible” (Pieterse and others 2008, p. 11).

The South African experience with contracting should be assessed in further research. Have the shareholder and customer incentive problems associated with a municipally owned company been well managed? Have the specifics needed to agree on a contract and outputs tended to come at the expense of flexibility and outcomes? When contracts require substantive investments that take a long time to recoup, has contract management been up to the task?

It is necessary to determine whether some existing contracts may be inappropriate due to the difficulty of monitoring and the need for continual decisions about when, where, and how to deliver services. Possible improvements to these contracts to obtain better outcomes need to be identified.

The hypothesis to be tested is that contracting works best for services that are easy to monitor, are nondiscretionary (that is, they do not require additional, context-dependent decisionmaking by the service provider), and can be contracted for fairly short periods of time, making terminating the contract easier. In other words, contracting works best for services delivered in a way that mimics a simple market transaction in a competitive market without large informational problems involving impact. Natural monopolies—which exist in many services that rely on a large network—are less likely to be good candidates for contracting. Healthcare contracting also presents difficulties: our bodies naturally cure many diseases, so it is difficult to ascertain whether care was appropriate and cost-effective without controlled studies.

Decentralizing service responsibilities to lower spheres of government depends on many factors

Decentralization: international experience

Decentralizing public services is prominent on the reform agenda of many developing countries. Decentralization has the potential to enable governments to better respond to local conditions and demands. A main objective of decentralization—usually linked to political motivation—is to strengthen citizen voice by bringing services and elected politicians closer to the client, thereby strengthening the first leg of accountability. Decentralization also displaces the second leg of accountability from the national sphere to the local spheres. By itself, decentralization does little to strengthen the accountability of service providers to citizen-users, although it clearly has the potential to do so. As we have already seen, this potential has not yet been realized in South Africa.

Decentralization can also provide a testing ground for innovations. Central government plays a critical role in stimulating such innovations by providing the appropriate incentives and an enabling environment, monitoring and evaluating performance based on outcomes, harnessing the lessons learned for the benefit of other local governments, and intervening when services fail.

The desirability of decentralizing service responsibilities to lower spheres of government depends on many factors, including the:

- Political environment.
- Technology of the service involved (for example, the extent to which the quality of the service can be measured and monitored).
- Skills intensity required.
- Extent of scale economies involved in delivering the service.
- Existence of an effective system of intergovernmental fiscal transfers and own-revenue raising capacities.
- Level to which services are being decentralized.
- Clear assignment of roles and responsibilities among the spheres of government and the fiscal discipline imposed on each sphere.
• Capacity of national government to effectively monitor and evaluate the other spheres of government.

The 2004 World Development Report provides a useful framework of power devolution (figure 3.2).

The success of decentralization depends on how it affects accountability relationships in terms of political authority, administrative mandates, and fiscal resources (figure 3.3). It also depends on whether the elements of political, administrative, and fiscal decentralization are properly balanced. Fortunately, South Africa has done well in this area, moving authority and resources to local governments along with the election of local councilors. In many African and Asian countries, decentralization was only political and administrative—authorities lack the necessary fiscal resources. Moreover, if as in India until the 1990s, decentralization just replaces the central ministry with a slightly lower tier of government (a province or state) but everything else about the environment remains the same—political accountability, administrative systems, and client power—substantial positive change is not likely.

Another risk of decentralization is that closer proximity to the client can easily be offset by the equally closer proximity to local power structures and capture (Bardhan and Mookherjee 2000). In Latin America, such proximity has been identified as a main reason why the assessment of decentralization has been mixed. Other reasons include the creation of gaps and overlaps in roles and responsibilities, lack of political authority and fiscal resources, and lack of effective supervision of local governments by national and provincial authorities, as well as by citizen-users (Fiszbein 2005).

In many Latin American countries, transferring fiscal resources without having performance accountability standards in place has undermined decentralization. In decentralizing the education sectors in Bolivia and Colombia, perverse incentives were created for each level of government to maximize its budget and powers, and local stakeholders found it difficult to participate effectively in school management. In Argentina, unclear compacts between the central government and provinces resulted in large differences in coverage and quality of education services across provinces; few or no targets and objectives were specified, and large transfers of money were not tied to any efficiency indicator.

Economies of scale also affect decentralization in important ways. For instance, a network service such as water supply is characterized by economies of scale in its management (for example, water quality assurance and chlorination). These economies of scale were sometimes lost when many Latin American countries decentralized water services to municipalities (Fiszbein 2005). Similarly, in South Africa the rapid decentralization of waste water treatment to municipalities has compromised water quality in the poorer rural municipalities because of loss of economies in chemical costs and skills.
Good examples of arrangements where strong intergovernmental compacts coexist with large fiscal transfers can also be found. In China, decentralization involving large transfers has worked well across many sectors. In Chile, the education delivery responsibility was transferred to municipalities after clearly defining the responsibilities, rights, and obligations of the new providers. Central resources allocated to municipalities were linked to increased numbers of students attending class (Fiszbein 2005, p. 21).

Between 1999 and 2001, in the wake of the Asian Financial Crisis, highly centralized Indonesia built on longstanding analytical work to decentralize in a “big bang,” the country has continued to improve on the decentralization framework ever since. Local and provincial governments are autonomous territorial entities within the unitary state of Indonesia, with 33 provinces, about 440 districts, 100 urban municipalities, and 80,000 villages. To avoid centrifugal tendencies, decentralization was directed straight to the local governments, largely bypassing the regional authorities. Administrative responsibility for service provision was transferred to subnational governments, which employ more than three quarters of the 2.4 million civil servants. The decentralization laws require the central government to transfer at least 26 percent of net government revenues to the subnational level, mostly to local governments. Most of the resources are no longer earmarked, while raising local revenue remains difficult—not an ideal situation for accountability. A triangular system of accountability involving the heads of the regions, the local councilors, and the communities is being improved gradually over time.

Since 1998, the Indonesian government has also implemented the community-driven National Program for Community Empowerment (PNPM), which has emerged as one of the best national community-driven development programs in the world. Community mobilization under the PNPM is coordinated with the transfer of funds for community projects and with capacity-building to strengthen communities and decentralized local governments. Communities have implemented hundreds of thousands of projects in infrastructure, livelihoods, social services, and natural resources management. The PNPM has enhanced top-down accountability across local governments, introducing innovations in accountability such as community audit committees, NGOs and the press as monitors, and a comprehensive monitoring and evaluation system.

Since about the mid-1990s, many African countries have pursued decentralization ostensibly as a means to improve accountability and service delivery. A description of the “degrees” of decentralization in African programs is presented in table 3.1.

### Table 3.1 Forms of decentralization

<table>
<thead>
<tr>
<th>Degree of decentralization</th>
<th>Political features</th>
<th>Fiscal features</th>
<th>Administrative features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deconcentration (minimal change)</td>
<td>- No elected local government</td>
<td>- Local government is a service delivery arm of the center and has little or no discretion over how or where services are provided</td>
<td>- Provider staff working at local level are employees of center and accountable to center, usually through their ministries; weak local capacity is compensated by central employees; accountability remains weak if provider monitoring is weak; citizens could have to rely on a weak long route stretching to politicians at the center; a strong compact between policymakers and providers can compensate to some extent</td>
</tr>
<tr>
<td>- Local leadership is vested in local officials such as a governor or mayor but appointed by and accountable to the center</td>
<td>- Funds come from the center through a central ministry or department</td>
<td>- No independent revenue sources</td>
<td></td>
</tr>
<tr>
<td>- Voice relationships are remote and possibly weak</td>
<td>- No independent revenue sources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delegation (intermediate change)</td>
<td>- Local government may be led by locally elected politicians, but it is still accountable fully or partially to the center</td>
<td>- Spending priorities are set centrally, as are program norms and standards; local government has some management authority over allocation of resources to meet local circumstances</td>
<td>- Providers could be employees of central or local government, but pay and employment are typically set by center</td>
</tr>
<tr>
<td>- Voice relationships are more local but can be overridden by center</td>
<td>- Funding is provided by the center through transfers, usually a combination of block and conditional grants</td>
<td>- Local government has some authority over hiring and location of staff but is less likely to have authority over firing</td>
<td></td>
</tr>
<tr>
<td>- No independent revenue sources</td>
<td></td>
<td>- Both long and short routes to accountability are potentially stronger; greater local knowledge can allow better matching and monitoring of supply with local preferences, strengthening both the compact and client power</td>
<td></td>
</tr>
<tr>
<td>Devolution (substantial change)</td>
<td>- Local government is led by locally elected politicians expected to be accountable to the electorate</td>
<td>- Subject to meeting nationally set minimum standards, local governments can set spending priorities and determine how best to meet service obligations</td>
<td>- Providers are employees of local government</td>
</tr>
<tr>
<td>- Voice relationships can be very strong, also subject to capture by elites, social polarization, uninformmed voting, and clientelism</td>
<td>- Funding can come from local revenues and revenue-sharing arrangements from center</td>
<td>- Local government has full discretion over salary levels, staffing numbers, and allocation, and authority to hire and fire</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- A hard budget constraint is imperative, creating incentives for accountable service</td>
<td>- Standards and procedures for hiring and managing staff may still be established within an overarching civil service framework covering local governments generally</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Potentially the strongest long and short routes to accountability, but now also more influenced by local social norms and vulnerable to local capacity constraints and politics</td>
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</tbody>
</table>

A sound decentralization framework has been established in South Africa with an advanced intergovernmental fiscal framework. Several common factors have impeded successful implementation of decentralization in Africa.

First, many countries may have focused prematurely on devolution, the full transfer of delivery responsibilities, staff, and financial resources to local governments. Devolution is always a politically difficult process as centralized bureaucracies generally resist the loss of functions, staff, and financial resources. Premature devolution usually slows capacity-building for sustainable delivery of services and infrastructure. A few countries, including Ethiopia, have been more effective by first building the capacity local governments need to successfully implement core local service delivery mandates. Ethiopia has established a national capacity-building conditional grant mechanism. Three and a half years after its creation, the mechanism is complemented by local government-matching grants, conditioned on broad indicators of performance, rather than on specific infrastructure and service investments.

Second, many African countries have retained—and even expanded—local government systems established during the colonial era. These systems typically include rural local government jurisdictions entirely dependent on the center for resources—thus accountable mainly to the center rather than to citizens.

In almost all large and complex societies, some jurisdictions will not be able to sustain service delivery through locally generated resources due to remoteness or lack of natural resources, for instance. Nonetheless, limiting the number of local governments dependent mainly on transfers from the center is a sound principle for public administration of decentralization.

District local governments in many former British colonies do not conform to this principle. Almost all of the more than 50 district local governments in Zambia, for instance, depend largely on central transfers. As in South Africa, this problem is often compounded by unsustainable, intervening layers of subnational entities: provinces, regions, or states. Unlike the 50 states in the United States, for example, subnational entities in Africa frequently have little or no resources of their own, few real delivery assignments (and those they do have are often performed poorly), and limited direct accountability to specific constituencies. Again, the tendency is to look upward to the central authority.

Finally, successful decentralization can be described at least partly by the division of capital spending among the tiers of government. In Organisation for Economic Co-operation and Development countries, for instance, subnational spending on public services and infrastructure accounts for more than half of total public spending. In a study of fiscal decentralization carried out in seven African countries (Ghana, Senegal, South Africa, Swaziland, Uganda, Zambia, and Zimbabwe) in the late 1990s, less than 10 percent of public spending, on average, flowed through subnational entities. In such a situation, where 90 percent of public spending is by national agencies, the ability of people—particularly the poor—to exercise the short route to accountability is limited (Steffensen and Trollegard 2000).

The literature abounds with principles of decentralization, and many are instructive. Recent experience in Africa indicates that three could be critical:

- Do not focus prematurely on full devolution. Accountable local governments must first focus on successfully delivering their core responsibilities, and devolution can follow later as politics allow.
- Subnational governments that are mainly dependent on transfers from the center will usually focus on upward accountability.
- “Allocative efficiency” is not just jargon. The share of public spending carried out by accountable subnational agencies is positively related to development achievements.

The system of decentralization in South Africa

A sound decentralization framework has been established in South Africa with an advanced intergovernmental fiscal framework. Conditional grant funding from national to provincial government is allocated using an equitable share calculation (population- and poverty-linked). In addition, creditworthy municipalities can access subnational sovereign borrowing, and real estate property taxes provide a source of local revenue.

A brief review of the recent history of decentralization in South Africa may be useful. As negotiations to end apartheid began in the early
1990s, a document entitled *ANC Regional Policy* clearly expressed the consensus that three constitutionally defined spheres of cooperative governance should be established. Chapter 3 of *The Constitution of the Republic of South Africa* (Act 108 of 1996) succinctly lays out the “principles of co-operative government and intergovernmental relations,” which all three spheres are expected to follow. Chapter 7 defines the roles and types of local governments (now known popularly as metros, districts, and locales), and Schedules 4 and 5 define the functions of the three spheres, including functions concurrent with the national and provincial spheres (Schedule 4, Part A) and functions that focus on local governments (Schedule 4, Part B).

As noted earlier, the clarity of South Africa’s Constitution is admirable: its 14 chapters and 7 schedules are concise, and it is written in comprehensible language. But as with all negotiated compacts, the Constitution reflects a number of settlements on critical issues, not least of which are the functional assignments included in Schedules 4 and 5.

The Constitution was adopted in May 1996, and the Municipal Demarcation Board was formally established in February 1999. The Board completed its main mission of demarcating 284 municipalities covering all of South Africa—including 6 metros, 232 local municipalities, 46 districts, and 3,754 wards—in time for the first truly democratic local government elections on December 5, 2000. In just 15 months, the Board held hundreds of public consultations throughout the country, received thousands of written submissions, and digested massive amounts of demographic, financial, economic, and geographic information system data to replace the 843 racially segregated local governments extant at the end of the apartheid era (Municipal Demarcation Board 2004). The thoroughness and pace of these crucial reforms is viewed by most knowledgeable practitioners as nothing short of astounding.

The full framework for democratic governance and accountability in South Africa has been in place for over nine years, and there have been three rounds of local government elections so far (2000, 2005, and 2009). The full framework for accountable governance in South Africa is, therefore, very young and still a work in progress. Disputes over certain municipal boundaries still occur, and the Board continues assessing and adjusting demarcations. But it is indisputable that all South Africans now have, for the first time in the country’s history, a clearly defined governance framework of municipalities, provinces, and a national government operating through legislation and programs that emanate from the 1996 Constitution.

So who is accountable for what? In all complex societies, most citizens are not fully familiar with all the government entities created to meet their needs. Most citizens are generally aware that national defense, central banking, and international diplomacy are national government functions. Beyond these, most citizens look to the nearest and most accessible sphere of government for assistance with day-to-day needs, including the delivery of basic, critical services and infrastructure. As argued previously in this paper, this short route to accountability works best when the services in question are direct and easily measurable: water, streets, streetlights, electricity, refuse removal, shelter, public education, health services, identity cards, and the recording of life events such as birth, marriage, and death.

Obviously, and for a variety of reasons specific to each situation, public service provision is never as clear and direct as citizens prefer. Economies of scale, measures of effectiveness and efficiency, and history always produce a public service delivery and accountability framework more complex than citizens expect. South Africa is no exception.

Most of the public functions to be carried out by the three spheres of government are set out in Schedules 4 and 5 of the Constitution. The functions clearly assigned to local governments in Part B are predictable: electricity and gas reticulation, firefighting, potable water supply, waste water and sewage disposal, and municipal planning and public works. Part A of the same schedule lists public functions that are concurrently the responsibility of national and provincial government: education at all levels, health services, the environment, housing, industrial promotion, public transport, and urban and rural development. Schedule 5, Part A goes on to list functional areas of exclusive provincial competence, while Part B lists additional...
functions that may be “assigned” by provinces to municipalities (see Section 156 (1) (b)). Section 99 provides that a national Cabinet member may assign any power or function to a member of a Provincial Executive Council or a Municipal Council subject to legislation and a Presidential Proclamation.

The above shows that service delivery accountability in South Africa is not so clear after all. This situation has developed for a number of reasons.

First, the truly remarkable consensus-building exercise that led to the 1996 Constitution involved, of course, a number of negotiated settlements. Contention over the need for provinces at all was considerable. The African National Congress (ANC) favored a “weak” regional arrangement but the “federalists,” particularly in the Cape and KwaZulu-Natal, insisted on the strong, elected provincial structures that finally prevailed. Once established, the provinces had to have functions—hence Schedules 4 and 5. During these negotiations, the “localists” argued for metropolitan area independence from provinces, but this approach was successfully opposed by both the federalists (who worried that the ANC would dominate in Durban and Cape Town, thereby eviscerating the KwaZulu-Natal and Cape provinces) and more hierarchically oriented elements of the ANC.

Second, as it prepared to govern, the ANC was designing the Reconstruction and Development Programme, aimed particularly at redressing service delivery and housing imbalances in favor of the disadvantaged majority. The Reconstruction and Development Programme was consciously supply-driven, and given the vast disparities imposed by the apartheid regime, this choice was widely viewed as justified. The supply-driven approach meant that functions that could be delivered effectively by local governments and communities, particularly housing, were reserved for national and provincial implementation.

Third, the implications of constitutional assignment of certain functions to the national and provincial spheres may not have been fully considered—notably environmental regulation. Given the breakneck pace of change that typified South Africa throughout most of the 1990s, it is entirely understandable that certain functional assignments may not have been examined as thoroughly as necessary.

Finally, the local governments were in turmoil in the mid-1990s; transitional councils throughout the country struggled just to maintain basic services. Johannesburg, for instance, was technically bankrupt by 1998, and “stabilization” was the objective of the day. So assignment of additional functions to local governments with severely strained capacities and still indistinct jurisdictions was not in order.

How, then, does South Africa rate in terms of the three principles outlined above?

Do not focus prematurely on devolution. South Africa has recently focused more on centralization than devolution. First, the more than 800 segregated local governments of the apartheid era were conglomerated into only 284 metro, district, and local municipalities. The need to dismantle apartheid local government was unquestionable, but South African citizens today have fewer and more distant local governments to hold accountable. Main delivery responsibilities have also been centralized, notably housing and electricity distribution. So while South Africa has not confused decentralization and devolution, it also has not rigorously examined the subsidiarity principle, although the Ministers of Finance and Provincial and Local Government did introduce a motion to do so in Parliament in 2007, and the Department of Planning and Local Government is reviewing structures and functions.

Upward accountability is encouraged by dependence on central transfers. Of the 9 provinces and 284 local governments in South Africa, only the 6 metros and a number of the larger towns and cities do not depend significantly on central transfers. Again, it is unquestionable that redistribution of revenues has been, and will remain for some time, a top priority in South Africa. It is disconcerting, however, when subnational governments are not held accountable primarily by the citizens who contribute the majority of the financial resources for services.

Allocation of public spending is done locally, and the data is not encouraging. While total revenue directed to local governments is increasing
sharply, the percentage of revenue going to local governments is not. In fact, over 90 percent of the national budget is still allocated to national and provincial governments (table 3.2).

The Equitable Share “unconditional” grant and the conditional Municipal Infrastructure Grant combine to make up most transfers to local governments (figure 3.4). Both of these transfer mechanisms are well designed. The Equitable Share allows local governments to fully determine how funds will be spent, while Municipal Infrastructure Grants must address service and infrastructure backlogs. So the main South African intergovernmental transfers do allow local decisionmaking and, in theory, efficient allocation of funds.

In terms of the three principles outlined above, the high level of provincial and local government “grant dependency” is most concerning. A second concern is that nearly half the national budget—including high public spending on health, education, and housing—continues to flow through provinces.

In conclusion, decentralization has occurred in a number of areas, either mandated by the South African Constitution or as part of a ministerial delegation (for example, Land Affairs). The Constitution explicitly lays out the principle of subsidiarity as a guide for decentralization. In practice, however, only limited decentralization to municipalities has happened.

The main hypotheses to be explored further in the next chapters are:

• Some local government service assignments are underdeveloped.
• More critical services could be directly delivered by local government, following the principles of subsidiarity (for example, housing, education, and health).

Performance of local governments in South Africa

State of Local Government in South Africa, released in October 2009, found that local governments nationally suffer from low confidence and that structural weaknesses account for many of the challenges municipalities face. While given an exceptionally wide-ranging and challenging mandate, many of the administrations are less than 10 years old and have had to establish themselves in areas where it is difficult to attract capable professionals. Municipalities also suffer from decades of neglected investment and development, and the resource base to support the functions they must perform is inadequate.

The assessment also found widespread municipal corruption and abuse of political office and job status for personal gain. “A culture of patronage and nepotism is now so widespread in municipalities that the formal municipal accountability system is ineffective and inaccessible to most citizens. There is now a lack of citizen confidence and trust in the system” (CoGTA 2009a). The report noted inappropriate appointments to meet employment equity targets, deployment of unqualified ANC cadres in senior professional positions, and decision-making and resource allocation based on party and factional politics rather than assessments of needs (CoGTA 2009b).

<table>
<thead>
<tr>
<th>Table 3.2</th>
<th>Vertical division of revenue, 2003/2004–2009/10 (ZAR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>148,142</td>
</tr>
<tr>
<td>Provincial</td>
<td>122,673</td>
</tr>
<tr>
<td>Local</td>
<td>11,581</td>
</tr>
<tr>
<td>Total</td>
<td>282,396</td>
</tr>
<tr>
<td>National (percent)</td>
<td>52.5</td>
</tr>
<tr>
<td>Provincial (percent)</td>
<td>43.4</td>
</tr>
<tr>
<td>Local (percent)</td>
<td>4.1</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Note: Data does not include spending of own resources by local governments.
Source: National Treasury local government database.

<table>
<thead>
<tr>
<th>Figure 3.4</th>
<th>Transfers by type, 2003/2004–2009/2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZAR billions</td>
<td>Equitable share</td>
</tr>
<tr>
<td>Source: National Treasury local government database.</td>
<td></td>
</tr>
</tbody>
</table>
Facing national local government elections in early 2011, a comprehensive Local Government Turnaround Strategy (LGTAS) has been prioritized, with strong emphasis on strengthening performance monitoring, governance, and accountability (figure 3.5). The approach, endorsed by the Cabinet in December 2009, required every municipality to draft its own turnaround strategy by April 2010 to remedy problems in its area of jurisdiction. These strategies would then form part of the Integrated Development Plan for the coming year.

The LGTAS has five core objectives:

- Ensure that municipalities meet the basic needs of communities, with systems to accelerate quality service delivery, considering each municipality’s conditions and needs.
- Build clean, responsive, accountable local governments.
- Improve functionality, performance, and professionalism in municipalities.
- Improve national and provincial policy, support, and oversight to local government.
- Strengthen partnerships among local government, communities, and civil society (CoGTA 2009b).

Turnaround strategies will focus on immediate priorities before the 2011 local government elections and on longer term objectives once new municipal councils are elected.

The LGTAS proposes more coordinated provincial and national support to local government, with dedicated national and provincial task teams. It acknowledges the extent of variation across municipalities—from established metros to still-maturing municipalities serving predominantly rural areas—and proposes different approaches according to the capabilities of the local government: competent authorities would receive greater latitude while struggling authorities would receive greater support.

The Department of Cooperative Governance and Traditional Affairs (CoGTA) has hinted that some municipal powers and functions may be revised. CoGTA provides for a special purpose vehicle to fast-track infrastructure development to accelerate service delivery for municipalities that need support. The strategy reaffirms the government’s commitment to closer engagement with its citizens, primarily through a refined ward committee system “based on the will of the people.”

Supporting the new emphasis on accountability and professionalism across President Zuma’s government, all mayors will sign performance and service delivery agreements with their respective Provincial Member of Executive Committee, who will sign complementary agreements with their ministers. The ministers have already signed performance agreements with the President. Municipal managers will also sign performance agreements with their respective mayors.

The new emphasis on performance objectives and desired outcomes, and monitoring progress toward targets, introduces a new degree of accountability in public office. The new system does raise questions about how performance will be monitored, however. The real measure of the success of the LGTAS will be how much it shifts the focus of service delivery from infrastructure provision to good service by allowing citizens a meaningful voice in holding government accountable. Will citizens be invited to contribute their own assessments of how government is performing? Will their own perspectives and local experiences be taken into account? If ward committees are to be the primary communication forum, how will their credibility be transformed?

Notes
1. See www.gov.za. Examples of actions that we classified as outcomes include areas of
progress, such as a decline of malaria in a given zone, an increase in HIV/AIDS patients receiving antiretroviral therapy, a rise in the number of households with proper sanitation, among others. Examples of outputs include measurements, such as the number of low-income houses delivered to citizens, the number of flags installed in schools, and others. In some instances, the distinction between outcomes and outputs is blurred. An increase in households with sanitation or the creation of jobs through the Growth Programme, while outputs strictly speaking, can be considered outcomes as both achievements clearly improve the well-being of households. By contrast, the opening of 10 new schools, or registration of unemployed people to the National Youth Service, does not automatically translate into positive outcomes. Finally, inputs included all policy documents approved, strategy notes completed, studies presented, projects implemented, and resources distributed.


3. While simplifying procedures is here discussed as part of leg two of the long route to accountability, it also has its place in the short route. Since the early 1990s, simplifying and delegating infrastructure and service provision to communities through community-driven development has become an important feature of World Bank–financed programs all over the world. Among other innovations, it requires the direct transfer of financial resources to communities for their own management. As shown in chapter 8, scaling-up this innovation was only possible after radical simplification of disbursement, procurement, and the financial accounting systems of communities, governments, and the World Bank.

4. ANC Constitutional Committee and Department of Local and Regional Government and Housing, ANC Regional Policy; draft discussion document published by the Centre for Development Studies, University of the Western Cape, October 1992.

5. Similar to “chartered cities” in the Philippines and elsewhere.

6. Subsidiarity is an organizing principle that matters ought to be handled by the smallest, lowest or least centralized competent authority.
“Development is not about the delivery of goods to a passive citizenry. It is about active involvement and growing empowerment. In taking this approach (that is, ‘A People-Driven Process’) we are building on the many forums, peace structures, and negotiations that our people are involved in throughout the land” (ANC 1994, pp. 4–5).

This quote captures a powerful vision of participation in the African National Congress’s (ANC) Reconstruction and Development Programme—its development strategy for the new South Africa. Friedman (2006a) reminds us that the post-apartheid government did not need to be convinced of the virtues of participatory governance mechanisms because of how the struggle had been conducted.

The short route to accountability—the direct interaction between citizens and service providers—is all about participation. Citizens should be able to exercise varying degrees of influence over service providers—we call this “client power.”

Sydney Mufamadi, former Minister for Provincial and Local Government, describes the tensions in South African policymaking:

“There are those within the wider policy debate who focus exclusively on the need for accelerated delivery of services and question why we need such complex time-consuming participatory and democratic processes. This view assumes that everybody has the same needs and therefore it is obvious what must be delivered. All that remains is to get the finances and technical capacity in place. In short, developmentalism becomes predominant, with democracy almost a luxury. The problem with this view is that it is not always obvious what people living in specific communities actually need, and in particular it is often unclear how best to deliver services. If we accept that each context is different then we cannot assume that ‘one-size-fits-all’ is going to work” (DPLG 2008, p. vi).

Despite the minister’s vision, Pieterse and others (2008) conclude that the early phase of developmental local government was indeed participatory and transparent but that the pendulum has now swung back toward technical and financial imperatives. While service delivery policies continue to demand that citizens and civil societies participate, this study shows that practice and quality across the board are scant and uneven.
South Africa’s Batho Pele principles formalize strong short-route accountability in services. In its Country Report for South Africa, the African Peer Review Mechanism (APRM) highlights the Batho Pele principles as “best practice.” It goes on, however, to say that “[i]nnovative initiatives like Batho Pele are still poorly understood and have not addressed the fundamental issues behind poor service delivery. Public participation is usually ad hoc with little information of public awareness” (APRM 2007, p. 104).

The Public Service Commission (PSC) describes the origins of the Batho Pele principles and, in a prescient statement, what happens when they are ignored:

“It should come as no surprise that public participation was enshrined in the Constitution as one of the values and principles of public administration. Equally important also is the fact that given its history, ours is a citizenry that not only values but also expects public participation. Practically, this means that if state institutions do not institutionalize and adequately promote public participation, citizens are likely to find other ways to express themselves and attract attention, even if this involves using less constructive mechanisms” (PSC 2008a, p. 53).

Recently, some citizens have drawn attention to the need for public participation through protests and activism. This should signal to the government that effective communication and public participation must remain a fundamental priority. “A key part of these battles is about what constitutes consultation and how citizens get involved in decisions which affect their lives” (PSC 2008a, p. 53).

The short route to accountability is particularly underdeveloped in South Africa. A 2007 Citizen Satisfaction Survey focused on the services delivered by the Departments of Agriculture, Land Affairs, and Water Affairs and Forestry (PSC 2007). The survey reported that while the departments generally met clients’ needs, little consultation with clients took place. Its main policy recommendation was to increase such consultations (PSC 2007).

The challenge of improving the short route to accountability is not unique to South Africa, but a feature of many dysfunctional service systems in the developing world. Merely providing information to citizen-users and holding consultations with them is insufficient to create a strong accountability link: citizen-users must be able to alter service provider behavior.

The Batho Pele principles of consultation and redress

Two of the most important Batho Pele principles supporting citizen voice and user power are consultation and redress. The PSC assessed the application of these principles, concluding: “Initial steps to improve service in line with Batho Pele have had uneven success. Weaknesses include poor senior management involvement in the monitoring of the implementation of the principles driving Batho Pele, and lack of public involvement in the enforcement of these principles. Such public involvement would require a confident citizenry that holds officials to account without fear of reprisals such as the withholding of services and benefits” (PSC 2008a, p. 13).

Consultation

The PSC’s report on Batho Pele and consultation (PSC 2008b) found that the definition of consultation used by most departments reflects a misunderstanding of the intentions of the White Paper on Transforming Public Service Delivery. In most cases, departments cite instances of “consultations” when departments only inform customers and stakeholders about services rendered. But informing is not consulting; consultation should engage the public through a platform where they can express views on the level and quality of services they receive.

The report found that only 5 percent of the departments indicated that they consult on their service standards. Not surprisingly, the PSC found in an earlier study that citizens are generally not satisfied with the consultation mechanisms of several departments. In contrast, only 12 percent of interviewed departments perceived that they were performing poorly on consultation.

Departments cited mainly budgetary constraints to consultation. This constraint seems self-imposed, however, because most departments do not budget specifically for its implementation, monitoring, and evaluation.

Departments should set and implement practical consultation objectives and standards
and experiment with those most feasible, effective, and efficient, including Citizen Satisfaction Surveys, Citizens’ Forums, Izimbizo, and service delivery hearings. They should clarify consultation roles and responsibilities, hold people assigned these roles accountable, and improve monitoring and evaluation.

Redress and complaints mechanisms
Complaining can lead to provider accountability to clients, but the scope for poor people to complain individually is narrow. In rich countries, individuals get help from tort law and government-sponsored ombudsmen or consumer protection offices. This kind of help is rare to nonexistent for the poor in developing countries.

In South Africa, many services operate customer complaints desks, typically helpful only for users that are literate, are numerate, can call a customer service center, and have a sense of their rights as a client. This list of prerequisites excludes most users, who would need quite different mechanisms to voice their opinions.

Some problems for which voice might be expected to work are intractable. Take corruption: the public might resent the taking of under-the-table payments, but they have no incentive to complain because the public service is still cheaper than a private doctor.

A deeper constraint exists: even when there is an opportunity to redress complaints, monitoring and follow-through are “public goods” —the benefits accrue to the entire group while the costs are borne by a few. Poor people would probably benefit from government facilitation of community groups to take on complaining and monitoring.

The PSC also assessed the implementation of the redress principle of Batho Pele (PSC 2006). Most government departments have complied partially with redress: the PSC study found that 90 percent of national departments and 84 percent of provincial departments had some form of complaints handling system. But many of these systems are not formalized: they do not have written guidelines, record complaints, or monitor and evaluate service delivery. Standards and complaint procedures are not reviewed to determine if the departments’ redress and client-care objectives are being met. Two-thirds of national departments and more than half of provincial departments said that they had written guidelines specifying how different types of complaints should be handled. Only 29 percent of national departments and 41 percent of provincial departments had set standards for redress.

Follow-ups display a similar pattern: the PSC study found that only 29 percent of national departments and 47 percent of provincial departments reported conducting follow-ups to monitor the fairness of their complaints handling system. Only 29 percent of national departments and 18 percent of provincial departments indicated that they have a specific system to monitor and evaluate performance on redress. The main reason for these low numbers is that departments do not have formal systems in place. Only 27 percent of all departments indicated having a system that allows external stakeholders to assess their performance on redress. In a self-assessment, 39 percent of national departments and 21 percent of provincial departments indicated that redress implementation is inadequate and requires further attention.

The PSC study recommends that departments implement the model of good practice for redress based on the steps outlined in the Batho Pele Handbook. Departments must also identify targets or standards for redress, benchmark redress performance, develop indicators for measuring compliance with redress, and establish guidelines for ensuring accountability for complaints handling systems.

The government should also experiment with facilitating community groups’ participation in logging and monitoring complaints.

Improving information flow
The Bill of Rights (chapter 2) of the Constitution has a simple and clear vision about information flow: “Everyone has the right of access to any information held by the state.”

International experience shows that improving information flow can help citizens influence service providers. Public disclosure, Public Expenditure Tracking Surveys, Quantitative Service Delivery Surveys, citizen report cards, reporting of absenteeism, Citizen Satisfaction Surveys, citizens-based budget analyses, service benchmarking, program impact assessments, and media strengthening all help improve
information flow. Such mechanisms not only improve access to services, they also create a virtuous policy feedback loop, allowing government to continually update and improve its policies. A brief overview of four of these mechanisms—Public Expenditure Tracking Surveys, citizen report cards, reporting of absenteeism, and Citizen Satisfaction Surveys—is presented below.

Public Expenditure Tracking Surveys
Uganda is a good example of the positive impact that improving information flow can have on accountability. A 1996 Public Expenditure Tracking Survey of Ugandan local governments and primary schools revealed that only 13 percent of the annual per-student capitation grants from the central government made it to schools over 1991–1995. Local officials captured the rest, and most schools received no grants at all. Financial flows were rarely audited or monitored, enrollment data were unreliable, and schools and parents had little to no information about their entitlements to the grants.

To respond to the problem, the Ministries of Finance, Education, and Local Government began jointly publishing data on monthly district grant transfers in newspapers and broadcasting the data on the radio. Primary schools and district administrations were required to post notices on all inflows of funds. This promoted accountability by giving schools and parents access to information to understand and monitor the grant program. Parents were also able to use a new complaints mechanism to voice their concerns.

The impact was dramatic: in 2001, 82 percent of the central grants reached schools (figure 4.1), and pupils in districts highly exposed to the information campaign scored better on the national exam than those less exposed. This inexpensive but well-targeted policy action (the provision of mass information) shows how strengthening both the compact (central ministries increasing their oversight on the sector) and citizen-user power (improving information flows and complaints mechanisms) can be highly effective.

Citizen report cards
Several countries have used a citizen report card, or citizens’ evaluation of service providers, to establish a monitoring and sanctioning relationship of accountability between citizens and service providers. A citizen report card collects citizens’ opinions about one particular service or a range of services. This information is then fed back to the citizenry so that they can get a sense of how the whole community views service delivery. In theory, this improved information flow should facilitate collective action to hold the service provider more accountable and thus trigger the provider to improve service delivery.

The basic assumption is that “naming and shaming” poor service delivery would improve it. What would argue against this assumption?

• First, citizens would rather not spend the effort to monitor and sanction their service providers, hoping that other mechanisms would provide accountability (the “free rider” problem).

• Second, if citizens hardly use the service while many alternative, private providers are available, they will be even less interested in spending the effort.

• Third, if citizens’ complaints do not pose a credible threat, why should a provider care about receiving a bad report card? With no response from the service provider, citizens will lose interest in the exercise.

• Fourth, elite capture may occur: elites may distort the monitoring and sanctioning to their own advantage (Björkman, Reinikka, and Svensson 2006).

Citizen report cards have spread beyond Bangalore—where they were introduced—to urban and rural services in 24 Indian states as
well as cities in Kenya, Mozambique, the Philippines, Ukraine, and Vietnam. But do they work? Many practitioners believe so, but the evidence is building slowly (Banerjee and Duflo 2006). The latest scientific evaluation was positive. In a randomized use of citizen report cards on health service delivery in Uganda, local nongovernmental organizations facilitated two rounds of village service delivery in Uganda, local nongovernmental organizations facilitated two rounds of village service delivery standards were discussed. Villagers and staff were then asked to develop a joint action plan. In the short term, this intervention paid off.

However, the use of citizen report cards for health providers in India warns that the positive effects of such a demand-side intervention may not last, underscoring a point in this report: introducing one accountability tool is unlikely to be effective where a systemic accountability problem exists (box 4.1). In this regard, two differences between the institutional settings in Uganda and South Africa must be considered: health services in Uganda are decentralized to the district level whereas health services in South Africa are managed at the provincial level; and in Uganda, there is a mechanism for community oversight over the local health facility—the Health Unit Management Committee—while no such mechanism exists in South Africa.

Reporting of absenteeism
What incentives do service providers have to fulfill their service obligations? Is service provider pay affected by whether services are actually provided? Even more basic, do service providers show up for work?

The absenteeism rate of frontline service providers is one of the most telling indicators of whether the second leg of the long route to accountability is working. Citizen-user reporting on such absenteeism, and linking such reporting to rewards and penalties, can strengthen service accountability.

Chaudhury and others (2006) show that—in a sample of developing countries including Bangladesh, Ecuador, India, Indonesia, Peru, and Uganda—teacher absenteeism averaged at about 19 percent and that for health workers at about 35 percent (table 4.1).

Kremer and others (2005) provide disconcerting evidence from Indian states: on average, almost a fourth of Indian teachers do not show up for work on any given day, with the worst student outcomes in Bihar and Jharkhand, where absenteeism rates are around 40 percent (table 4.2).

Box 4.1 Citizen report cards: Bangalore and Uganda

The citizen report card on public services was created by a group of civil society institutions in Bangalore, India, that were frustrated by poor service delivery. The group decided that the best way to stimulate an informed debate on the state of public services in the city was to enable users to give feedback on their experiences with the services. A report card was designed asking respondents to rate service delivery institutions. The exercise produced a user evaluation of the main service providers, ranking each institution according to its customer satisfaction rating. The survey asked about staff behavior, quality of service provided, use of “speed money” (bribes), and degree of responsiveness to complaints, among other things. The results were shared with the heads of all rated agencies and covered extensively in the press.

The report cards had a remarkable impact on public awareness of the need for improved service delivery and were instrumental in mobilizing public pressure for improvement, which in turn triggered reform in several of the agencies receiving unfavorable ratings. A follow-up survey in 1999 showed significant improvement in user satisfaction for most of the public service institutions. Note, however, that this “before-after” exercise took place during a period when Bangalore experienced profound economic improvement.

Recent research by Björkman and Svensson (2007) in Uganda provides more convincing evidence. They evaluated the impact of a citizen report card project intended to help rural communities hold primary healthcare providers accountable. The impact evaluation used a randomized field experiment approach to discover that the report cards improved two important elements of accountability: access to information and local organizational capacity to use the information effectively. As communities began to monitor the provider, both the quality and quantity of health service provision improved. One year into the program, service use rose 16 percent, weight-for-age z-scores for infants improved significantly, and deaths among children under five fell 33 percent. These findings suggest that staff behavior was affected, and increased effort by health unit staff to serve the community improved the quality and quantity of health service delivery.

Overall, the results suggest that community monitoring can play an important role in improving service delivery.

<table>
<thead>
<tr>
<th>Country</th>
<th>Primary schools</th>
<th>Health centers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>16</td>
<td>35</td>
</tr>
<tr>
<td>Ecuador</td>
<td>14</td>
<td>—</td>
</tr>
<tr>
<td>India</td>
<td>25</td>
<td>40</td>
</tr>
<tr>
<td>Indonesia</td>
<td>19</td>
<td>40</td>
</tr>
<tr>
<td>Peru</td>
<td>11</td>
<td>25</td>
</tr>
<tr>
<td>Uganda</td>
<td>27</td>
<td>37</td>
</tr>
<tr>
<td>Unweighted average</td>
<td>19</td>
<td>35</td>
</tr>
</tbody>
</table>

Source: Chaudhury and others 2006.
Other researchers also found absenteeism to be significant, with the average teacher in rural areas reportedly spending fewer than 16 hours per week on actual teaching (Chisholm and others 2005). Yet all schools have School Governing Bodies that are typically viewed favorably by the parents in the focus groups—parents do have a place for their voice to be heard. Yet these governing bodies are not effective in most poor areas, and it does not appear that they have the power to discipline teachers or have them dismissed or posted elsewhere. Voice without power is not sufficient to ensure accountability.

How can absenteeism be reduced? National and provincial departments—or a reformed inspectorate department—could conduct random audits of their frontline staff. This increased monitoring has been a standard mechanism in many developed countries and has been demonstrated to be effective (Duflo and Hanna 2005). Having communities report absenteeism in their locality is also promising, again remembering that positive effects of demand-side interventions, such as a citizen report card, may not last.

The absenteeism study of a number of countries (table 4.3) also showed that good working conditions—particularly good school infrastructure—were associated with lower absenteeism, suggesting that approaches that use both a “carrot and stick” are likely to be most effective. But evidence from India and Kenya shows that reducing absenteeism over the long term can be difficult (box 4.2).

We suggest that South Africa experiment with mechanisms that report on service provider absenteeism and link such reports to incentive mechanisms for providers. A complementary suggestion is to monitor absenteeism at more aggregate levels, creating an atmosphere in which everyone understands the problem and that can spur people to increase local monitoring.

### Citizen Satisfaction Surveys

The PSC has been commissioning Citizen Satisfaction Surveys, a variant of citizen report cards, since 2002. Three surveys of more than 15,000 citizens on 34 services and 10 departments have been conducted. Note that these surveys provide only national averages, which preclude provinces, cities, and municipalities from comparing data. It does allow departments to participate, on the premise that the information would provide an incentive for collective action at the department level. However, we do not have information on whether these surveys pressure departments to improve.
The PSC concludes that “one of the key concerns of citizens was the lack of information on the services provided as well as the processes for accessing them. The concern was that some of the services involve complex processes of completing forms and assessing citizens’ eligibility” (PSC 2007). In other words, citizens are generally not aware of the services available, and they have difficulty accessing them even when they are aware. In addition, ineffective complaint mechanisms were a recurrent concern in all Citizen Satisfaction Surveys (PSC 2007).

Citizen report cards have also been introduced in South Africa in recent years. The Human Sciences Research Council (HSRC) of South Africa and the World Bank piloted a citizen report card in the municipality of Tshwane (formerly Pretoria), the nation’s capital and one of six metropolitan municipalities with more than 2 million people. Clients’ evaluations of services were especially important for Tshwane, which has no system to assess outcomes despite a detailed service delivery compact that obligates the municipality to regularly monitor its activities.

The exercise produced a user evaluation of the main services provided by the municipality, ranked according to customer satisfaction rating. The survey collected data from 1,200 respondents, with a 100 percent response rate, indicating high interest in the initiative. However, customer interest was not matched by the government: “Several efforts were made to organize key informant interviews with the City of Tshwane officials but without success” (HSRC 2006, p. 16). Remarkably, the survey found that only 17 percent of all residents knew about the Integrated Development Plan, the government’s flagship instrument for citizen participation in the development of Tshwane. Unfortunately, municipal management has been hard to engage on the reform implications of the report card, and the results have not been made public.

Similarly, the eThekwini (formerly Durban) Water and Sanitation department (EWS) collaborated with the University of KwaZulu-Natal to conduct a pilot study to assess user satisfaction with water and sanitation services. The main aims were to improve the dialogue between EWS and the local communities and to build trust among stakeholders. The study focused on three racially and socioeconomically diverse geographic areas and explored such issues as trust and overall satisfaction with the services, billing and pricing, infrastructure, environment, conflict, and health and hygiene. Results from the surveys were made public and all participants were offered the opportunity to participate in public meetings on the issues. To strengthen the dialogue between local communities and EWS, senior managers attended the meetings.

<table>
<thead>
<tr>
<th>Box 4.2</th>
<th>Reporting absenteeism in the health and education sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banerjee, Deaton, and Duflo (2004), using evidence from a survey of 143 government primary health facilities in the Udaipur district in the Indian state of Rajasthan, found that the average absenteeism rate was 36–45 percent. Duflo and Hanna (2005), using evidence from another survey in Udaipur, showed that the average absenteeism rates for teachers in education centers was 36 percent. The consequences of absenteeism are dire, often resulting in people avoiding public facilities altogether.</td>
<td></td>
</tr>
<tr>
<td>In a 2006 paper, Banerjee and Duflo describe how a member of the community in Udaipur was paid to make weekly surprise visits to health clinics to verify whether assigned staff could be found at their workplaces. No sanctioning or reward mechanisms to punish negligent workers or incentivize good performers were used; villagers were simply given the choice of how to deal with the findings of this monitoring exercise.</td>
<td></td>
</tr>
<tr>
<td>While absenteeism fell in the short term, the community monitoring exercise showed that absenteeism after one year was not much different than initial levels: it was almost the same in clinics where the experiment was conducted (treatment group) as in clinics where no change was introduced (control group). This suggests that community monitoring alone is not enough to have a positive impact, no matter how regular and well structured the scheme might be. As Banerjee and Duflo (2006, p. 125) said: “One possible explanation for the lack of impact of community monitoring is that everybody—including the service providers—knows that the community lacks any formal authority to reward or punish providers.”</td>
<td></td>
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<tr>
<td>Evidence from Kenya shows that monitoring and incentive schemes that rely on “insiders” can have some effect. The NGO International Child Support (ICS) Kenya introduced an incentive program for preprimary school teachers where school headmasters were made responsible for monitoring teacher absence. As an incentive, a bicycle was given to teachers with good attendance records after a year.</td>
<td></td>
</tr>
<tr>
<td>By the end of the study period, all teachers in participating schools had allegedly attended work sufficiently to receive the prize, according to headmasters’ assessments. However, in unannounced visits, ICS Kenya researchers discovered no difference in absenteeism between control and treatment schools (Kremer and Chen 2001). Banerjee and Duflo (2006, p. 122) suggest that headmasters inflated attendance rates either to avoid personal confrontation with their coworkers or out of compassion: “When human judgment is involved in a system where rules are often bent, incentives may easily be perverted, either as in this case in an equitable direction or to favor some specific individuals or groups.”</td>
<td></td>
</tr>
<tr>
<td>Intensively monitoring service providers is one way to try to increase work attendance, but monitoring alone might not be sufficient when it is not carried out independently or when it does not minimize individual discretion in monitoring procedures. Further, monitoring alone is not likely to yield long-term benefits when not combined with effective sanctions and clear incentives to make work more attractive to service providers (Banerjee and Duflo 2006).</td>
<td></td>
</tr>
</tbody>
</table>
Consumer choice of providers is the essence of client power in market transactions

and answered questions and concerns (Wilson, Malakoana, and Gounden 2008). This pilot, expanded to six areas of the city, has proven to be an effective mechanism for recourse mainly because of EWS responsiveness in addressing service issues raised at quarterly meetings.

In conclusion, citizen report cards are another way to strengthen service provider accountability to citizens. They can also inform politicians and policymakers, so this tool can also be used on the long route to accountability. Presumably, citizens have an informational advantage over, say, the National Treasury in assessing whether service providers are doing their job. Citizens also have greater incentives to improve service delivery than do a remote administrator or national politician.

If consumers are empowered further to directly influence provider behavior, through powerful parent-teacher committees, for example, citizens could use this knowledge to reward or sanction provider behavior. In such a context, citizen report cards can become a powerful accountability mechanism. The right incentives, combined with an information instrument (report card) and client power, can exert a powerful impact on the coverage and quality of services.

The following hypotheses can be deduced about improving service delivery from the discussion above:

- Information without client power is unlikely to be an effective tool for improving accountability in services.
- On the demand side, information is not easily accessible, and communities do not have the means to hold service providers accountable.
- On the supply side, information does not flow. Providers are inadequately accountable to clients and lack responsiveness to users and communities.

Provider choice and user fees or copayments

Consumer choice of providers is the essence of client power in market transactions. Under certain conditions, consumer choice can also be introduced into the provision of basic services. Bali is a good example of how expanding citizens’ choice of provider can enhance service coverage and quality. One health sector reform implemented in Bali’s district of Jembrana included a scheme that granted free primary health insurance to all enrolled citizens, granted free secondary care for poor members, and allowed clients to choose between private and public clinics. The scheme improved the coverage and quality of health services. Clinics, both public and private, competed for clients and therefore had incentives to improve their client orientation (World Bank 2006).

Provider choice in services is often combined with user fees and copayments. International evidence shows that user fees or copayment schemes can improve the quality and coverage of public services and increase provider accountability. In Zambia, for instance, truck drivers were asked to pay into a common fund used to build and maintain roads: drivers started policing bridges to keep overloaded vehicles, which would damage the “common good,” from crossing. Similarly, in the Indian state of Andhra Pradesh, when farmers started paying for water for irrigation, local government accountability to the community increased significantly: more community water services are available compared with states where water is free (World Bank 2003). In South Africa, the APRM found that segments of the population did not favor free primary education because people feared that eliminating the cost would compromise the quality of education in public schools (APRM 2007).

Together, choice and payment can be powerful mechanisms to strengthen service provider accountability. The use of free choice, user fees and copayments, insurance, or vouchers does not mean that public services must be provided by the private sector alone; public sector service providers can also be forced to compete to make them more accountable.

Choice and payment for services are only powerful when combined with free choice of providers. When choice of provider is restricted—as when a local monopoly is present in the delivery of critical services such as water and electricity—the fact that users have to pay, but cannot walk away, only provides incentives for users to organize and pressure the service provider. Such incentives can be strong or weak, depending on the specific arrangements for user representation in oversight committees and how much they can influence service providers.
User fees and copayments often collide with equality considerations, especially where much of the population is too poor to afford payments. The constitutional right of access to adequate housing, healthcare services, sufficient food and water, social security, and education imply that user fees and copayments cannot hinder access. In practice, these constitutional imperatives have led to free services for the poor: water and power, housing for low-income households, health care for pregnant women and children up to five years old, and primary education and a school nutrition program in areas below a predetermined poverty index.

The Presidency identified the need for communities to pay for services beyond free basic services in Towards a Ten Year Review. The main challenge for the future is to “promote national identity and pride, ensuring that households develop civic responsibility, including a culture of paying for services (beyond the free basic services) and taking responsibility for protecting the infrastructure in their communities” (PCAS 2003, p. 115).

Even when services are to be provided for free, or for a small fee, a number of developed countries have devised methods to introduce user choice of providers. In health, France, Switzerland, and the Netherlands, among others, have publicly funded or subsidized health insurance. In education, some U.S. cities and Chile have used school vouchers.

Copayment can also increase incentives for lower spheres of government to use national governmental fiscal transfers more economically. The water and sanitation chapter in this study, for example, attributes wasteful municipal spending to ample funding provided entirely as grants. In a copayment system, the fiscal grant from the central government becomes a matching grant, and the provincial or local government has to finance its matching contribution from its own revenue. Alternatively, a local government could finance its matching portion from a general purpose grant such as Equitable Share, making this grant an “opportunity cost”—if spent it cannot be used for another competing purpose.

The absence of choice of provider, user fees for basic services, and effective citizen oversight committees has deprived especially the poorest citizens of power over providers.

**Participatory local government budgeting and development planning**

The South African Constitution, the Development Facilitation Act (1993), the White Paper on Local Government (1998), and the Municipal Systems Act (2000) all support public participation in policymaking and program implementation, but they do not specify the concrete mechanisms to facilitate such participation (Smith and Vawda 2003).

Integrated Development Plans (IDPs)—the principal planning instruments at the local level—are main programs for citizen participation and input in policymaking. The Local Government Transition Amendment Act (1996) introduced IDPs so that local governments could reflect the public’s priorities in the municipal budget. IDP consultations with communities are intended to identify needs, target service delivery to those needs, allocate the budget, and measure government performance in land use, transport, and infrastructure and economic development planning. The IDPs emerged in earnest only after 2000 when the “wall-to-wall” demarcation of municipalities integrated formerly white and black areas across the country.

A tool for policymakers to elicit citizen preferences and feedback and participatory budgeting and development clearly fit into both the long and short route to accountability. In South Africa, moreover, citizens view IDP consultations as an opportunity to complain about services and influence service provider behavior—the short route to accountability. No attempt to resolve this ambiguity will be made here.

The IDPs have several limitations. First, they are five-year strategic visions without concrete mechanisms to influence annual budgeting and priority setting. Second, although popular participation in the IDP process is mandatory, in reality such participation is limited (UNDP 2002). A citizen report card study we undertook in Tshwane showed that only 17 percent of residents in the selected townships had even heard of IDPs. While the consultation mechanisms in the IDP process allow for voice, participation is not widespread enough to make planners truly accountable to citizens—that is, the short route to accountability is underdeveloped.

In practice, officials drive the IDP process—rather than councilors or citizens—without...
Community-driven development is a useful complement to decentralization. IDP consultations often became simply an item to check off on the “...technocratic checklist for meeting the municipal budget cycle” (Smith and Vawda 2003, pp. 32–33). Councilors are “informed” about activities, not involved in decisionmaking. “In practice, participation has largely been restricted to input-gathering exercises of IDP processes with little effectiveness, because communities are not compelled to explore and resolve competing demands and trade-offs within themselves and more especially between communities with different needs” (Pieterse and others 2008, p. 15).

In a review of IDP participation in Gauteng Province, Marais, Everatt, and Dube (2007) conclude that:

• First, public knowledge of IDPs is low. This is not a Gauteng-specific phenomenon: even in the Integrated Sustainable Rural Development Programme and Urban Renewal Programme—the focal points for integrated and coordinated poverty reduction—only one in ten residents had heard of the IDP. In Alexandra (a township in Gauteng), only 7 percent of residents had heard of the IDP. However, nine in ten citizens participated once they were informed. This pattern has been found throughout the country: participation is very high once people know about the IDP. Thus, lack of IDP participation is due to a lack of public knowledge not to a lack of public interest.

• Second, interpretation of the purpose of the IDP differs between government officials and citizen-users. Government officials see the IDP as strategic rather than operational; they often view public participation as merely a legal requirement and simply seek public agreement on the plan. Friedman (2006) cites instances where citizens were asked to comment on IDP resource allocations that administrators had already agreed on, while ward councilors had not even seen the draft. Citizens, by contrast, see the IDP meeting as a forum to raise demands and complaints about service delivery. In other words, officials see the IDP as “their” plan but citizens feel the IDP should reflect all needs.

• Third, the IDP process in Gauteng suffers from major flaws in information flow. Information materials outlining the IDP and setting the stage for public participation are seldom easy to digest or in local languages, and IDP documents are written in technical English “inaccessible” and “too high-flowing.” In addition, notices for meetings are not widely distributed, meetings happen on short notice and at inconvenient times and places, facilitation of meetings is often poor, and the outcomes targeted are not clear. In many municipalities, reports following the meetings are often not created.

• Fourth, citizens participate as individuals: civil society organizations are strikingly absent from the IDP process. However, “[research] suggests that where civil society organizations participate more fully, service-delivery gaps are better identified. In such cases, prioritization of service-delivery needs is also more appropriate to the needs of the communities” (PCAS 2003, p. 14).

• Fifth, IDP participation remains only consultative: it is not connected to budget resource devolution and lacks joint budgeting between departments. Williams (2005, p. 22) confirms this point, saying that IDP community participation in Cape Town is “largely a ceremonial exercise and not a systematic engagement of communities to influence the Development and Service Delivery Programs.”

The Presidency, in Towards a Ten Year Review, concludes: “Although the IDPs are a form of local consultation that seeks to involve local communities in identifying their needs within a given locality, there remains a need to involve communities more in decision-making especially in poor communities” (PCAS 2003, p. 14). Other observers agree that the evidence suggests that South African citizens do not have sufficient influence over politicians and policymakers to express their priorities and shape policies (Van Donk and others 2008). The PSC concludes that “[t]he acceleration of participatory mechanisms is a pressing requirement” (PSC 2008a, p. 94).

Community-driven development

Community-driven development is a useful complement to decentralization; it is a low-cost and rapid method to implement small-scale local development projects. Community-driven...
development refers to a set of practices that seek to give communities control of decisions and resources. The communities plan, implement, manage, and maintain their projects or services themselves, often with the help of coproducers such as local governments, facilitators, and sector specialists.

Community-driven development has been introduced successfully in many countries, most often in association with the World Bank or other donor programs. It has been most successful in small-scale infrastructure projects such as the building of schools and classrooms. Successful community-driven development projects also exist in health care. In most of these programs, not only do communities control planning and contracting, but money for the investment (less their copayment in cash or in kind) is transferred directly to community accounts.

Communities function in a complex institutional environment. They require skills and leaders that must also be held accountable by community members and higher authorities. Community-driven development cannot function unless the environment is conducive. It functions best, as in Indonesia or Burkina Faso, as part of a broader decentralization framework—we call this local and community-driven development. Local and community-driven development is encouraged by focusing on five simultaneous processes of change:

- Empowering communities.
- Empowering local authorities.
- Realigning the center to support local and community-driven development.
- Promoting accountability.
- Building capacity.

Case studies of South African community-driven development since 1994 (Everatt and Gwagwa 2005) suggest that the ideal legal, fiscal, and policy environment exists but that it is considerably underused. Some promising community-driven development initiatives during the 1990s, such as by Mvula Trust in water provision, have even been abandoned.

The short route to accountability is the weakest link in the service delivery triangle, due in part to the disappearance of community-driven development from the South African development landscape. Community-driven development has substantial potential to improve services that are not prone to economies of scale, that do not require uncommon skills, and that can be monitored easily by local oversight committees.

Notes
1. Several studies of participatory budgeting in South Africa have already been conducted, including one funded by the World Bank Institute.
2. See Björkman and Svensson (2007). About 5,000 households from 50 communities from nine districts in Uganda were sampled.
The purpose of this participatory assessment was to assess the “voice of the people” on service delivery issues and to study differences in perceptions of accountability among citizen-users, service providers, and politicians (the local councilors).

The municipalities
This study used participatory methods to elicit perceptions on housing, health, agriculture, water and sanitation, education, and social grants. These municipalities were selected to obtain a large variation in size, rural/urban mix, and economic base and dynamics (table 5.1).

Mangaung has the largest municipal population. It includes the thriving service city of Bloemfontein and the smaller, declining towns of Botshabelo and Thaba Nchu. It also includes a large rural area with commercial farming and former Bantustans, where rural-to-urban migration is considerable.

Maluti-A-Phofung is a large rural municipality with three main service centers—Harrismith, Kestell, and QwaQwa (a former homeland)—and Phuthaditjhaba as the municipal center. QwaQwa has declined economically in recent years due to the closing of many industries, resulting in more than 50 percent unemployment in 2000, the highest in the sample.

Naledi is the least populated municipality in the sample and includes three small towns, which serve the surrounding commercial farms that employ many farm workers.

<table>
<thead>
<tr>
<th>Table 5.1</th>
<th>Characteristics of the six municipalities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issue</strong></td>
<td>Mangaung</td>
</tr>
<tr>
<td>Province</td>
<td>Free State</td>
</tr>
<tr>
<td>Size (square kilometers)</td>
<td>6,283</td>
</tr>
<tr>
<td>Population</td>
<td>645,438</td>
</tr>
<tr>
<td>Urban/rural</td>
<td>Metropolitan, small rural, small former homeland, large townships</td>
</tr>
<tr>
<td>Main economic activities</td>
<td>Services, agriculture</td>
</tr>
<tr>
<td>Economic growth and conditions</td>
<td>Growing rapidly</td>
</tr>
<tr>
<td>Former Bantustan?</td>
<td>Yes</td>
</tr>
<tr>
<td>Percent white</td>
<td>12</td>
</tr>
<tr>
<td>Percent unemployed</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: Government of South Africa and authors’ calculations.
Greater Tzaneen is the third largest municipality, and includes Tzaneen, 3 other rural towns, and 125 villages. The Tzaneen economy depends largely on commercial agriculture, with rural communities engaged in subsistence agriculture.

Bela-Bela has one of the smallest municipal populations in South Africa, but it covers a large geographic area of 4,000 square kilometers. Commercial agriculture and game farming (or ecotourism) are the main economic activities, but it has a dynamic tourism sector and the lowest unemployment rate in the sample. It also contains areas derived from former homelands.

Sol Plaatje is the fourth most populous municipality, but with an additional eight smaller towns, it is geographically the largest in the sample. Kimberley is an important diamond mining center, largely responsible for the economic growth of the municipality.

Are perceptions of service accountability affected by the different characteristics of the municipalities? We will compare the densely populated Mangaung, Maluti-A-Phofung, and Tzaneen with the sparsely populated Bela-Bela and Naledi to consider the influence of size on services and accountability. We will also compare Mangaung and Sol Plaatje—municipalities dominated by a city—with the predominantly rural Maluti-A-Phofung, Naledi, and Bela-Bela to study how perceptions of service accountability differ by geography. Finally, we will compare Mangaung, Tzaneen, and Bela-Bela—municipalities experiencing growth—with Maluti–A-Phofung, Naledi, and Sol Plaatje—municipalities that are economically stagnant or declining.

The methodology

The main quantitative and qualitative research methodologies included:

- Participatory methods such as Venn diagrams, accessibility score cards, service provider performance score cards, and long-term trend diagrams.
- Focus groups using semi-structured interviews and checklists during and after participatory methodologies.
- Questionnaires followed by focus group discussions.
- Workshops with service providers and councilors.

The Venn diagrams and accessibility score cards, prepared by the communities, were translated into quantitative scores of community perception of accessibility of services (table 5.2).

TABLE 5.2 Satisfaction with access to services across municipalities (percent)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Mangaung</th>
<th>Maluti-A-Phofung</th>
<th>Naledi</th>
<th>Greater Tzaneen</th>
<th>Bela-Bela</th>
<th>Sol Plaatje</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>80</td>
<td>100</td>
<td>100</td>
<td>40</td>
<td>60</td>
<td>60</td>
<td>73</td>
</tr>
<tr>
<td>Health</td>
<td>20</td>
<td>33</td>
<td>40</td>
<td>20</td>
<td>20</td>
<td>40</td>
<td>29</td>
</tr>
<tr>
<td>Water and sanitation</td>
<td>80</td>
<td>66</td>
<td>100</td>
<td>60</td>
<td>100</td>
<td>97</td>
<td>84</td>
</tr>
<tr>
<td>Average of five</td>
<td>80</td>
<td>66</td>
<td>80</td>
<td>40</td>
<td>60</td>
<td>66</td>
<td>62</td>
</tr>
</tbody>
</table>

N/A is not available.

Source: Authors’ calculations.
short route to accountability between citizens and service providers (leg 3); and absenteeism complaints were counted as a weakness between policymakers and providers (leg 2), as well as between citizens and service providers. (Absen-
teeism could be remedied by action in either or both legs.) The same methods were used to allo-
cate the comments of service providers and polit-
cians. (Note that senior researchers sometimes
had to make subjective judgments in allotting
comments.)

Results by service
Table 5.2 shows community satisfaction with
access to five services delivered across the six
municipalities. We coded accumulated responses
by color: a score of 39 percent or less is in red, a
score between 40 percent and 69 percent is in
yellow, and a score of 70 percent or greater is in
green.

Consistent with the Public Service Com-
mision’s national user satisfaction surveys (PSC
2007, 2008a), “health” ranks the lowest across
all municipalities in satisfaction with access and
quality, with by far the most complaints and very
few compliments. Among the most frequent
complaints in the health sector were:
• Personnel are uncaring, often late, and disre-
spectful of opening hours.
• Clinics are often understaffed and poorly
managed.
• Staff attitudes toward patients imply that
service is a privilege rather than a right.
• Staff is often viewed as unresponsive to pa-
tient needs.
• Information confidentiality is rarely
respected.

Satisfaction with access to “water and sani-
tation” and to “social grants” rank the highest
among the sectors, both receiving less than a
third of the complaints that health received.
But complaints equal compliments in water
and sanitation and in social grants, suggest-
ing that quality remains a major issue in both.
The study also finds challenges in water qual-
ity accessibility: farm workers continue to re-
cieve poor quality water, and many rural areas
in municipalities and informal settlements
have no access to water at all. Sanitation ser-
vices are generally poor: communities still use
the bucket system in many municipalities—
particularly in rural areas—and toilets block
easily, while bucket collectors are often corrupt
or late.

Satisfaction with access to “education” ranks
third, with a score of 73, but quality is a big
problem with 15 complaints against only 3 com-
pliments. Complaints include:
• Lack of teacher discipline.
• Teacher absenteeism and drunkenness.
• Fraternization between teachers and stu-
dents, undermining the boundaries that pro-
mote respect for teachers, managers, and the
education institution.
• Lack of student materials and poor quality
of available materials. (Pupils often share
textbooks.)
• Poor quality of school infrastructure.
• Bad school management and administration.

Satisfaction with access to “housing” ranks
fourth, with a score of 54. The extremely low
scores in Naledi and Bela-Bela weigh down the
average, suggesting that rural municipalities are
at a disadvantage in access to housing. While
housing had the lowest number of complaints, with eight, it also received only one compliment, suggesting that problems in housing may be worse than in water and sanitation and social grants, which received about the same number of complaints and compliments.

Water and sanitation is the most decentralized service, with responsibility residing largely with the municipal government. This sector has the most satisfaction with access and received few complaints, possibly due to the close proximity of the decisionmakers to users.

In contrast with water and sanitation, social grants are disbursed from a central agency but with highly deconcentrated service access points—economies of scale in disbursement are very high. Eligibility, however, is determined by municipal social workers reporting to the province—no economies of scale are present. This is a good example of coproduction—responsibilities are allocated to different coproducers according to differences in scale economies. Satisfaction with access to social grants was almost as high as that for water and sanitation and had about the same number of complaints, but social grants received more compliments. Clearly, decentralization alone cannot explain perceptions of accountability. Coproduction also seems to add to the complexity of accountability relationships.

Results by municipality
Because satisfaction-with-access scores were not available for social grants and housing, we cannot calculate an average score for all five services. We begin instead by comparing the average scores for the three services for which we had complete data—education, health, and water and sanitation.

The data suggest that living in a rural area is not uniformly an impediment to service access: Tzaneen—a mixed rural-urban municipality—is less satisfied with access than are Maluti-A-Phofung, Naledi, and Bela-Bela—all rural municipalities. The same conclusion can be drawn when the five services are compared across the municipalities not including Maluti-A-Phofung. But total complaints across all services are highest in the three rural municipalities, while Tzaneen has the lowest number of complaints, followed by Mangaung. This suggests that rurality may reduce quality of services rather than access to services.

Naledi, the least populated and most rural municipality, has the greatest satisfaction with access (80 percent) but the highest proportion of quality complaints (19 percent)—and therefore the highest accountability challenges. Tzaneen provides an interesting contrast in that it has the least satisfaction with access but the most satisfaction with quality. Politicians in Tzaneen have a particularly impressive commitment to service delivery—much more so than elsewhere—which may explain this curious finding (box 5.1).

Access to services is also unrelated to municipal population: Mangaung does no better than Naledi and Bela-Bela, the least populated municipalities, on satisfaction with access. Meanwhile, the urban areas of Mangaung and Tzaneen have the fewest complaints about quality of services.

In conclusion, satisfaction with access to services does not systematically vary by population and rurality, but urban municipalities may have fewer service quality challenges than do rural areas.
Perceptions of communities

We have already discussed how the comments of communities were translated into “weights” allotted to the three different accountability legs. In figure 5.1, weights are represented by the heights of the bars, but the average weight across the three legs is the same for all the services. The bars reflect only the number of times the problems were allocated to the legs, not differences in perceptions about the seriousness of problems.

Community dissatisfaction with accountability between service providers and politicians/policymakers (the compact, or leg 2 of the long route to accountability) is high in all services, varying from 40 to 50 percent. Dissatisfaction with accountability between service providers and users (leg 3) is slightly lower, on average, and varies from 30 to 50 percent.

Community dissatisfaction with political accountability (citizen voice, or leg 1 of the long route to accountability) is much lower, varying from only 5 percent for water to about 18 percent for health. (Note that we counted community dissatisfaction with both policies and politicians/policymakers.) Dissatisfaction with policies appears minimal and political representation well developed, inconsistent with other findings on leg 1 of accountability and suggesting that local accountability problems are fewer when compared with provincial and national problems.

Dissatisfaction in the health sector again stands out: politicians are seen as fairly accountable to citizens, but health service providers’ accountability to citizens is the worst across all sectors. In water and sanitation and in social grants, the compact between politicians and service providers is seen as weaker than is accountability to citizens.

Table 5.4 shows that Sol Plaatje—a fairly populated municipality with a large mining sector and a strong opposition party—has the fewest adverse comments, while the least populated municipalities of Naledi and Bela-Bela have the most. The most populated municipalities, Mangaung and Maluti-A-Phofung, have scores in the middle. Municipal population alone, therefore, is not enough to explain accountability problems.

Looking at total adverse comments, we can also conclude that rural municipalities do not face greater accountability challenges than do the urban municipalities of Mangaung and Maluti-A-Phofung. Similarly, rural municipalities do not face greater challenges with the compact than do urban municipalities.

Perceptions of service providers

Politicians and service providers were interviewed in four municipalities. (Data for Mangaung and Naledi are missing.) Politicians and service providers were asked to comment on accountability across all services in their municipalities rather than to rate services separately. Figure 5.2 shows service provider perceptions of accountability across municipalities; figure 5.3 shows politician perceptions.

Like communities, local service providers see few problems with political accountability. But unlike communities, service providers see few accountability problems, on average, between themselves and users (except in Bela-Bela). Service providers link almost all accountability
problems to state capacity—to accountability between themselves and politicians/policymakers.

Politicians’ views of accountability are more similar to those of service providers than those of communities: problems with accountability are seen mostly as stemming from the relationship between service providers and politicians/policymakers. Politicians do not, on average, believe that there are major problems with accountability between service providers and the communities.

Politicians’ views of political accountability to citizens vary greatly across municipalities: politicians see no political accountability problems in Sol Plaatje, for instance, while 40 percent see political accountability as a problem in Bela-Bela. (Note that Sol Plaatje had the most opposition-party interview participants since the opposition party is strongest in Sol Plaatje, where politicians believe that state capacity problems are most severe.)

Conclusion

Two main conclusions about local perceptions of accountability can be drawn:

• First, all stakeholders identify serious issues with the state compact—the accountability link between politicians/policymakers and service providers.
• Second, opinions on client power—the link between service providers and citizen-users—are deeply divided: citizen-users see a major lack of service provider accountability to them, while service providers and politicians do not see this as a major problem.

This participatory assessment of accountability in services reveals a major difference in perceptions of the failure of the short route to accountability, consistent with the theme of this report and the findings of several other assessments, including that of the Public Service Commission.
The success of any education system depends on productive classroom relationships between educators and students. But education is discretionary, transaction-intensive, and difficult to monitor. Teaching and learning require many decisions, with educators constantly seeking the most appropriate way to convey a variety of material and ensure it is absorbed by a variety of learners. Educators must constantly decide how to adapt the content, structure, and pace of their lessons to maximize student learning. These decisions happen numerous times at numerous locations. It is impossible—and probably undesirable—to constantly monitor interactions between educators and students.

It is difficult to establish accountability in this situation. Tight bureaucratic control, which might work for routine, verifiable tasks, erodes and becomes ineffective. Strengthening the role of education services improves the short route to accountability; ensuring information flow and appropriate compacts between policymakers and service providers supports the long route.

Information on policies to establish accountability is growing, but large gaps remain. This chapter describes information compiled from existing sources, proposes hypotheses and recommendations on how to improve education service delivery, and discusses some areas where additional research might be useful.

Change and challenges
South Africa’s education system has been radically transformed since apartheid. The apartheid system had different curricula for different racial groups and poor quality education for Africans, Coloreds, and Indians, with the attendant negative impacts on education outcomes for these groups. Education administration was spread across as many as 19 departments serving different people during the apartheid era.

Today, education administration has been condensed into two national departments and nine provincial departments. This system oversees education services for about 6.8 million students in grades 1–6 and almost 2.9 million students in grades 7–9, about 97 percent of which are in public schools. While the providers are predominantly public, many of these schools charge fees and raise voluntary contributions from students’ families, though a no-fee policy is now in effect for schools in the poorest two quintiles.

Learning outcomes
How does South Africa’s education system perform on learning outcomes? International comparisons show that substantial challenges to the development of a high-quality education system remain: South Africa scores below its peers.

South Africa participated in the Trends in International Math and Science Study (TIMSS), which administered math and science
assessments to grade 8 students, and the Progress in International Reading Literacy Study (PIRLS), which administered an assessment of reading ability to students in grade 5. South Africa has a low average score even compared with other countries with similar income. (Results for 2003 for TIMSS are shown in figure 6.1 and for 2006 for PIRLS in figure 6.2.) For example, in 2003 national income in Chile was US$9,851 per capita (in purchasing-power-parity dollars) and in Malaysia US$9,000, compared with US$10,364 in South Africa. Average test scores in the three countries were 387, 508, and 263, respectively. So South Africa performs more than one standard deviation below both Chile and Malaysia. Likewise, while national per capita income in Morocco was about half that of South Africa in 2006 (again, in purchasing power parity), its average performance on the PIRLS test was slightly higher, and the distribution of scores across test takers was substantially more equal.

In an older regional comparative learning assessment, South Africa performs even worse than some African neighbors, several of which have substantially lower national income. In 2000, the Southern African Consortium for Monitoring Educational Quality (SACMEQ) tested samples of grade 6 students in 13 Southern African countries. Only Seychelles and Mauritius had higher national per capita income than South Africa. Similar to the TIMSS and PIRLS results, students in South Africa performed poorly (figure 6.3): math scores averaged 486 and reading scores 492, compared with 563 and 546 in Kenya, for example, whose national per capita income (purchasing-power adjusted) is about one-tenth that of South Africa.

South Africa also has a very large performance gap in the socioeconomic status of the family of the test taker—larger than all other TIMMS, PIRLS, and SACMEQ participant countries. Most of the difference in learning is across schools: the share accounted for by within-school differences is smaller than that in many other countries. For example, 13 percent of the difference between the richest and poorest quintile in TIMSS was accounted for by within-school differences in South Africa in 2003, compared with 19 percent in Chile and 23 percent in the Russian Federation.

More dramatically, 23 percent of the difference between the richest and poorest quintiles on SACMEQ math scores was accounted for by within-school differences in South Africa, while 62 percent of the difference was within-school in Botswana. This suggests that differences in student performance across South Africa.
Public spending

The TIMSS and SACMEQ results are several years old, and some of the country comparisons might be outdated. New data will emerge from South Africa’s participation in the 2007 and 2012 rounds of SACMEQ data collection. Nevertheless, the consistency across these international learning assessments suggests systemic problems in South African education.

How can education outcomes be improved? The main instruments for improvement are economic growth and public spending on education. Growth stimulates private and public resources for education, the demand for skills, the economic return of education, and ultimately, the derived demand for schooling and learning.

As discussed in the early chapters of this report, public spending on basic education is not the major concern in South Africa: real expenditures on education rose 35 percent between 1994 and 2006. Education spending grew from about 5.4 percent of GDP in 1985 to 6.4 percent in 1994, before falling to 5.5 percent in 2006. Despite falling as a share of per capita GDP between 1990 and 2004, the latter part of this period saw a more than 50 percent increase in real spending per learner, from ZAR4,561 in 1999/2000 to ZAR6,895 in 2006/2007.

A major shift in the allocation of education spending in favor of the poor has occurred over the past 10 years. Public spending on education across income quintiles—once targeted narrowly to wealthier white households—has become much more equitable, and compares favorably with spending in other countries (figure 6.4). Much of this shift has been across racial groups: the gap in spending per white student and spending per black student fell from 240 percent in 1995 to 122 percent in 2005 (van der Berg and Louw 2007).

Resources have shifted considerably toward poor students and poor schools. The spending differential per child between the richest school quintile and poorest quintile is small: students in the richest school quintile receive ZAR5,284 per year, and students in the poorest school quintile receive ZAR4,757 per year (table 6.1).

This small difference has two main sources: teacher pay in the richer quintiles is still higher than in the poorer quintiles, largely because...
teachers are more qualified and more experienced in richer schools, and almost five times as much (ZAR428) was spent per child on non-teacher employees in the richest school quintile than in the poorest school quintile (ZAR90), largely because of more nonteacher employees in richer schools (administrative and support staff, such as gardeners). Despite pro-poor spending targets using the Norms and Standards formula and the so-called “top-slice” (allocations for nonpersonnel recurrent spending), the difference between teacher and nonteacher pay represents most of the remaining gap in spending per child between rich and poor quintiles.

Public spending and learning outcomes: an association

The previous discussion focuses exclusively on expenditure incidence—how much public spending is allocated across quintiles or groups. Despite increased spending on the poor, enormous differences in learning achievement across the groups remain. South Africa has some of the largest testing gaps in the world between the richest and poorest quintiles (see figures 6.1 and 6.2).

The following exercise illustrates how incremental public spending is associated with incremental outcomes. After normalizing the test scores from the TIMSS, PIRLS, and SACMEQ testing exercises so that the mean for South Africa on each test is 500 and the standard deviation is 100, we estimate the average score for each quintile. This average score is then divided by average spending per student for that quintile. The ratio derived approximates the average test score per Rand spent on a child in each quintile. After indexing the ratio to 1 for the poorest quintile, figure 6.5 shows the ratios for all quintiles.

Figure 6.5 indicates that each Rand spent in the richest quintile is associated with about 20 percent more learning than each Rand spent in the poorest quintile. The ratio of spending to test scores is highly nonlinear: virtually flat across the first 3 quintiles (60 percent of the population), increasing slightly in the fourth quintile, and increasing sharply in the richest. The ratio of spending to test scores grows at an increasing rate in the richest quintile.12

The ratio of spending to test scores in each quintile cannot be interpreted as a pure reflection of the productivity of that expenditure: as discussed above, spending has been increasingly allocated to precisely where it is needed—poorer students—which would induce an overall negative impact on spending and outcomes. In addition, quality improvement associated with expenditure takes time to materialize.

Nevertheless, without more analysis and better estimates of the causal impact of spending in each quintile, this index represents an assessment of how the relationship between spending and education outcomes might differ across the socioeconomic distribution. The hypothesis that emerges is that serious problems and inequalities exist in the effectiveness of public spending for the poor majority of the population.

Funding the schools

Funds reaching the schools

The effectiveness of reallocating public funding for education depends on the funds actually
reaching the frontline—the schools. Public spending flows through many administrative points—what is intended to be spent and what actually reaches the schools might be quite different. Public Expenditure Tracking Surveys have proven useful in many countries to highlight how much of allocated and disbursed public funds actually reach the clients of public services. The differences among allocations, disbursement, and receipts by schools have been large in some countries: more than 80 percent of funds did not reach students in a survey of Uganda in the early 1990s, while 32 percent “leakage” in Kenya’s secondary school bursary program was discovered (table 6.2). The studies find that the differences are larger for schools serving poor communities.

Interpreting the reason for the difference is sometimes less straightforward than measuring it: leakage could be caused by misallocation or theft but also by reallocation of funds at various administrative points. Reallocation of budgets could be legitimate when funds are rechanneled for higher priority needs. Nevertheless, reallocation can lead to less than expected education delivery.

A poverty-weighted allocation to schools channeled through provincial budgets—commonly called the Norms and Standards allocation—is an important part of South Africa’s system for funding nonpersonnel school employees. This grant was designed to redress past inequities by allocating public money to schools in poorer communities.

Since 2007, a no-fee policy has been instituted. The poorest schools receive a government allocation to offset lost parent fees. The formulas for these allocations are fairly straightforward, but debate over these allocations focuses particularly on provincial targeting of the funds.13 One recent UNICEF-funded study found that some provinces were “equalizing” expenditures. The allocation formula calls for a sharp decline in subsidies from schools in the richest quintile in favor of those in the poorest, but the actual disbursements are flatter: schools in the poorest quintile receive less than determined by the policy, and schools in the richest quintile receive more.14 The per-student subsidy allocated for poorer students decreases to only three times rather than six times that of richer students. If allocated resources are, in addition, not actually reaching the frontline of service provision, or if these disbursements are delayed or hard to access, the weak relationship between spending and outcomes should perhaps not be a surprise. Weak implementation of national policy is caused by substantial provincial discretion over education spending.

Data enabling confident statements about the extent of leakage or delays in the funding of schools in South Africa are lacking. Some schools that have demonstrated good financial management capacity (Article 21 schools) receive a cash budget to procure goods and services directly. Since allocation of funds to these schools is fairly straightforward, concern about a large amount of leakage in these disbursements is probably misplaced.

A majority of schools receive some of their funds in the form of a “paper budget.” School managers receive a budget envelope and make requests to procure goods and services through a provincial procurement department—creating the potential for leakage. Anecdotal evidence suggests that large delays take place among the times allocations are announced, requests for goods and services are made to provinces, and goods and services are finally received by schools. Reporting and monitoring when procured items actually reach schools is lacking. Delays and uncertainties lead to unpredictability and a lack of materials in classrooms, undermining service delivery.

Financial accountability at the frontlines: legal versus in practice
School principals perform a dual role: they manage students and teachers within each school as

<table>
<thead>
<tr>
<th>Country/year(s)</th>
<th>Percentage of funds that reached schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana 1997/1998</td>
<td>51</td>
</tr>
<tr>
<td>Kenya 2004 (secondary school bursary funds)</td>
<td>78</td>
</tr>
<tr>
<td>Madagascar 2002</td>
<td>88</td>
</tr>
<tr>
<td>Peru 2001 (utilities/consumption goods)</td>
<td>70/97</td>
</tr>
<tr>
<td>Papua New Guinea 2001/2002</td>
<td>72/83</td>
</tr>
<tr>
<td>Tanzania 2002/2003</td>
<td>62</td>
</tr>
<tr>
<td>Zambia 2001 (discretion/rule)</td>
<td>24/90</td>
</tr>
</tbody>
</table>

The largest share of public expenditures on basic education is allocated to educator pay, particularly classroom teachers.

An educational unit and serve as executive officers of the school as an operational unit. Parents hold principals accountable for financial and other decisions through the School Governing Body’s review of the annual financial budget. School Governing Bodies are also required to submit audited financial statements to the relevant provincial education department at the end of the fiscal year.

District offices, whose organization varies from province to province, link the provincial education department to schools. These offices are supposed to communicate provincial decisions—including financial decisions—to schools, and vice versa.15

Provincial education departments are responsible for allocating and distributing most types of funds and for monitoring and evaluating these expenditures. The provincial government holds the Provincial Member of Executive Committee for Education accountable for the performance of the provincial education departments. Individuals can direct complaints about provincial education departments directly to the national department of education, or Student Governing Bodies can take legal action against the departments.

This legal framework for education funding provides accountability and transparency and accommodates schools’ resource needs, but these ideals are not always implemented in practice. As discussed above, reliance on a provincial procurement agency for non-Article 21 schools leads to uncertainty about whether the majority of schools receive their resources. Substantial discrepancies are reported between budgets that schools create before the start of the school year and the resources used by the end of the year (as reflected through their financial statements). Importantly, schools receive little information on what resources they are entitled to and how much of these resources they have left at any stage of the fiscal year. Many schools report that large sums go unspent, and these funds cannot be rolled over to the next year.

The discrepancy between the legal and actual experience suggests substantial scope for improving information on how schools make financial decisions, whether resources are reaching schools in a timely manner, and whether the various players—principals, School Governing Body members, district officers, and provincial education departments, including procurement departments, Members of Executive Committees, and others—are held accountable for their actions. Generating evidence about these issues and analyzing them is a priority.

The enabling—and disabling—environment for teachers

The largest share of public expenditures on basic education is allocated to educator pay, particularly classroom teachers. As described at the outset of this chapter, the classroom is the linchpin to providing educational services—and teachers are important to that process. A recent qualitative study of “schools that work” involving site visits to 18 fairly well-performing schools serving fairly poor communities concluded that the “commitment of principals and teachers” was central to producing their good results (Christie, Butler, and Potterton 2007, p 58). To improve education, the classroom environment should encourage good educators to join the profession and help teachers perform at their best.

But teaching is difficult. In a study involving field interviews with parents, teachers, and School Governing Bodies in two communities, all respondents agreed that “teaching is a difficult job” (Langa and du Toit 2007, p 9). As described in the “schools that work” report, principals “consistently mention concerns about attracting good people into teaching, and many referred to the fact that teachers are finding it increasingly difficult to stay in the profession” (Christie, Butler, and Potterton 2007, p 62).

Time on task

Attracting highly motivated staff and establishing the incentives for them to perform well is difficult. A recent multicountry study using unannounced visits to measure teacher absenteeism16 shows how pervasive it is in many countries (see table 4.1, chapter 4).

Common patterns emerged across the countries, but the study data also uncovered reasons for absenteeism, and schools’ approaches to dealing with this problem are unique in each country. Absenteeism is widespread among teachers across countries: higher ranking and more powerful educators, such as headmasters, are typically absent more often than those ranking...
lower, and better physical quality of school facilities is usually associated with lower absenteeism.

Country-specific results include that parent and community involvement in school affairs correlates significantly with lower absenteeism in Papua New Guinea—but not in several other countries. In Zambia, a country ravaged by HIV/AIDS, most absenteeism was related to health issues or dealing with family emergencies—a similar situation might be present in South Africa.

Comparable teacher absenteeism data in South Africa are not available; the public expenditure and education service delivery work plan should seek to fill that gap. But school visits repeatedly reveal that teacher absenteeism is a problem. Respondents in the pilot field visits referred to "teachers leaving school early or not even attending when they should be presenting classes," and "some teachers do not even come to school on Mondays and Fridays" (Langa and du Toit 2007, pp. 6 and 11). In response to the school background questionnaire for the 2000 round of the SACMEQ learning assessment, principals reported that health problems, late arrivals, absenteeism, and skipping classes were the four most prevalent educator "behavioral" problems. Analysis of the SACMEQ data reveals a strong negative association between "late coming" and test scores, although the author of that analysis cautions that the results depend on a poorly measured indicator (Gustafsson 2007). A more comprehensive assessment of teacher absenteeism, and its causes and impacts in South Africa, would help understand service delivery issues.

Absenteeism is just the most extreme example of how low “time-on-task” leads to loss of productivity. Across countries, instructional time strongly influences learning (Coates 2003). An international protocol to collect time-on-task information in classrooms has recently revealed that in Ghana, less than half of the time available is actually devoted to teaching and learning (table 6.3).

Absence is just the most extreme example of how low “time-on-task” leads to loss of productivity. Across countries, instructional time strongly influences learning (Coates 2003). An international protocol to collect time-on-task information in classrooms has recently revealed that in Ghana, less than half of the time available is actually devoted to teaching and learning (table 6.3).

Table 6.3: Time devoted to teaching and learning in basic education (percent)

<table>
<thead>
<tr>
<th>Country/state</th>
<th>Potential time</th>
<th>Time present</th>
<th>Time on task</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tunisia</td>
<td>100</td>
<td>90</td>
<td>78</td>
</tr>
<tr>
<td>Egypt</td>
<td>100</td>
<td>83</td>
<td>74</td>
</tr>
<tr>
<td>Morocco</td>
<td>100</td>
<td>86</td>
<td>71</td>
</tr>
<tr>
<td>Yemen</td>
<td>100</td>
<td>77</td>
<td>66</td>
</tr>
<tr>
<td>Pernambuco (Brazil)</td>
<td>100</td>
<td>87</td>
<td>63</td>
</tr>
<tr>
<td>Lebanon</td>
<td>100</td>
<td>63</td>
<td>55</td>
</tr>
<tr>
<td>Ghana</td>
<td>100</td>
<td>55</td>
<td>39</td>
</tr>
</tbody>
</table>

Source: Millot and Lane 2002; Abadzi 2009.

What constitutes “official” teaching time is uncertain (Chisholm and others 2005): according to the Personnel Administration Measures, teaching time is 29 hours and 45 minutes a week for primary and secondary schools, while the National Education Policy Act (NEPA) estimates between 22 hours and 30 minutes and 27 hours and 30 minutes of teaching time.
a week for different grades. Nevertheless, the 16 estimated hours of actual teaching time reported in the Chisholm study falls between 54 and 71 percent short of “official” estimates of time spent teaching. Moreover, though NEPA calls for more teaching hours at higher grades, the study found that teachers reported teaching fewer hours as grades got higher: they reported 18 hours a week in grades 1 to 3, 16.3 hours in grades 4 to 6, and 14.8 hours in grades 7 to 9. These estimates do not include absence, which suggests that time lost is even greater.17

Clearly, time is not used efficiently in South African schools, suggesting that improved education outcomes can be achieved through increasing time spent on teaching and learning.18

Teacher pay
The previous section described two diagnostic indicators for low teacher performance: high absenteeism and low time on task. This should not be read as an indictment of all educators, many of whom are clearly dedicated to, and motivated by, educating the next generation. But field visits confirm the perception that teacher effort varies: while parents acknowledged that teaching is a difficult job, they had mixed reactions as to whether “teachers are hardworking and committed” (Langa and du Toit 2007). This is not surprising as the teaching force is large and diverse. It is unreasonable to label all teachers as underperforming, but just as unreasonable to assume that all teachers are self-motivated and hardworking. The public policy challenge is to create systems that encourage highly motivated staff to enter the profession while creating incentives for all staff to work hard.

The next section of this chapter will address accountability in schools and how it might induce higher teacher performance. Before turning to that, this section reviews teacher pay—a good starting point because it affects both the choice of teaching as a profession and how hard teachers work once in the position.

What is the best way to assess whether teachers are overpaid or underpaid? Reviewing published scales is potentially useful, but here we focus on results from individual and household surveys. One problem is that it is hard to establish what teachers might earn in other occupations: what is the relevant counterfactual? The individual and household surveys compare the incomes of teachers with the incomes of non-teachers with similar background characteristics, including years of education.

This method estimates the relationship between the logarithm of earnings as a function of productive factors—experience and years of education—and other attributes—sex and place of residence. It then includes a variable for whether the employee is a teacher. The estimated coefficient on this variable can be interpreted as the teacher “premium” or “deficit,” the percent more pay or less pay associated with being a teacher.

A recent review of the teacher premium in Latin America showed substantial variation across countries (table 6.4). In Indonesia, a recent study showed that a moderate overall teacher premium of about 7 percent was concentrated in primary school, where the teacher premium was about 14 percent.

From 1995 to 2006, teachers in South Africa were paid an hourly earnings premium of 32 percent (see table 6.4), based on evaluation consistent with that in the other countries: teachers earned an average of 32 percent more an hour compared with other employees in the labor force. This estimate is based on an analysis of October Household Surveys for 1995 to 1999.
In 2006, the teacher hourly earnings premium was 28 percent.

Analyzing teacher pay is complicated by the fact that teachers typically work fewer hours than similarly qualified nonteachers: about 10 hours a week fewer in the South African labor force data analyzed here. While teachers may earn more hourly, their take home pay may be similar—or even less—than other employees. Repeating the analysis above but setting the logarithm of monthly earnings as the explanatory variable shows that teachers still received a premium of 16 percent (table 6.5).

The vast majority of teachers are public employees, which explains most of the teacher pay premium: 95 percent of the teachers in the Labor Force Survey worked in the public sector, while almost no teachers worked in the private sector before 2000. We can adjust the model to distinguish public sector teachers from private sector teachers and include a dummy variable to compare the results with nonteacher private sector employees. The results suggest that public sector teachers enjoyed an hourly wage premium of 49 percent more than private sector teachers and a monthly wage premium of 32 percent more.

Public sector teachers had about the same monthly pay premium as other public sector employees, while the hourly teacher premium was larger because teachers work fewer hours. By contrast, private sector teachers earn the same hourly wage as other private employees but almost 19 percent less monthly. Private sector teachers are paid only for the time they work; public sector teachers are paid a flat rate.

There has been some change in these patterns over time (figure 6.6). Prior to 2000, monthly earnings of public sector teachers were higher than those of other public sector employees. This reversed after 2000, and in 2006 earnings for other public sector employees was 4 percent higher than for public teachers.

Teachers enjoyed a substantially larger premium in hourly earnings prior to 2000—as high as 39 percentage points in 1998—which has since narrowed to around 8 percentage points. The surveys identified few private sector teachers (explaining the volatile results), but aside from an unusual increase in 2004, the survey suggests a fairly stable pattern: private teacher hourly earnings have been similar to those of other private employees, but monthly earnings for private teachers have been lower.

This analysis shows that teachers in South Africa are not “underpaid:” the majority of teachers earn a pay premium in line with other public sector employees. But average salary is not the only pay variable encouraging a highly able workforce. Prospective employees might weigh relative salaries at different points in the earnings distribution: workers with high ability or characteristics will be more interested in how the higher range of teacher earnings compare with other occupations. Moreover, once having chosen teaching, the distribution of earnings

### Table 6.5

<table>
<thead>
<tr>
<th></th>
<th>Hourly</th>
<th>Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teachers</td>
<td>0.32 (0.01)</td>
<td>0.16 (0.01)</td>
</tr>
<tr>
<td>Public sector teachers</td>
<td>0.49 (0.01)</td>
<td>0.32 (0.01)</td>
</tr>
<tr>
<td>Private sector teachers</td>
<td>0.03 (0.03)</td>
<td>–0.19 (0.01)</td>
</tr>
<tr>
<td>Other public sector employees</td>
<td>0.36 (0.01)</td>
<td>0.32 (0.01)</td>
</tr>
</tbody>
</table>

**Note:** Standard errors are in parentheses. This table reports coefficient on a “teacher” dummy variable in log hourly and monthly earnings regression. Models include only employees with 10 or more years of schooling. Models include years of experience and its square, years of education and its square, a dummy variable for female employees, dummy variables for race, dummy variables for province, and dummy variables for year of survey.

**Source:** Analysis of data described in van der Berg and Burger (2007).

### Figure 6.6

This analysis shows that teachers in South Africa are not “underpaid:” the majority of teachers earn a pay premium in line with other public sector employees. But average salary is not the only pay variable encouraging a highly able workforce. Prospective employees might weigh relative salaries at different points in the earnings distribution: workers with high ability or characteristics will be more interested in how the higher range of teacher earnings compare with other occupations. Moreover, once having chosen teaching, the distribution of earnings

**Note:** Points are coefficients on a dummy variable for each type of employee in a model relating log monthly or hourly earnings on experience, education, gender, and province.

**Source:** Analysis of data described in van der Berg and Burger (2007).
affects teacher performance: incentives to work hard are dampened if performance is rewarded less than in other professions.

Van der Berg and Burger (2007) used a similar approach to analyze the full distribution of monthly earnings by type of employee, compare the actual distribution of earnings among teachers and among other employees, and then simulate the distribution of earnings among teachers as if they were paid as nonteachers. The results are revealing: teachers enjoy a large wage premium at the bottom of the earnings distribution compared with what they could earn in the private sector or the rest of the public sector (table 6.6), but this premium shrinks at higher points in the earnings distribution, becoming a penalty at the 75th percentile.

Pay incentives initially attract those with poorer abilities or endowments into teaching, where they will earn more than in the private sector, but more skilled teachers are later encouraged to move into the private sector or to other parts of the public sector, where they can earn more. In sum, while the average salary premium might appear to attract high-quality prospective staff, the structure of earnings both dissuades the highest ability prospective employees and dampens incentives once in the profession.

**Incentives for performance?**

Creating a teacher pay structure that provides appropriate performance incentives is difficult. In the next section, we consider attempts to directly link teacher performance to pay before turning to how school accountability, autonomy, and decisionmaking might affect it. Worldwide, teacher pay is commonly most related to qualifications and experience or tenure, with little room for adjustment based on performance. Such an approach reduces the scope for incentives to work hard (Hanushek 1996).

An influential discussion on “merit pay” concluded that pay for performance is inappropriate for teachers because—among other things—effort and outcomes are hard to observe and hard to attribute directly to the effort of specific teachers (Murnane and Cohen 1986). But an appropriately designed pay scheme can align the incentives of educators with those of parents and policymakers, while rewarding hard work and productivity to attract and retain high performers to teaching.

Various attempts to introduce performance-related pay schemes have demonstrated that outcomes can be improved. Group-based schemes can overcome the problem of attribution, for instance. The programs with the largest demonstrated impacts have been carefully crafted, small-scale programs, which have provided fairly large benefits to teachers and/or schools. These include:

- A scheme to monitor teacher attendance in nongovernmental schools in India (Duflo, Hanna, and Ryan 2007).
- A group teacher rewards scheme, which measured student achievement in Israel (Lavy 2002).
- Group and individual teacher rewards schemes related to student achievement in India (Muralidharan and Sundararaman 2007).

Some larger programs have shown positive impacts. In Mexico’s *Carrera Magisterial* program, teachers volunteered to be evaluated in exchange for the chance at a bonus of up to 25 percent of their base salary: secondary school teacher effort improved along with student test scores (McEwan and Santibañez 2005; Santibañez and others 2007). In 1990, Chile’s National System of School Performance Assessment started offering bonuses to schools that showed high student achievement: student achievement

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**Table 6.6 Actual and simulated teacher earnings at different points in the earnings distribution**

<table>
<thead>
<tr>
<th>Percentile</th>
<th>Actual teacher earnings</th>
<th>Compared with all other employees</th>
<th>Teaching premium (percent)</th>
<th>Compared with other employees in the public sector</th>
<th>Teaching premium (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5th</td>
<td>1,087</td>
<td>302</td>
<td>259</td>
<td>677</td>
<td>61</td>
</tr>
<tr>
<td>10th</td>
<td>1,523</td>
<td>462</td>
<td>230</td>
<td>1,132</td>
<td>35</td>
</tr>
<tr>
<td>25th</td>
<td>2,225</td>
<td>1,042</td>
<td>114</td>
<td>1,906</td>
<td>17</td>
</tr>
<tr>
<td>50th</td>
<td>3,191</td>
<td>2,228</td>
<td>43</td>
<td>2,965</td>
<td>8</td>
</tr>
<tr>
<td>75th</td>
<td>4,184</td>
<td>4,202</td>
<td>0</td>
<td>4,376</td>
<td>–4</td>
</tr>
<tr>
<td>90th</td>
<td>5,159</td>
<td>7,428</td>
<td>–31</td>
<td>6,375</td>
<td>–19</td>
</tr>
<tr>
<td>95th</td>
<td>5,770</td>
<td>10,339</td>
<td>–44</td>
<td>8,417</td>
<td>–31</td>
</tr>
</tbody>
</table>

improved cumulatively (Mizala and Romaguera 2003; box 6.1).

Other programs have shown less impact. In Mexico’s Primary Education Project, teacher attendance was monitored and bonuses were paid to teachers who attended regularly, but attendance was not substantially affected (Ezpeleta and Weiss 1996). The Carrera Magisterial program—so successful in secondary schools—did not have an impact in primary schools.

Teacher incentive schemes can create unintended consequences. Some studies in developed countries highlight how linking pay to test scores led to teacher cheating (Jacob and Levitt 2003) or exclusion of low-achieving students (Figlio and Getzler 2002). Group incentives can have adverse consequences by exacerbating teacher “free-riding” when it is hard to observe the effort of all team members, people have an incentive to shirk their duties while benefiting from the rest of the team’s work. The challenge for any scheme linking pay to performance is to generate clear, transparent incentives that are acceptable to all parties and that avoid unintended consequences.

A recent UNICEF-funded study suggests that such a scheme would be acceptable in South Africa: around 80 percent of parents, teachers, and principals reported that they would support a system that paid schools a bonus for improving results. As mentioned, creating a scheme that provides incentives without unintended negative consequences is difficult, but a system that does not reward good teaching will both fail to attract high quality staff to the profession and fail to motivate teacher performance.

**Accountability at the school level**

This chapter has focused on the long route to accountability: national-level learning assessment results, changes in public expenditures post-apartheid, and teacher compensation. These issues affect citizen voice and the compact between policymakers and frontline providers. But when outcomes are hard to centrally monitor, and when populations are heterogeneous, growing evidence suggests that the short route to accountability—between the direct beneficiaries of services and the frontline providers of those services—can be a powerful tool to improve outcomes.

**Box 6.1 School-based performance awards in Chile**

Chile has offered an award for “top performing” schools in each region every two years since 1996. Ninety percent of the award goes directly to teachers, in proportion to their hours of employment, and 10 percent is allocated to the schools.

Schools are divided into comparison groups within each region based on location (rural, urban), education level (primary only, secondary with primary), and socioeconomic status of parents (according to information collected as part of the examination and an official “index of vulnerability”). In 2000–2001, this classification produced 104 comparison groups, avoiding directly comparing poor rural schools with rich urban schools to decrease the disproportionate distribution of rewards to richer schools.

An index of school performance is calculated based on standardized tests of Spanish and mathematics in grades 4, 8, and 10. The index uses a formula weighted for average test level (37 percent) and improvement in test scores (28 percent), but it also includes other criteria such as “equality of opportunity” (22 percent) and “initiative” (6 percent), based on regular development of group pedagogical activities, among other things.


School decisionmaking with parent involvement is clearly undeveloped as a school improvement strategy in South Africa—but it does exist. As one principal in the recent “schools that work” study states regarding the hiring of educators:

“The critical thing is selection. I was fortunate that when I came in, the parents had confidence in me. When we conduct interviews, it is very important to know who you are recommending—although the appointment is going to be made by the Department of Education. I was fortunate in that I had an opportunity to go and check on all of the HoDs. It’s people who are passionate about education. It makes a big difference when parents in the SGB (School Governing Body) have confidence in you. That’s where it starts” (Christie, Butler, and Potterton 2007, p. 60).

This quote illustrates how a supportive School Governing Body enabled the principal to make a strong hiring recommendation—how parent participation and school autonomy can play out.

**Parent participation**

Anecdotal evidence suggests that client power is weak in many South African schools—despite the legal existence of School Governing Bodies. While parent participation is consistently reported to be high in more affluent areas, it is lower in schools serving most of the population.
The PIRLS 2006 reading assessment of grade 5 students in South Africa included a school questionnaire completed by the principals: few reported that more than half the parents participated in school activities—volunteering in the classroom, attending teacher-parent conferences, or attending social and sporting events—although participation rates were substantially higher for children in the richest quintiles (figure 6.7). Whether this difference in participation matters for decisionmaking depends on whether participation in poorer schools is sufficient for enabling substantive input. The quality of participation is likely to be the determining factor, which in turn depends on a variety of other factors.

Low parent participation, especially in schools serving poor communities, might be symptoms of several things, not the least of which is that poor parents have limited time. But focus group interviews suggest parent engagement can be increased: parents tend to show up when school fees are being discussed, for instance (Christie, Butler, and Potterton 2007).

At the same time, parents seem to be generally satisfied with the functioning of School Governing Bodies. The recent UNICEF-funded survey of 525 schools found that most parents not on School Governing Bodies thought that their Body was doing a good job.

Parents should be able to hold schools accountable, particularly for things they can observe: Are educators absent or tardy? Are textbooks arriving too late to be used effectively? Involvement—and impact—increases with information, which can take many forms. In field interviews, parents said that teachers should “mark the tests of the learners and inform both the children and parents on the outcomes thereof” (Langa and du Toit 2007, p. 17). The recent UNICEF-funded survey found little relationship between parents’ assessment of school quality and the results of the systemic evaluation, which suggests that parents are not well informed about their children’s performance in school.

More generally, publication and dissemination of inputs and outcomes can inform parents on how the school is funded and how outcomes compare with other schools—potentially spurring parents to action. Similar approaches have yielded positive impacts in other contexts. Publishing how much each school was being allocated by the central budget in Uganda reduced leakage of public funds and improved outcomes: parents could monitor funding for each school and how schools were using the funds (Reinikka and Svensson 2005; Björkman 2007). The Brazilian state of Parana experimented with school report cards between 1999 and 2002 (Winkler 2005). Test scores and information from school censuses and parent surveys were compared with municipal and state averages to create a simple three-page summary of both school performance and perceptions of performance, which was then disseminated to parents, teachers, and school administrators. But only anecdotal evidence is available to suggest that the program had positive effects.

Other experimental studies have been designed to identify causality: a study of an information campaign in three states of India (Pandey, Goyal, and Sundararaman 2009) and a test-based student and school report cards study in Pakistan (Andrabi, Das, and Khwaja 2009) both show that information can impact behavior and measured learning outcomes.

Information is not necessarily a panacea. A recent carefully designed evaluation in India showed that dissemination of information on rights and responsibilities failed to have any measurable

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Figure 6.7

Students attending schools where the principal reports that more than 50 percent of parents participate in three types of school-based activities, by socioeconomic quintile of the student

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Note: Quintiles derived from an index of household ownership of various consumer durables.
Source: Authors’ analysis of PIRLS 2006 data.
impact on outcomes or on community involvement in schools (Banerjee and others 2008).

**School autonomy**

Parents might not participate in school management because they feel they can do little to effect change. Moreover, parents may judge that schools have limited scope for making changes: it is hard to imagine that parent participation—and pressure—could have much impact on schools unless schools receive a degree of decisionmaking autonomy.

Some Article 21 schools that demonstrate financial capacity have authority over expenditures. The number of these schools is growing, but they tend to be in wealthy communities with the most active School Governing Bodies. In these schools, certain categories of funding can be “ring-fenced” (as documented in the recent UNICEF-funded study), resulting in limited control over expenditures.

Non-Article 21 schools are not authorized to procure goods and services directly and need each request authorized and procured through the province. These schools have limited scope for determining which teachers are hired and fired, though schools in wealthier communities sometimes raise funds to pay for complementary teachers over which they have authority.

School decentralization in some very poor settings, such as rural communities in post-civil war El Salvador or secondary schools in Nicaragua, has shown compelling results. Growing evidence from various countries—primarily in Latin America—shows that school-based management (SBM) can improve outcomes, even in very poor communities. School-based management includes reforms that devolve decisionmaking to schools: some programs transfer power to principals or teachers; others strengthen parental and community decisionmaking. The scope of decisionmaking devolved differs across programs but may include hiring and firing of teachers and other staff, curriculum development, procurement of textbooks and other instructional materials, infrastructure improvement, and monitoring and evaluation of teacher performance and student learning outcomes.

The types of programs are discussed in World Bank (2008) and its references, but the main conclusions from the review of rigorous evaluations are that “SBM policies changed the dynamics of the school, either because parents got more involved or because teachers’ actions changed.” Several studies found that “SBM had a positive impact on retention rates, failure rates, and, to a lesser degree, dropout rates” (pp. 12 and 13). The studies found mixed impacts on learning outcomes, in part due to the timing of impacts.

Studies from the United States have shown that the devolution of power to schools is a cumulative process that takes place over several years (box 6.2).

Evaluations of school-based management initiatives suggest substantial scope to give more decisionmaking authority to poorer schools. One of the more intriguing—and perhaps controversial—findings is that school improvement is largely attributable to flexibility in schools’ ability to hire and fire educators.

In an in-depth analysis of how school-based management reforms operate in El Salvador,
A broader agenda encompasses curriculum reform, teacher training, and infrastructure development.

Honduras, and Nicaragua, Umansky and Vegas (2007) conclude that “[teacher] behaviors appear to respond to the incentives created in locally managed schools. As a result of school-based management teachers are working more hours, assigning more homework, and meeting more often with parents” (p. 211). But they also caution that reforms did not change teaching methods and that increased job insecurity led better qualified teachers to shy away from locally managed schools.

Nonetheless, school decentralization that is carefully crafted—especially in decisions about educators—has the potential to complement pay reforms in creating incentives for higher performance.

Policy recommendations and research agenda

This chapter has focused on a narrow set of education issues. A broader agenda encompasses curriculum reform, teacher training, and infrastructure development. Moreover, evidence on which to base policy recommendations remains thin. Nevertheless, this review does suggest some areas for policy reform.

Disseminating information about outcomes is a priority for tracking progress, informing parents on schools performance, and strengthening citizen voice. South Africa’s participation in international assessments goes a long way toward achieving this objective, as do national assessments (“systemic evaluations”). Timely dissemination of this information, in a format easy to understand and usefully disaggregated, will strengthen citizens’ ability to exercise their voice.

The operation of the paper budget in non-Article 21 schools could be reviewed to strengthen the compact between government and frontline providers. Delays in procurement and uncertainties about remaining budgets create an environment in which schools cannot plan effectively. More generally, a greater understanding of school financial operation and decisionmaking—whether resources are reaching schools on time and whether the various players (principals, School Governing Body members, district officers, provincial procurement departments, Members of Executive Committees) are held accountable for their decisions—would shed light on how to start reforming.23

Establishing a pay structure that encourages skilled people to teach, and then provides incentives for them to perform to their highest potential, is important for the compact. The current pay structure attracts those with lesser abilities to the teaching profession where they will earn more than in the private sector, while pushing more skilled candidates into the private sector or other parts of the public sector. The new South African salary dispensation for teachers, announced after long negotiations with teacher unions, goes a long way toward creating incentives for teachers to enter the field. Linking teacher pay to performance was another positive development, though it is still not certain how it will be put into practice. Experiments to find what policies might work best in South Africa could help.

The short route to accountability in most South African schools is limited, especially in schools serving the poorest communities. Parents are not typically active in these schools, despite the legal existence of School Governing Bodies. Parents must be made aware of their rights and be given information that empowers them to hold schools accountable.

Options to increase school decision-making, which would afford clients more power, should be explored. Carefully crafted school decentralization—increased autonomy in financial decisionmaking, in procurement of goods and services, or in hiring and firing of educators—can empower schools and make them accountable to their clients.

Information about school autonomy, parent participation, and school governance and management is growing. But important questions remain, and work on the following will be helpful in shaping the future agenda:

- How are financial decisions made at schools, and how does this vary? Are there a substantial number of schools capable of managing their finances but currently constrained by not being able to achieve Article 21 status?
- Are resources reaching schools on time? The hypothesis is that this varies across provinces and that increased decisionmaking authority, combined with adequate accountability, could streamline the process and improve the flow of funds and resources to schools.
- Over what areas do schools, school administrations, and School Governing Bodies
exercise autonomy (selecting students, setting school fees)? And how does this differ across schools? The hypothesis is that schools serving poor communities are less autonomous and that less autonomy hampers their ability to respond to their localized needs.

- How problematic is teacher absenteeism in South Africa, and what causes it? Understanding whether absenteeism is caused primarily by complementary inputs (for example, infrastructure), governance (accountability to principals and communities), salary structures, or individual factors (such as health status) will help formulate policy recommendations to address teacher absenteeism.

- What specific roles do School Governing Bodies play, and are they effective? The hypothesis is that School Governing Bodies are “hands off” entities for most schools, especially those serving poor communities. Exploring what makes some School Governing Bodies active and effective can shed light on ways to increase their effectiveness in other areas.

- What mechanisms hold schools and communities accountable? Of particular interest are how school management interacts with parents and communities and how much, and by what means, do parents hold school management accountable.

- To the extent that these mechanisms—both formal and informal—are lacking, what is the appropriate policy response (enhancing capacity, providing more local information, conducting top-down “inspection,” for example)?

- Is school-based management, particularly control over the hiring and firing of teachers, consistent with the broader policy framework and even feasible with high unionization? The hypothesis is that it would be difficult to reform pay structures given entrenched interests. Nevertheless, given the urgency of ensuring high quality and motivated teachers, an acceptable arrangement must be found.

Notes
In addition to the references provided in the reference list, this chapter draws from various background studies. These include:


1. South African literature usually uses the terms learners and educators rather than students and teachers—this chapter uses the terms interchangeably.

2. Consistent with most analytical work on South Africa, we use the apartheid-era population groups.

3. Case and Deaton (1999), for example, empirically show how the apartheid education system systematically resulted in lower quality inputs for the nonwhite population, which in turn led to lower education achievement and test scores.

4. These statistics are from the Department of Education (2008). The South African primary and secondary education system is made up of two “bands.” The General Education and Training band includes a Foundation Phase (grades “Reception” and 1 to 3), an Intermediate Phase (grades 4 to 6), and a Senior Phase (grades 7 to 9); the Further Education and Training band includes grades 10 to 12.

5. South African results for TIMSS are described in Reddy (2006). PIRLS refers to this as the grade 4 reading assessment, but this corresponds to grade 5 in the South African education system.

6. Scores are normalized so that the average score across all test takers in the 1995 participant countries was 500, with a standard deviation of 100.

7. Part of the difference can be attributed to the fact that the group of students is somewhat more selected in Kenya, because a slightly higher percentage of children reach grade 6 in South Africa. This differential, however, is unlikely to explain the gap in national per capita income.

8. South Africa chose to not participate in the 2007 round of the TIMSS.
9. Data is from Republic of South Africa (1999) and Republic of South Africa (2007), which report a per learner expenditure of ZAR3,232 and ZAR6,895 in nominal terms, respectively. An inflation factor of 1.41 was applied to the earlier number to convert it to real 2006/2007 terms.

10. Issues of comparability over time exist, as discussed more fully in van der Berg and Louw (2007).

11. This analysis derives quintiles on the basis of the student population of those schools, which are not strictly comparable with the quintiles used for the expenditure numbers in figure 6.2.

12. Note that this analysis is sensitive to the way scores are normalized across assessment systems. The consistency of the shape of the relationship, however, does not depend on normalization.


14. This study, currently in draft form, is entitled “School Funding and Management in South Africa: Findings from the School Survey.”

15. These de jure procedures are laid out in the South African School Act Articles 34, 38, 42, and 43.

16. The international protocol involves two unannounced visits separated by several months to account for potential local shocks to absenteeism and to allow an analysis of whether it is limited to certain teachers or spread across teachers.

17. The timekeeping instrument used in the study did not include an explicit category for time absent.

18. For international comparison, Gustafson and Patel (2008) use data from the 2003 TIMSS to derive the instructional hours delivered by grade 8 math teachers in a number of countries. They find a range of 24 hours in Chile to 11 hours in Ghana, with most countries falling between 15 to 20 hours. In that study, South African grade 8 math teachers are calculated as providing 17.6 hours per week of instruction.

19. Details on the dataset used for these calculations are in van der Berg and Burger (2007).

20. Santibañez (2008) usefully summarizes the literature on teacher incentive programs, and the following draws from that review.

21. The exception is for “volunteering” in the poorest quintile (perhaps because there is a greater need)—although the overall level is extremely low in all groups.

22. This discussion draws heavily from a recent review of evaluations of school-based management interventions (World Bank 2008).

23. The recent UNICEF-funded study will help fill knowledge gaps in school funding and management and be a building block for guiding policy reforms in this area.
Water and Sanitation

In 1994, one-third of South Africa’s 40 million people could not access safe drinking water within a reasonable carrying distance, and half did not have a toilet (DWAF 1994). The government has set ambitious targets for improving access to water and sanitation. South Africa’s government pledged repeatedly to eradicate water backlogs by 2008 and sanitation backlogs by 2010. Significant pressure was put on municipalities to achieve these bold targets, with substantial funding from the treasury.

In May 2008, the Minister of Water Affairs told Parliament that South Africa had met the Millennium Development Goals for both water and sanitation, having met the water target some time earlier (Hendricks 2008). Substantial progress has been made toward the infrastructure required for universal service access, and President Zuma’s administration has committed to providing services in all areas by the end of his term in 2014.

But service access gains are under severe threat—a crisis in water services is taking place. Hundreds of settlements, towns, and cities experience localized water outages, treatment failures, disease outbreaks, leaks, bursts, and sewer spills arising from poorly maintained infrastructure. The institutional requirements for sustainable water services have been severely underestimated, and weak municipal service delivery management systems are eroding the value of vast investment in infrastructure in both poor and rich areas. Service-related protests have increased sharply since 2009: angry citizens want service as much as they want delivery—they want municipal councilors to treat them with respect.

Water services are managed by local governments, meaning that remedying these problems will require intensive customized interventions in virtually every municipality in the country. This chapter argues that public accountability mechanisms for water services need urgent strengthening if universal services access is to be achieved and if the benefits of immense public investment are to be realized.

Deteriorating municipal water services has serious implications for national water security. Even with additional infrastructure, South Africa is likely to face a national water deficit of between 17 percent and 30 percent as demand steadily outpaces supply over the next 20 years (2030 Water Resources Group 2010). Difficult tradeoff choices will need to be made among agriculture, critical industrial activities such as mining and power generation, and large and growing urban centers. Substantial investment in water infrastructure will raise the cost of water.

These realities underline the critical importance of sound, accountable management of the country’s water sector. How decisively will the government be willing to act to safeguard sound management of water services in the interests of...
Strong commitment to infrastructure development and spending on servicing subsidies achieved impressive results

national water security and the constitutional right of access to sufficient water? What meaningful avenues will open for more effective public engagement and public accountability?

Municipal water supply is the fastest growing sector of national water demand, reflecting population growth and rising living standards (van Rooyen 2008). The effectiveness of municipal water services management has critical implications for national water security, now and increasingly in the future.

Managing water services has various dimensions: managing water demand through effective metering and tariff systems, promoting efficient use and minimizing losses, and safeguarding the quality of return flows of treated wastewater so that surface and groundwater systems remain fit for use. Sound asset management is essential to maintain extensive water reticulation networks to limit leaks and physical losses, and sound wastewater management is necessary to minimize pollution of water sources.

Institutional issues, rather than technical issues, are to blame for these problems, reflecting a collapse of governance and accountability systems and a lack of sanctions for bad decisions. Many municipalities are ineffective or dysfunctional and characterized by political in-fighting, inappropriate appointments, corruption, and neglect—points made repeatedly by the President and Cabinet ministers in statements and government reports in 2009 and 2010.

The changing approaches to service provision

Strong commitment to infrastructure development and spending on servicing subsidies achieved impressive results in South Africa. Government figures indicate that by 2009 water services infrastructure had been extended to 96 percent of the population, up from 59 percent in 1994 (DWAF 2009a). To put the achievement in perspective, far more people were reached by new water services infrastructure since 1994 in South Africa than the total population of Angola, Chile, or the Netherlands; and more people are benefiting from improved sanitation facilities in South Africa than the total population of Zambia. Even more remarkably, the majority of new toilets in South Africa were flush toilets provided in new housing developments.

But South Africa underestimated the requirements needed to sustain these water services. Expanding access is straightforward compared with ongoing service challenges such as operation and maintenance, integrated development planning, revenue administration, and relationship building between citizens and municipal structures. Concurrent local government restructuring has meant that infrastructure expansion has generally outpaced the institutional infrastructure needed to run the new services. Most municipalities have opted for a technocratic, top-down approach to delivery, with decisions taken and implemented with little public involvement. But many municipalities lack the skills to succeed with a technocratic approach. In too many instances this has led to services not being delivered or poor quality infrastructure without the resources to keep it working.

Government emphasis on meeting service delivery targets for distributive justice has been achieved at a high cost. As Seddon (2008) points out, target-driven approaches to service delivery inherently divert resources from areas not targeted, compromising overall performance. In South Africa, widespread evidence suggests that emphasis on new service connections has led to neglected maintenance of existing infrastructure and lack of capacity in bulk infrastructure, causing service failures and bottlenecks.

Perhaps more important, pressure to meet delivery deadlines has limited local engagement on service options, preferences, and approaches—and marginalized the intended beneficiaries. Delivery has been prioritized over service, largely removing people from any role in holding local government accountable for service delivery (Friedman 2006b). Further, the reciprocal roles and responsibilities of citizens in supporting sustainable service provision are not always agreed on or understood. Many citizens complain that services are not affordable, causing them to accumulate debt.

Public accountability relationships among different spheres of government are emphasized over relationships between municipalities and service providers: few agreements stipulating performance parameters are in place between municipal managers and their own technical services departments or external service providers, and performance monitoring is inadequate.
Even less attention is given to the relationships between citizens and service providers—client power in the short route to accountability—and between citizens and their political representatives—citizen voice in the long route to accountability. The implications for sustainable provision of effective water services in South Africa are profound.

**Infrastructure provision for water services**

Viable technologies for drinking water and sanitation improvement are shaped by quality and proximity of the water source, settlement densities, scale economies, water consumption, institutional capacity, funding, and aspirations, among other factors.

In low-density settlements, potable water from communal taps stands within a reasonable carrying distance and robust on-site dry toilets meet basic requirements for public health. Where settlement densities align with human and financial resources required for sustainable management, networked water services and connections to each plot are feasible. But the increased per capita water consumption from networked yard or house connections introduces the need for off-site drainage and wastewater disposal.

The same combination of scale economies and resources supports reticulated drainage, generally linked with flush toilets. Sewered flush toilets offer status and convenience but few health benefits when compared with well-built and well-maintained dry toilets. As a consequence of South Africa’s history of racial discrimination, however, anything other than a flush toilet is regarded widely as second-best, discriminatory, and interim until a “proper toilet” can be installed.

Figure 7.1 summarizes the distribution of the main water and sanitation technologies used in South Africa. Recent census statistics (Stats SA 2007) show that nearly half of South Africans have in-house water supply, while a further quarter have a water connection reticulated to their yard. Twenty percent source their water from a communal standpipe within 200 meters—the supply standard for a basic service—and an estimated 4 percent do not yet have access to an improved supply. Fifty-six percent of people have full water-borne sanitation, with a further 2 percent using a flush toilet that drains to a septic tank on-site. Eight percent have a ventilated improved pit (VIP) toilet, the government-funded default for basic sanitation outside of urban areas. Two percent are serviced by chemical toilets—a nonflushing, on-site toilet treated with chemicals to reduce odor—which require frequent emptying. One percent has a bucket toilet—a crude form of on-site toilet relying on weekly municipal emptying service—and 27 percent make their own arrangements, usually a rudimentary pit toilet or open defecation (Stats SA 2007; DWAF 2008a).

**Improving rural access to water and sanitation**

Today, as in 1994, the most severe service deficiencies are in rural areas. The new government’s approach to rural servicing focused on providing a basic level of service—“some for all, not all for some”—emphasizing community-led demand responsiveness. The government recognized it did not yet have the capacity to provide and maintain services directly; the new Constitution assigned responsibility for service provision to local government, but there were no municipalities in most former “homeland” rural areas before 2000.

Cognizant of its limited capacity, the government instead promoted community-managed projects to improve access to water and sanitation. Government-supported agencies helped residents form community structures, provided training in project and financial management, and assisted with program implementation—subsequently community managed and operated. Water projects focused on piping water locally
The decay of local accountability mechanisms—notably the politicization of ward committees along factional party lines—has contributed to failures in rural schemes from protected springs, drilling boreholes, and linking settlements to new rural water schemes. Sanitation improvement emphasized creating demand, raising awareness of how to stop the transmission of diseases associated with poor environmental health and hygiene, and constructing enhanced pit toilets designed to minimize odors and insects.

The capital costs were cofinanced by households, with work opportunities on the projects helping to raise household funds. Operation and maintenance costs were covered by small monthly contributions from each household, and water supply was managed by a village water committee, which paid and employed the local operator. By the late 1990s, this approach had brought improvements to hundreds of small settlements across the Eastern Cape, KwaZulu-Natal, and Limpopo.

But the government was concerned that the rate of progress on community-driven projects was too slow. Supply-side strategies were steadily overtaking community-managed approaches, with projects increasingly driven by tight engineering management and reporting schedules. Community involvement in planning, decisionmaking, and management withered, and the cost and complexity of supply-driven schemes grew, making local self-sufficiency difficult. The high cost of accessing water supplied by these new schemes was a factor behind the new Free Basic Water policy introduced in 2001 (Eales 2010a).

Free Basic Water provides important support to poor and vulnerable households, in line with the government’s pro-poor objectives. Free Basic Water covers both the capital costs of accessing services and the provision of a defined volume of water (generally 6 kiloliters, but higher in some urban areas) free each month to all qualifying households, with funds transferred from national to local government to cover the cost. Department of Water Affairs statistics suggest that 85.6 percent of households enjoyed access to Free Basic Water in 2009 (DWAF 2010); demand-side figures collected by Statistics South Africa suggest far lower coverage, particularly among poor households (Stats SA 2010a).

Free Basic Water clearly provides relief to poor households, but “municipalization” of service provision in new municipalities with limited capacity has led to tradeoffs. In rural areas, the introduction of Free Basic Water meant that village water committees no longer had funds to pay for unexpected repairs and maintenance. They also lost authority over their scheme operator, who was now paid by, and answerable to, remote municipal government. Local oversight mechanisms eroded as the function of village water committees was progressively taken over by ward committees and municipal service providers, with a commensurate decline in public accountability mechanisms.

Municipalities themselves had only been established in the former homeland areas in 2000. Newly vested with responsibility for service provision, they were keen to take charge, whether or not they had the reach, systems, or expertise to manage services over a large number of small, widely dispersed settlements. Centralized management of service provision in numerous dispersed settlements is logistically difficult; few municipalities have been able to avoid intermittent service breakdowns and failures in rural schemes: pumps stand idle for weeks or months because of a lack of fuel or parts, and water is not treated because of a lack of chlorine (DWAF 2007; DWAF/CSIR 2007; Momba, Obi, and Thompson 2008). The decay of local accountability mechanisms—notably the politicization of ward committees along factional party lines—has contributed to these failures.

Rural settlements—where service deficiencies are largest and challenges related to remote servicing are most acute—are badly in need of coproduction for water services. Service partnerships that combine local skills and accountability with the resources of the larger municipality and service provider are needed.

A potent illustration of the breakdown in public accountability relationships came in June 2010: City Press reported that cronyism in the allocation of municipal tenders in Limpopo’s Mopani District municipality had caused severe water shortages in over 100 villages to continue despite municipal expenditure of ZAR25 million on borehole maintenance and development in the past year. Villagers complained that the contractors did shoddy work, installed pumps with inadequate capacity, and drilled boreholes in the wrong places. Allegedly, more than half the tenders were awarded to local party cadres.
shortly before the African National Congress’s (ANC) regional elective conference in September 2009, and taxpayer money was used to buy votes and secure the election of the mayor as the party’s regional chairperson. With many taps still dry nearly a year after the tenders were issued, residents have reverted to drinking river water or buying water sourced from private boreholes at ZAR1 per 25 liter container. The newspaper quoted one resident as saying: “The problem is that even if you complain, nothing will happen” (Rampedi 2010).

**Basic sanitation improvement: from assistance to service provision**

The tradeoffs involved with a supply-side, target-driven approach are particularly evident in basic sanitation. Infrastructure backlogs are far more severe than for water, but the priority citizens’ give to improvements is lower. To meet national backlog eradication targets, municipal delivery programs provide on-site, dry VIP toilets where reticulated sanitation is not feasible. Municipalities have been allocating significant grants to contractors to deliver VIP toilets. The building contractor is accountable primarily to the municipality, rather than the household, and households are given little if any choice about toilet type, location, or appearance. More attention is given to oversight of funding flows than to on-site performance, and household “ownership” is limited. Basic sanitation improvement now focuses on toilet building as part of a broader package of government services, rather than as a household responsibility supported by government infrastructure.

Sanitation improvement has shifted its focus from health to dignity, and the physical appearance of the structure sitting on top of toilets is often given more attention than the functioning of the technology (Buckley and others 2008). This has led to the construction of brick or concrete block structures that cannot be moved when the pit is full. A growing portion of about 1 million VIP toilets built over the last decade are now full and unusable. In addition, households do not regard emptying of these municipal pit toilets as their responsibility, and few municipalities have the funds or equipment to de-sludge mass pits.

VIP toilets are inappropriate for municipal sanitation because pit de-sludging is unpleasant and hazardous. Elsewhere in the world, VIP toilets work well because they are built and managed as a household asset; pits are large enough to meet the family’s needs, and because the toilet is their responsibility, users have an incentive to limit the rate at which the pit fills, say, by not throwing solid waste into it.

The eThekwini Metro municipality is a rare example of a more pragmatic approach. It provides a free service to empty pits in households with VIP toilets but aims to phase out this liability by providing a dry ecological toilet in areas without sewers, which users can safely manage and empty themselves. It puts as much effort into public education on user roles and responsibilities in integrated sanitation as it does to building toilets. Households are responsible for maintaining their own toilets, but small or medium enterprises assist households in emptying dry toilets, and the municipality pays local facilitators to guide households in maintenance (Gounden 2008).

Notwithstanding eThekwini’s commitment to expanding the reach of waterborne systems, sewered sanitation is usually not feasible or affordable in sparsely settled areas. Septic tanks are an alternative, but they require a continuous supply of water to the house—again not feasible or affordable in all areas. Yet these constraints are not widely understood, and families are offended when they feel they have received inferior sanitation.

Sanitation is very important where HIV infection rates are high, and the government faces some tough choices. Its supply-driven approach to providing VIP toilets is not delivering sustainable sanitation, and a steady backlog of hundreds of thousands of full, unusable VIP toilets is growing. Simple alternatives—such as VIP toilets with movable top structures—are seldom explored.

The focus of sanitation improvement needs to be brought back to people—not toilets. One option is to halt Municipal Infrastructure Grant funding for immovable VIP toilets, creating incentives for municipalities to explore more sustainable approaches. Another is to put funding power directly in the hands of citizens—through a voucher system enabling them to choose their toilet type, for example. Doing so would make the supplier accountable to the user, not merely...
the municipality. It may promote better understanding of the respective roles, responsibilities, and accountabilities of municipalities and citizens and serve the interests of improved sanitation more effectively.

Improving urban access to water and sanitation

In urban areas internationally, scale economies make it feasible to connect each stand to a networked water supply and sewer system. Building and maintaining networked water systems is capital- and skills-intensive and tends to be managed by monopolies. This gives the monopoly provider enormous power, making effective regulation and accountability to safeguard the needs and rights of citizens imperative.

In South Africa, the choice of urban sanitation technology is heavily determined by politics: flush toilets are associated with white privilege and dry toilets with discrimination. The dormitory black townships of former “white” South Africa generally had lower grade reticulation networks than those servicing “white” areas and bucket and pit toilets servicing those not on the network. Extensive expansion of sewered networks has brought service to more than 2.5 million houses in new developments, replacing more than 400,000 bucket toilets with flush toilets.

Attempts to implement less expensive wet systems—such as nonsewered flush toilets with an on-site soakpit—failed in new settlements such as Ivory Park (outside Johannesburg) in the 1980s, primarily because of poor execution. Government subsidies for free basic services have muted consideration of cost-effective alternatives to conventional flush toilets. Attempts in the 1990s to implement condominal shallow sewer systems—where users take responsibility for local network maintenance to reduce service costs—have not been replicated in the 2000s.

Commitment to providing networked water and sanitation services has overshadowed consideration of the intensive skills required for building reticulated systems. The higher the level of service, the greater the skills required to run more elaborate pumping and pressure management systems and the billing and collection systems to recover the costs. Investment in municipal water services infrastructure is growing by about 26 percent a year, but municipal revenue is growing slower than the cost of providing services (Savage, Eales, and Smith 2008).

In many areas, the gap between expenditure and income is being funded through less spending on maintenance, rehabilitation, and renewal, leading to “asset stripping.” Deterioration in the quality of service delivery is inevitable and likely to decrease payments and compound the downward spiral. Recent household survey data collected by Stats South Africa shows that this is already underway (figures 7.2 and 7.3).

Extending coverage has taken priority over maintenance of both new and existing systems, raising the likelihood of service failures. Wastewater treatment failures are polluting South Africa’s water systems and threatening water security nationally.
The enormous expansion in networked services since 1994 has occurred concurrently with a massive loss of municipal engineering capacity, compounded by an acute national shortage of artisans. In 1989, when local government served 14 million people (with the remainder served by provincial or “homeland” structures, or not served at all), municipalities employed 2,500 engineers. Twenty years later, the population has grown 20 percent and municipalities are now “wall-to-wall” nationally. In 2005, only 1,300 civil engineers were employed in municipalities, and a further 10 percent have since left (Lawless 2008, 2009; figure 7.4). This represents a fall from 23 municipal engineers per 100,000 people to less than 3, while coverage by municipal networked services has virtually doubled.

Figure 7.5 illustrates the findings of a national survey of technical capacity in municipalities in 2005 by the South African Institute of Civil Engineers (SAICE). The darker the shading, the worse the skills gap, with municipalities shaded black employing no civil engineers.

The SAICE survey found that 83 municipalities employed no civil engineering staff, that 45 had only one civil engineering professional, and that 43 employed only technicians or technologists under the age of 35, with the majority under the age of 27. Age is relevant because engineering professionals maintain that it takes at least 20 years to gain the experience necessary to head a municipal technical services department. The situation has deteriorated since this survey, with close to 100 municipalities now employing no engineers (Lawless 2008, 2010).

The engineering shortage was caused mainly by the policy to correct the historical racial imbalance of municipal staff, but the pool of available technical and managerial staff in South Africa does not yet align with employment equity targets. Nontechnical personnel are being appointed to engineering positions in many municipalities, while technical positions are left vacant in others (Lawless 2008). Public health engineering is a major factor in municipal water provision, and the costs of inappropriate appointments are high and growing: essential maintenance and planning for infrastructure renewal and expansion is being neglected, and municipal councilors are not motivated to allocate appropriate budgets for sustainable service provision.

South Africa is investing heavily in capital- and skills-intensive municipal infrastructure, which requires operating and maintenance skills not available in South African municipalities. Engineers are being seconded into local government services through the Siyenza Manje program—a joint initiative between the government and the Development Bank of South Africa—but short-term deployments cannot remedy the substantial gap in skills. The shortage of experienced engineers with time to mentor junior engineers, transfer skills, and build experience is even more distressing.
Deteriorating water services

Consider the dire state of municipal wastewater management (box 7.1). Currently, less than 4 percent (32 of 852) of wastewater treatment works nationally meet the criteria for a Green Drop Certificate, awarded by the Department for Water Affairs to works that scored an average of 90 percent or better against a number of defined performance criteria. Of the 449 assessed, 203 scored above 50 percent, while 47 percent were not assessed because they could not provide the required data.

The assessed risk-rating of municipal wastewater treatment capacity has deteriorated further since the first round of Green Drop assessments in mid-2009. The assessment looked primarily at technical and operational risk factors—ranging from infrastructure capacity to skills employed—and emphasized compliance with wastewater treatment requirements. In October 2009, 9 percent of municipalities were already in crisis, with an acute risk of disease outbreaks; 8 percent were at high risk, with the potential to tip into crisis by mid-2010; 42 percent were at risk, including two of the country’s largest metros; and just 11 percent nationally were rated as “functional” (DWAF 2009b). A further assessment in March 2010 showed that the rate of decline was even greater than anticipated (Eales 2010b).

In April 2010, in response to widespread evidence of inadequate wastewater treatment, the Minister of Water Affairs announced that she had requested ZAR23 billion over the next six years from the National Treasury to refurbish and upgrade municipal treatment works nationally—roughly half of the funding required (Ndaba 2010). This magnitude of expenditure is unquestionably needed, but what steps will be taken to improve municipal management of wastewater treatment and water services more generally? How will municipalities ensure that funds are allocated to asset management on time and that preventative maintenance is done before assets decay beyond repair?

The government faces huge municipal demand for capital and operational funding for water services because of mismanagement, poor revenue collection, and subsidies for households. The cost of the current approach is unsustainable, calling urgently for far greater professionalization of municipal water services provision and improved performance efficiency.

Municipal expenditure on water services has nearly doubled in the past six years from ZAR6.8 billion in 2003/2004 to an estimated ZAR13.1 billion in 2009/2010 (National Treasury 2009). Concurrently, municipal dependence on grants to fund their operations is growing. The share of service charges in the total operating revenue of local government declined from 49 percent in 2003/2004 to 42.9 percent in 2009/2010, mainly because of the sharp increase in national transfers (Carrim 2009) but also because of poor billing and collection by municipalities (National Treasury 2008).

Growing grant dependence is masking significant inefficiencies in many municipalities.
Yet most municipalities do not “ring-fence” income and expenditure for water services and thus do not really know what it costs to provide these services. Equally, what the National Treasury calls “poor fiscal effort” on the part of municipalities (National Treasury 2008)—that is, poor billing and collection—means that more free water is provided than the national subsidy policy envisaged. Provision of free water, or water provided far below its real cost, contributes to user perception that water has a low economic value; a far-reaching public awareness campaign is needed to build understanding of the gravity of the water challenges facing the country.

In the face of widespread evidence of deteriorating municipal water services, it is tempting to propose wholesale restructuring to consolidate existing capacity into fewer entities, which could make more effective use of available expertise. But institutional restructuring is enormously risky and disruptive, and it cannot be certain that changes introduced will deliver positive outcomes.

It makes more sense to start by strengthening existing local government structures by ensuring that they are properly staffed, managed professionally, and held more accountable to citizens. Arguably, stronger public accountability mechanisms are the highest priority as accountability can drive performance improvements. The role of ordinary people—as citizens, not just consumers—in shaping and participating in service management and decisionmaking urgently needs strengthening. Citizens need more power to hold service providers accountable through short-route and long-route mechanisms.

**Accountability relationships in the water sector**

Formal accountability frameworks in the water sector focus on relationships among spheres of government and between municipalities and their service providers. Accountability mechanisms between citizens and service providers—short-route accountability—and between citizens and their political representatives—long-route accountability—are poorly developed and perhaps atrophying. Amendments proposed by the Department of Water Affairs to strengthen the definitions of consumer rights and obligations in water services legislation have stalled.

**Authority-provider relationships**

Water services accountability relationships are spelled out in the 1997 Water Services Act. The Act distinguishes between a municipal Water Services Authority, responsible for ensuring access to services through setting policy and monitoring performance, and a Water Services Provider, responsible for executing service delivery in line with the policies of the Water Services Authority (figure 7.6).

The government has designated just under half of all municipalities nationally as Water Services Authorities. Service provision can be undertaken by that same municipality or it can be assigned to another entity: another municipality; an “organ of state” such as a water board, which deals primarily with bulk water supply; a private sector company; or a community-based organization or nongovernmental organization (NGO). In whatever form, the latter entity is known in policy and legislation as the Water Services Provider.

The Water Services Authority sets objectives and goals, defines policy for achieving them, and regulates the performance of the Water Services Provider in meeting them. Most Water Services Authorities keep water services provision in-house through a municipal technical services department.

In the Eastern Cape, KwaZulu-Natal, Limpopo, and North West provinces—where the footprint of the former “homelands” was largest, backlogs are greatest, and local government structures are generally the least mature—the government has assigned the Water Services Authority to provide water services in these areas.

**Figure 7.6** The formal division of responsibility for water services provision

<table>
<thead>
<tr>
<th>Authority</th>
<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ensuring universal service access</td>
<td>• Duty to provide water services</td>
</tr>
<tr>
<td>• Planning</td>
<td>• Effectiveness and efficiency</td>
</tr>
<tr>
<td>• Regulation</td>
<td>• Consumer charter</td>
</tr>
<tr>
<td>• Provision</td>
<td>• Consumer relations</td>
</tr>
<tr>
<td>• Services to industry</td>
<td>• Consumer-friendly billing</td>
</tr>
<tr>
<td>• Regional schemes</td>
<td>• Business plan</td>
</tr>
<tr>
<td>• Duty to provide information</td>
<td>• Duty to provide information</td>
</tr>
</tbody>
</table>

Formal accountability mechanisms in the water sector rest on a distinction between an Authority and a Provider function. The Authority has a local regulatory and supervisory responsibility, while the Provider is responsible for implementation and operations. A Water Services Regulator is being established to regulate the Authority function.
Authority function primarily to district municipalities and made them responsible for ensuring service delivery. The government’s intention was to consolidate available capacity in districts. Each district municipality encompasses four to eight local municipalities, so municipalities and settlements served are far higher than a simple tally of Water Services Authorities would suggest. This has significant implications for accountability as the administrative base of the Water Services Provider can be more than a hundred kilometers away from where a service improvement is needed. Elsewhere, the local municipality itself is both the Water Services Authority and the Water Services Provider.

In theory, the relationship between the Water Services Authority and the Water Services Provider is regulated by a service delivery agreement (Van der Merwe 2004). In the few cases where these agreements exist—for example, between the Water Services Authority and another municipality, municipal entity, water board, or private company—the outputs are not necessarily specified, and engagement with citizens about desirable outputs or feedback on performance is limited.

In most municipalities, the distinction between the Water Services Authority and the Water Services Provider is blurred, and no service delivery agreement defining their relationship or specifying outputs or outcomes exists. The policy role intended for Water Services Authorities is taken largely by the municipal council, so responsibility for regulation has passed primarily to local politicians. Figure 7.7 maps the World Development Report accountability triangle as it applies to the water services sector.

Citizens elect their political representatives, and national and provincial governments are the primary framers of the compact between citizens and the Water Services Authority. In the figure, the left-hand diagram shows the most common arrangement for delivery in line with this compact: the Water Services Authority municipality is also the Water Services Provider, though it might “in-source” support from a water board or private company.

The right-hand diagram illustrates a separation between the Water Services Authority and the Water Services Provider. For example, the City of Johannesburg contracts its own wholly owned utility, Joburg Water, and holds it accountable for delivery against specified performance objectives. Joburg Water is assisted by subcontractors for a range of services, from building VIP toilets to reading water meters. More commonly, the external Water Services Provider is another municipality.

**Long-route accountability relationships between citizens and politicians**

Citizens with service problems rely primarily on political accountability mechanisms: raising issues through their ward representative or councilor—where the ward committee functions or where the councilor is responsive—rather than with a service provider directly. The councilor refers the complaint through the municipal council to the relevant officials, who in turn instruct the service provider to remedy the problem.

But the supply chain and accountability relationships are often convoluted, with the Water Services Provider often reliant on support from a water board, contractor, or external service provider. Accountability relationships within the Water Services Provider are often diffuse, and management oversight of local operators by a remote Water Services Provider—municipal or otherwise—is frequently weak.

Citizens increasingly complain that their political representatives are unresponsive. This highlights a core governance challenge in South
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Voting patterns in South Africa have more to do with identity politics than voicing dissatisfaction with the performance of government.

Several commentators have noted that voting patterns in South Africa have more to do with identity politics than voicing dissatisfaction with the performance of government and that opposition politics play out primarily inside the ANC between factions contesting for party dominance.

Dissatisfaction with service delivery has not been reflected in local government election voting patterns (Booysen 2007; Schoeman and Puttergill 2007). Despite widespread service protests prior to the 2006 local government elections, voter turnout did not fall and the ANC actually increased its majority. The same was true in national government elections in 2009, when the ANC again increased its overall majority despite extensive dissatisfaction with service delivery. Thus even the long route to accountability—voting—has limited ability to influence service improvements until the elected representatives prioritize a comprehensive turnaround.

Growing revolt can be interpreted as a promising sign that this turnaround is under way. As discussed in chapter 1, in response to poor services, unresponsive councilors, corruption, ongoing job losses, and other grievances, protest action soared in 2009. As many protests were recorded in 2009 as in the previous five years, with disturbingly high levels recorded in early 2010 (Municipal IQ 2010).

Strengthening institutional delivery systems

Local government is responsible for service delivery, but debate is growing over service provider arrangements. Sector skills are dispersed across several hundred municipal Water Services Providers—the majority being municipal technical services departments—with considerable fragmentation and high overheads. Debate centers on how best to consolidate capacity to maximize scale economies and promote good governance without introducing new risks and discontinuities.

Lasting improvement in performance outcomes requires institutional reforms at a range of levels: recruiting necessary skills and competencies, emphasizing performance contracts and service delivery outcomes, ring-fencing water finances and administration, respecting the roles of councilors and officials, arranging partnerships with public, private, or other entities, and establishing separate utilities, among others.

An obvious requirement is to insist that municipalities appoint managers, supervisors, and works operators with the appropriate professional and technical expertise. The Department of Water Affairs is now considering regulating the competencies of critical water services personnel: one option is to introduce mandatory minimum qualifications for senior water services personnel, possibly linked to accreditation through a relevant body (Muller 2009).

Most municipalities take on service provision without necessarily considering what arrangements might best serve the needs of their constituents. The criteria and process for deciding on municipal services mechanisms are clearly detailed in Section 78 of the 2000 Municipal Systems Act. Framed amid strong organized labor opposition to the privatization of municipal services, Section 78 is intended to discourage outsourcing by requiring careful consideration of how to enable in-house service provision.

Section 78 does not always serve the public interest. Many municipalities need to acknowledge that they lack the capacity to deliver effective and affordable universal services. In some municipalities, a nonmunicipal service provider—a local small enterprise, a consortium of service partners, or a professional utility—might offer a better service.

The Municipal Systems Act favors the appointment of internal water services providers through requiring the municipality to assess, for example, whether it could reorganize its administration to develop the necessary human resource capacity to provide the service. The municipality is required to consult only with...
organized labor on this assessment. If the municipality concludes that it has, or can develop, the capacity to provide the service, Section 78.2 permits it to exit the decision process, fully compliant with the law. Most Water Services Authorities take this route and appoint or establish internal technical services departments as the Water Services Provider. It seems that most municipalities prefer to avoid out-sourcing to keep jobs, funding, and control in-house. A broader menu of options is listed in box 7.2.

Recent research shows that many municipal workers lack the skills for the water services functions they perform; moreover, the job requirements exceed the training potential of many water services operators (Momba, Osode, and Sibewu 2006; Momba, Obi, and Thompson 2008; Schoeman 2006). As Muller and others have noted, a medical doctor requires at least seven years of rigorous training before being allowed to practice on the general public (Muller 2007). Yet compliance with regulations that safeguard public health by specifying the qualifications and performance requirements of water care operators are not monitored (Boyd 2004; DWAF 2008c), even though the actions of operators affect the health of potentially tens of thousands of people or more.

Whose interests should prevail when exploring service provider options, if the objective is to provide all citizens with a safe and reliable water supply? The Water Services Authority is required to consult citizens on provider options and arrangements only if, having considered internal options, it still wishes to explore external options. Even then, the municipality is only required to alert citizens that it is assessing possible service provider options. Only in this external review phase of the assessment process is the municipality obliged to consider the cost-effectiveness of different options, performance benchmarks, or whether options favor the poor. If the intent of this legislation (Government Regulation 8534 of 1985 or Section 62 of the Water Services Act of 1997) was to inhibit outsourcing or appointment of private sector agencies, it has been very effective: no public-private partnerships and no appointment of private sector Water Services Providers has occurred since the Act was promulgated.

Appointment of an external water provider must follow competitive tendering, unless another municipality or public entity is selected. This means that even community-based organizations and NGOs must tender competitively to be considered as potential Water Services Providers. Most municipalities appear to regard using community-based organizations as a form of outsourcing and prefer to absorb village operators into their administrations, even if the costs remain similar to previous payments to locally funded village water committees (Balfour 2008b). Residents of a small town or village have little power to affect the selection of their service provider, even if their service needs might not require them to be networked to a regional distribution and treatment scheme.

A local small or medium-size enterprise or community-based organization can only be appointed as a Water Services Provider if the Water Services Authority opts to look beyond internal service provision and if the enterprise or organization is able to outbid other contenders in a competitive tender. The combination of legislation and municipal preference rules out virtually all local management options. Most rural water schemes are now run by operators who report and account directly to the municipal

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**Box 7.2 Examples of current institutional models for water services provision**

- The Water Services Authority (WSA) undertakes the Water Services Provider (WSP) role itself—the dominant approach.
- WSA appoints one or more local municipalities as a WSP.
- WSA establishes and appoints its own wholly owned retail water utility.
- WSA contracts a multi-jurisdiction municipal-owned entity established to serve more than one WSA.
- WSA contracts a water board to assist with WSP responsibilities.
- WSA contracts a concessionaire.
- WSA contracts a private sector entity, which leases the assets.
- WSP signs a management contract with a private sector support agency.
- WSA contracts community-based organizations, with a services agent to support community-based organization providers.
water services provider, with very little local accountability.

Evidence suggests that service failures are widespread due to a variety of reasons: mandatory supply chain management policies make it difficult to stock spare parts, funding for fuel or energy is sometimes transferred late, chlorine supplies run out or dosing is erratic, and vandalism and theft of vital components is common. But resistance in most municipalities to formal outsourcing is significant, apparently because of a strong desire to retain jobs in the public sector. A recent Water Research Commission investigation into the feasibility of franchising operational and maintenance support services to municipalities, with franchisees supported by a regional technical support team, noted that the most significant obstacle was the reluctance of most municipalities to outsource any functions (Bhagwan, Wall, and Ive 2008).

Municipal use of publicly owned water boards to support water services provision is growing, however. As organs of state, water boards are exempt from competitive tendering procedures. This is a double-edged sword: it reduces time and cost, but the efficiency and effectiveness of the water board is not subject to the scrutiny of a tender assessment, and a water board will not necessarily serve citizens better than a community-based or private entity.

**Regulation of water services**

The absence of effective regulation to drive national accountability has led to few sanctions against municipalities that do not comply with sector legislation, few incentives for municipalities to closely monitor the performance of their service providers, and limited attention to the outcomes from infrastructure investment. The Minister of Water Affairs has been required to establish an independent economic regulator for the water sector by 2014, but work on the scope of this regulatory function has only just begun. Regulation of noneconomic performance parameters is likely to remain with the Department of Water Affairs for some time.

The focus of the Department of Water Affairs’ current regulatory activity is strengthening management of drinking water and wastewater resources. The Department introduced an innovative and internationally acclaimed Blue Drop (potable water) and Green Drop (treated effluent) certification system in 2008 to incentivize municipalities to comply with high management standards. A “name-and-shame approach” for poor performers is proving effective in pressuring municipalities to raise treatment management standards.

The lines between assistance, enforcement, and intervention by the Department of Water Affairs are sometimes blurred: it supports municipalities in building capacity to meet quality standards, sets standards, monitors compliance, and intervenes in cases of noncompliance. Assigning these functions to different divisions within the department is not sufficient to overcome this tension. The Department prefers to work with a municipality to rectify a noncompliance problem rather than to litigate, as it believes the former to be more constructive. Moreover, the constitutional principle of cooperative governance between the three spheres of government (national, provincial, local) has left the national sphere reluctant to prosecute failing municipalities.

A welcome recent shift in policy has occurred, however, with the Department of Water Affairs adopting a far tougher stance against municipal negligence in the discharge of water services responsibilities. Directives have been issued against a growing number of municipalities, Madibeng in North West Province and Matjhabeng in the Free State, for persistent wastewater treatment failures. It remains to be seen whether individuals will be prosecuted: a major shake-up in municipal service performance, and perhaps even the selection of service providers, could occur if a municipal manager is held personally liable for noncompliant wastewater discharge.

**Strengthening citizen-user voice and power**

Galvin and Habib (2003) note that South Africa has decentralized delivery but has opted for a highly state-centric approach through municipal structures rather than a more integrated and inclusive model, which would harness people’s support and creativity in planning and sustaining services. To a large degree, ordinary people
have been marginalized in the process of municipal service planning and delivery and—as the Reconstruction and Development Programme warned—have become the objects, not subjects, of development (ANC 1994).

The most urgent priority in bringing people back to the center of decisionmaking is to strengthen public education and information. Some recipients of new services have not had taps or toilets and are not aware of the technologies’ vulnerabilities and their roles in basic maintenance. Many have limited awareness of how these services fit within the broader framework of natural, financial, and human resource management, and most did not grow up paying for water or services. Few citizens know how to interact with municipalities or service providers.

The eThekwini Metro, the municipal area serving the large port city of Durban, is a rare example of a municipality that for many years has been working to improve public understanding of water services. The municipality has used street theater, house visits, school programs, and pamphlets to educate users about the vulnerabilities of sewered sanitation and about user rights and responsibilities.

While resource-intensive, Metro officials can prove that the benefits of the public education program far outweigh the costs and that the program reduces spending (Gounden 2008). The first step to create short-route accountability mechanisms are to build public understanding of the service framework and the compact linking citizens, the municipality, and the service provider. Establishing new mechanisms for public recourse without first building public knowledge to monitor service performance is pointless.

Reciprocally, improved understanding of citizen-user perceptions and needs helps municipalities and service providers deliver what people want. The eThekwini Metro is working to improve water and sanitation services through a range of initiatives to build trust and communication with citizens. It conducted 20 focus groups and over 200 citizen interviews to drive some immediate service improvements (box 7.3).

In response to concerns about water affordability, for example, the Metro increased Free Basic Water from six to nine kiloliters for qualifying households starting July 2008. Metro officials are also taking citizen report cards to new levels, with an equal emphasis on qualitative and quantitative information across a wide range of themes: trust and satisfaction, billing and pricing, health and hygiene, infrastructure, environment, and conflict (Wilson, Malakoana, and Gounden 2008).

South Africa is a young democracy and citizens’ awareness of their own rights and power is still maturing; building awareness of rights and responsibilities will take time. A sobering reminder of the task ahead lies in the findings of a recent consumer survey (Sigodi Marah Martin 2007): roughly half of the citizens surveyed had never heard of the Constitution, the majority were not aware of Free Basic Water, and significant confusion about the meaning of the rights prevailed among those who were aware (box 7.4). These findings raise profound questions about the efficacy of current public awareness campaigns and how much many citizens have disengaged from public life.

User platforms

A monthly local user platform involving the ward councilor, citizens, and representatives of the service provider can be valuable for shortroute accountability by helping to build the relationship between service providers and citizens beyond the monthly bill. Insight into local service challenges and opportunities can also bolster other public forums such as ward committees.
User platforms have enormous potential to rebuild trust among citizens, municipal officials, and councilors in support of service turnaround strategies and objectives. Experience in setting up “Citizens’ Voice” initiatives in four cities highlights the opportunities and vulnerabilities of this approach.

- In Cape Town, the Department of Water Affairs ran a successful pilot Citizens’ Voice project for four years, establishing user platforms run by volunteer committees in 23 townships. Participants were trained to understand themes in water services management and to articulate concerns to municipal water officials. The user platforms proved highly effective, with participants raising issues later escalated to senior city decisionmakers. However, the initiative stalled when Department of Water Affairs funding ended: high turnover in municipal water service management and a decision not to engage councilors left no champion for the project. Despite progress in building understanding of water demand management and conservation, the city opted to abandon the Citizens’ Voice project in favor of a hardware approach to water management, introducing restriction devices perceived to be punitive and discriminatory by the community. A more positive outcome could have been achieved if the user platform had continued.

- The eThekwini Water and Sanitation (EWS) has a strong track record in innovative service provision. Learning from Cape Town’s experience, in 2008 EWS designed a user platform that engaged important political decisionmakers from the start. Weekend training workshops for councilors and civil society organization representatives convene in all 17 city zones, and a growing number now support monthly user platform meetings. The city funds the initiative from its core budget. Councilors participate actively in each zone as they find that it supports their work in wards.

- In Msunduzi’s local municipality, initial progress in training and establishing user platforms stalled when the municipality was declared bankrupt and put under administration. The new mayor saw the Citizens’ Voice training as a valuable communication tool to rebuild trust with local residents and provide an alternative to service delivery protests plaguing the city; the Citizens’ Voice initiative has been incorporated into the city’s planning and communication work.

- In Ekurhuleni, enthusiastic support from hundreds of residents who participated in a series of community training sessions was thwarted when officials refused to allow users to engage with councilors, fearing that the establishment of user platforms would threaten the councilors.

**Conclusions and policy recommendations**

Enormous water services achievements in the first decade of democracy in South Africa may be compromised in the second decade if swift measures are not taken to mitigate the consequences of the current supply-driven approach to service provision. South Africa’s state-centric approach to service delivery is top-down, target-driven, supply-led, and generously grant-funded. This approach skews infrastructure investment decisions, overestimates the skills available to operate and maintain services, risks high service failures, and limits citizen power.

Public accountability in the water services sector is focused primarily on the relationships among spheres of government—recommendations were made for improvement.
in these relationships—while the relationship between citizens and municipal service providers is given less attention. The primary responsibility for holding service providers accountable should not lay with a remote regulator because such an approach places even greater emphasis on the relationship between government and providers, further marginalizing citizens. Citizens need direct, short-route accountability mechanisms. Accountability must be rooted locally, on the ground, and at the interfaces between citizens, service providers, and elected representatives. Citizens should have recourse through the regulator, but primary engagement and response must be local, where problems are felt and where immediate intervention is usually required.

**Strengthen the compact between the government and service providers.**
- Regulate the competencies required by personnel filling critical water services functions. Require water services institutions to use qualified personnel to manage water supply and sanitation services. Establish certified water services managers with the minimum qualifications established under the National Qualifications Framework. Promulgate regulations in the Water Services Act to ensure applicability to all water services institutions.
- Strengthen public accountability in the selection and appointment of service providers. Municipalities are increasingly enlisting water boards—whose capacity and cost-effectiveness vary enormously—to support service provision but without procedures requiring water boards to demonstrate that they are the most appropriate provider. Introduce measures to improve transparency in municipal appointment of water boards to provide water services. All appointments should be regulated by contract, with the scope of work, performance outcomes, costs, and duration of appointment specified clearly, and subject to public comment.
- Review Section 78 of the Municipal Systems Act to promote a more transparent, inclusive, and integrated approach to assessment of service provision options and mechanisms. Particularly, review the phrasing of Section 78.2 to remove the “and/or” option and mandate the assessment of external options. Mandate the review of Section 78 decisions when the performance of the municipality consistently fails to meet defined minimum standards.
- Mandate performance contracts between all Water Services Authorities and their Water Service Providers, irrespective of whether the Water Services Provider is the municipality’s internal technical department or an external service provider.

**Strengthen local accountability relationships for operators serving settlements remote from the municipality’s administrative hub.**
- Promote the use of locally accountable operators and operational and maintenance crews to augment service provision capacity. The current reliance on underskilled local operators and remote technical support saps power from both citizens and operators.
- In rural areas, where local water operators are employed by a remote Water Services Provider (municipal or other), explore local mechanisms to hold service providers accountable. Consider aligning settlement-level structures with the municipal service provision framework. Operators would be employed by the Water Services Provider or its agent, but the local structure would share management and oversight responsibility.

**Strengthen financial management to support sustainable water services provision.**
- Mandate financial ring-fencing of municipal water services in every municipality within five years. Economic regulation of water services is not feasible without reliable information on water services income and expenditure for each municipality.
- Revise the municipal Equitable Share grant to make transfers supporting provision of basic water and sanitation to poor households conditional on delivery of a municipal report.
- Review the conditions for accessing Municipal Infrastructure Grants to incentivize more sustainable infrastructure investments.
- Use Municipal Infrastructure Grants to incentivize better asset management. Explore
instruments that will reward municipalities for good asset management, for example, by providing Municipal Infrastructure Grants above a basic threshold only to municipalities that demonstrate good asset management practices.

**Strengthen citizen-user voice and power.**

- Dedicate significant resources to building public understanding of how services work and to help citizens understand their rights, roles, and shared responsibilities in service provision. Dialogue will be strengthened significantly if the municipality and its provider invest in understanding citizens’ needs and perspectives.
- Strengthen citizens’ recourse through close partnership with the sector regulator. Sector regulation is only as effective as the information available, and both Water Services Authorities and Water Services Providers have a strong incentive to disguise poor performance. Current monitoring and evaluation systems are improving across the water sector but from a very low base. Citizens must play a vital role in monitoring and making information available to the regulator to buttress the regulator’s effectiveness.
- Establish local user platforms to bring citizen, municipal, and service provider representatives together.

**Notes**

1. References to “urban” and “rural” areas suggest a clear dichotomy of settlement types; it is more useful to refer to an urban/rural continuum—from urban to peri-urban, semi-urban, or rural—as this acknowledges different contours of settlement density and economic activity. Space does not permit a full discussion of technology options across settlement typologies or the layers of complexity added by transient populations, insecure tenure, and informal settlement.
What if the choice, design, implementation, and monitoring of services could be decentralized to communities? The principal would become the agent and incentives would align with information. For services where production technology is not characterized by economies of scale, where skills are available locally, and where outcomes are easily monitored by communities, decentralization to the community—and in some cases to households—is a genuine option for organization of service delivery.

Community-driven development has put these ideas into operation. As experience with this approach accumulated internationally, it became clear that good service outcomes usually require other stakeholders—notably local governments—to become involved as co-producers of services. The model is now called local and community-driven development.

Community-driven development transfers most accountability mechanisms to the community and has the potential to create the shortest route to accountability. Even here three legs of accountability need to be considered, between:

- Community members and community leaders.
- Community leaders and the subcommittee executing the project.
- Community members and the subcommittee executing the project.

The three legs of accountability are blurred by the proximity of community members and their overlapping social links and functions. Powerful community leaders or members can subvert these accountability links to shift benefits in their favor, a process called “elite capture.” In addition, communities remain accountable for the proper use of resources to the government or private organizations that cofinance their investments.

This chapter will discuss simple but effective mechanisms for internal accountability and upward accountability to funders. The origins of community-driven development will be explained, along with its evolution from approaches based on community consultation and participation toward integrated local and community-driven development—an evolution that has often been affected by conflicting centralization and decentralization goals. This approach could become an important model for selected services in South Africa.

Approaches toward community and local government empowerment

Community empowerment approaches come in different forms (Binswanger-Mkhize, de Regt, and Spector 2010). The first approach, community-based development, has two variations:

- Community consultation model, where government agencies or nongovernmental organizations (NGO) consult communities but operate as direct service providers using their own staff.
- Community participation model, where government agencies or NGOs invite communities...
Successful local and community-driven development is seen as a coproduction of communities, local government, and the sectors to participate in choosing development priorities and project designs, cofinancing projects with in-cash or in-kind contributions and operating the projects.

Community-based development can gradually build community capacity, but it stops short of devolving funds and implementation responsibility to communities. Most community empowerment programs in South Africa are community consultation or community participation models.

The second approach is community-driven development. Normally, this approach gives funds to communities and devolves to them all or part of project implementation. Government agencies and NGOs operate primarily as facilitators and trainers. Successful examples include the Aga Khan Foundation in Pakistan and India. In Burkina Faso, the community funds originate as intergovernmental fiscal transfers: the government provides unconditional grants to communities as part of central revenue sharing following a specific allocation formula. Communities augment these resources through cofinancing in cash and in kind and through collection of user fees. In South Africa, however, few projects or programs use this model of community empowerment.

In early experiments with community-driven development internationally, it was found that it could not function in an institutional vacuum: local government coordination and support was required from specialized sector agencies. This led to the third approach: local and community-driven development, which links community empowerment, local government development, and adapted sector programs into a coherent, coordinated framework. Successful local and community-driven development is seen as a coproduction of communities, local government, and the sectors, whose links create synergies and reduce duplication and fragmentation into silos and spheres of government.

Local and community-driven development emerged as a response to the inefficient centralized approaches. The approach attempts to maximize accountability relationships along the long and short routes to accountability by emphasizing the following rights and powers of communities:
- The right to be treated as people with capabilities, not as objects of pity or passive recipients of services delivered to them.
- The power to plan, implement, and maintain projects to serve their needs.
- The right to hold politicians and officials accountable.
- The power to command local bureaucrats instead of being their supplicants.
- The power to hire, fire, and discipline all who provide frontline services, such as education, health, municipal, and agricultural services.
- The right to a share of central revenue.
- The power to levy user charges and taxes.

Centralization versus decentralization

Centralization was in vogue after World War II. The Soviet, Keynesian, and welfare state models all posited a strong central authority as the engine of progress. Developing countries, believing in dependency theory or fearing neocolonialism, felt that a strong central government was essential for economic and political independence. In contrast, most developing country populations were overwhelmingly rural and poor, making rural development—requiring decentralization—another fundamental goal.

India epitomized this duality between centralization and decentralization. Mahatma Gandhi advocated highly decentralized development through what he called “village republics,” but the Indian Constitution created a fairly centralized polity. The post-colonial era thus began with two opposite perspectives on managing future development. The development discipline has only recently begun to find a balance between centralization and decentralization.

Most developing countries became far more centralized than developed ones. Both India and Bangladesh in the 1950s and 1960s pioneered models of community development, and India was the first country to implement community development over the entire country. Since the 1950s, dozens of countries have embarked on community development and other rural development programs. Most of these programs started with similar objectives of decentralized and participatory decisionmaking, local planning and coordination, and the development of sustainable local and community institutions.

Yet, for both technical and political reasons, the process in most countries fell short of
community empowerment. In most large-scale programs, power and implementation shifted back to central agencies and their technical staff, and programs became highly bureaucratic (boxes 8.1 and 8.2). The preceding chapters of this report suggest that the South African experience since 1994 has followed a similar path.

By the 1990s, public choice theory had gained wide intellectual acceptance and showed that a strong centralized state could be predatory rather than benevolent. Economic failure and rural neglect were in many countries attributed to over centralization and top-down approaches. The programs, generally unable to grasp the priorities of communities or to respond to their needs, founded amid agency coordination problems. The collapse of the Soviet Union caused further disillusion with command systems: democratic systems replaced military autocracies in much of Latin America, for instance, and participation started to show its power in sectoral development programs.

**Participation in sectoral programs**

Sectoral programs created opportunities for various forms of community participation. In a survey of 121 completed water supply projects with different participatory mechanisms in 49 countries, substantial benefits accrued to the more participatory projects, even after controlling for 18 other variables (Narayan 1995). Of the 121 projects, only 21 percent received a high rating for participation. The degree of community participation varied widely from user committees to direct community construction and supervision of contractors, while effective participation generally did not occur wherever sector agencies retained control over implementation.

The Bamako Initiative is an outstanding example of applying participation and many of the community-driven development principles in the health sector (box 8.3).

The Kampung Improvement Program, started in the 1970s in Indonesia, was an example of a community-based approach to upgrading slums. This program consulted beneficiary communities in Jakarta, which also contributed to improvement costs. The program upgraded some 7,700 hectares of kampungs occupied by 3 million people. Roads, footpaths, drainage canals, water supply, sanitation, solid waste disposal,
The Bamako initiative increased the access, availability, affordability, and use of health services. The approach focused on establishing community-managed health centers serving populations of 5,000 to 15,000 people. Priorities included:

- Implementing community-owned revolving funds for drugs with local retention and management of all financial proceeds.
- Revitalizing existing health centers, expanding the network, and providing monthly outreach services to villages within 15 kilometers of facilities.
- Increasing social mobilization and community-based communication.
- Pricing the most effective interventions below market, through government and donor subsidies and through internal cross-subsidies within the system.
- Analyzing, with community participation, biannual progress and problems in health service coverage and in service planning and budgeting.
- Tracing and tracking defaulters.
- Using community representatives to increase demand.

The results

Over the more than 10 years of implementation in these three countries, community-owned services restored access to primary and secondary health services for more than 20 million people. Health outcomes improved, health service use increased significantly, and the poor-rich gap narrowed.

Immunizations increased in all three countries, reaching close to 80 percent in Benin—one of the highest rates in Sub-Saharan Africa. (Immunization rates remained lower in Guinea and Mali, largely because of access problems.) The use of health services by children under five in Benin increased from less than 0.1 visits per year to more than 1.0. In Mali, exclusive breastfeeding and the use of professional services for antenatal care, deliveries, and treatment of diarrhea and acute respiratory infections increased for all groups, including the poorest. Greater access reduced travel costs, and the availability of drugs reduced the need to visit distant sources of care. Prices have been kept below those of alternative sources.


Schools, and health clinics were all built using a community-based approach.

In donor-assisted forestry programs in Nepal, trees on government-owned plantations had a mortality rate of over 80 percent. Starting in 1989, the Hill Community Forestry Project in the degraded mid-hills gave complete usufruct rights over forest produce to local user groups consisting of local villagers as well as all others who used the forest, including nomads. Evaluations estimated the economic rate of return at 12 percent for an earlier project and 18 percent for a later one with community control. Deforestation slowed to 0.2 percent a year, compared with the 1.3 percent found elsewhere in the area (Aiyar 1996).

The Tamil Nadu Integrated Nutrition Program in India over 1980–1990 targeted pregnant, lactating women, children under age three, and the children’s mothers. Underweight children were given additional nutrition through 9,000 community nutrition centers set up in the state. A little over 40 percent of project funds went to upgrading personnel at local health nutrition facilities. Appointees were selected in consultation with communities; they had to be local, educated residents. Care preference was given to poor women with healthy children. The project reduced severe malnutrition by one-third to one-half in children ages 6 to 24 months and by one-half in children ages 6 to 60 months.

Social action funds

Social funds, or social action funds, often began as emergency programs aimed at getting projects quickly to communities in need or at mitigating negative social impacts of structural adjustment programs. The multisector funds gave communities the opportunity to specify their subproject priorities. Social funds used intensive community consultation and community participation models and were soon devised for countries across all continents. As of 2005, these funds have spent around $10 billion worldwide.

An evaluation of social funds in 2005 by the Independent Evaluation Group of the World Bank found that 96 percent of closed social funds had satisfactory outcomes, against 71 percent for all World Bank projects. Social funds worked especially well in post-conflict situations (such as those in Cambodia and Nicaragua). The evaluation rated institutional development as substantial in 65 percent of projects, better than the average of 36 percent for all World Bank projects.

However, the effectiveness of social funds was attributed in part to their autonomy from line ministries, and sustainability was rated as “likely” for only 43 percent of projects, against 51 percent for all World Bank projects. Maintenance responsibilities and obligations were often not clearly specified, nor were ownership issues after project completion. Also, while communities were usually asked to participate widely in discussions on priorities, the priorities were not always met. For example, Tendler (1999) showed that some Latin American social funds were very supply-driven. Over time, social funds such as the Malawi Social Action Fund moved from community consultation to community participation models.
Community-driven development and decentralization

In the early 1990s, Decentralization, Fiscal Systems, and Rural Development looked at several sectors and the powers of local institutions over service delivery in 14 countries and 5 provinces. The study showed that the best performers were more decentralized. Jiangxi province, in strongly decentralized China, topped the list, followed by other decentralized countries: Colombia, the Philippines, and Poland. The lowest score came from countries with little or no decentralization: Imo State in Nigeria, Côte D’Ivoire, Senegal, and Burkina Faso (figure 8.1).

From a study of Colombia’s decentralization, Fiszbein (1997) concluded that competition for political office resulted in accountable and innovative local governments that improved service delivery and reduced corruption. Faguet (1997) showed how decentralization improved accountability and reduced poverty in Bolivia. Crook and Manor (1998) showed that decentralization yielded good results only where the following existed:

- Strong government ownership.
- Appropriate legal, administrative, and fiscal arrangements.
- Local elections.
- Sufficient and reliable funding.
- Freedom for communities to choose projects.

Community participation and decentralization were often introduced in countries independent of one another, but they clearly needed to be integrated to improve sustainability and maximize synergies. In the 1990s, major projects in Mexico, Brazil, and Indonesia adopted this approach.

In Mexico, rural municipalities obtained unconditional grants based on a formula targeting poor municipalities. These funds were earmarked only for investment projects identified and executed by communities within the municipality; they could not be used for recurrent municipal budgets. Project priorities were set by communities, which contributed 20 to 40 percent of project costs. Municipal Development Councils headed by elected mayors selected the projects and supervised the execution and fund management by the communities. Municipal funds used a learning-by-doing approach across all levels of operation: federal, state, municipal, and community. Important program innovations included simplified procurement and disbursement procedures, which have allowed the direct transfer of funds to communities.

A similar program has been implemented in Northeast Brazil, but without being part of the intergovernmental fiscal system. A recent rigorous evaluation shows that the program is well targeted to poor communities and has led to improved water supply and electrification, reduced infant mortality and incidences of communicable diseases, and sustainable social community capital.

The National Program of Independent Community Empowerment in Indonesia, a community-driven development program, started as a Kecamatan Development Project in 1998—a time of political upheaval and financial crisis. It began just as Indonesia started its massive decentralization program, also triggered by the political and economic crisis. The program aims to improve local governance and reduce poverty and corruption by channeling funds directly to local government and community institutions in Indonesia’s poorest rural communities. The program provides block grants of approximately US$50,000 to US$150,000 to subdistricts (Kecamatan) depending on population size. Villagers engage in a participatory planning and decisionmaking process where they discuss priorities, choose from an open menu (meaning
they largely create their own topics), and propose projects for the Kecamatan. The Kecamatans then choose the best projects, ask the communities to contribute part of the funds, and provide matching grants for community implementation. The Kecamatan Development Project emphasizes transparency and information-sharing throughout the project cycle. Decisionmaking and financial management are open and shared with the community.

Practitioners of community empowerment and decentralization approaches have identified five main governance transformation dimensions of local and community-driven development:

- Empowering communities.
- Building capacity.
- Empowering local governments.
- Realigning the center away from delivery of all services.
- Improving accountability.

**Accountability mechanisms**

All three legs of the long and short route to accountability are internalized into the community. A simplified upward accountability to local government remains. Adherence to a number of long- and short-route accountability design principles enhances successful outcomes (box 8.4).

Direct disbursement of funds requires a revolution in the way countries, the World Bank, and other donors manage upward, horizontal, and downward accountability for funds and the associated procurement practices. Six new approaches and mechanisms were pioneered in Mexico, then tested in many countries, and progressively improved in other countries such as Brazil and Indonesia (box 8.5).

In most sectors in South Africa, the transfer of funds directly to communities often meets with widespread resistance from the government, and even NGOs. The main argument against this direct transfer is that South African communities lack the capacity and social capital to undertake the types of community projects that have worked elsewhere in the world. Officials also often believe that transfer of public funds to entities outside government is illegal. Even in explicitly community-driven programs—such as the land redistribution program—this interpretation often results in government officials tendering on behalf of communities for simple inputs such as seeds for a land reform project or for simple services such as plowing. Officials are practically running these projects, making them very difficult to scale up. This interpretation also saps power from the beneficiaries, leading to dependency and to poor impact on communities.

The problem with capacity and social capital arguments is that even if South African communities had such shortcomings, keeping communities from engaging in community-driven development precludes the development of these capabilities through learning-by-doing—the argument becomes a self-fulfilling prophecy. The financial argument stems from an incomplete reading, or biased interpretation, of the relevant financial acts: the Public Financial Management Act, 1999, Article 38 (1) establishes the principles for the transfer of funds to communities; the Municipal Finance Management Act No. 56, 2003, Article 67, sets out the guidelines on how to transfer funds to communities. The relevant legal text is in annex 2.

**Toward a model of coproduction of services**

Community participation and empowerment does not take place in a vacuum: it is affected by the local government development programs and the sector development programs of national governments. The emerging consensus is that

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**Box 8.4 Design principles for community-driven development**

- Establish an enabling environment through relevant institution and policy reform.
- Make investment responsive to informed demand by providing knowledge about options and requiring communities to contribute to investment and recurrent costs.
- Build participatory mechanisms for community control and stakeholder involvement by providing community groups with knowledge, control, and authority over decisions and resources.
- Ensure social and gender inclusion.
- Invest in capacity-building for community-based organizations.
- Facilitate community access to information.
- Develop simple rules and strong incentives, supported by monitoring and evaluation.
- Maintain flexibility in design of arrangements.
- Design for scaling up.
- Invest in an exit strategy that establishes project sustainability, including permanent institutional and fiscally affordable financing arrangements.

successful services depend on integrating local government development programs, sector programs, and community empowerment (box 8.6).

All of the approaches aim to provide public facilities and services and to promote local development. Each addresses the same challenge from a different entry point:

- **Sector approaches**, because they develop through functional specialization, tend to be better at mobilizing technical capacity but less responsive to local demand and conditions and cross-sector considerations.

- **Local government approaches**, because of their institutional territorial governance perspective, ensure clear formal autonomy and accountability of local decisionmakers but are often more politicized and less effective in managing service provision.

- **Direct community-support approaches** enhance empowerment and responsiveness to local priorities and conditions, but their entry point through community structures and processes often complicates coordination with public sector organizations needed to sustain service delivery and infrastructure.

Linking the approaches can capitalize on the comparative advantages of each, while complementary methods drawn from other approaches

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**Box 8.5 Six innovations in financial accountability for community project management**

**Legal ownership of the funds.** Funds transferred to communities were considered matching grants and thus became the property of the communities rather than of the program executing agency. As with credit from a bank, choice in spending the funds became the privilege and responsibility of the owner—the community.

**Replacing detailed accounting for funds with a community contract.** The “expediente técnico” for a small community project specifies how funds will be used and the technical details of the project. It is a four- to six-page contract between the executing agency, the community, and sometimes a facilitator or technical agent. Following implementation, the community signs a certificate of completion or a handover of the project, which certifies that the project has been properly executed and the funds accounted for. The completion certificate serves as a “receipt” for accounting purposes for the financing agency. Detailed accounts in the local language and receipts, which remain with the community, can be inspected in random audits.

**Direct transfer of matching grants into community accounts.** This is usually done in tranches, the first following the signing of the contract and the second and third depending on demonstrating project progress benchmarks.

**Purchase of technical support by the community.** The community can select any capable supplier and use a portion of the matching grant, usually 8 percent, to pay for technical services.

**Transparency at the community level.** Communities elect finance committees, which are in charge of day-to-day spending. Checks must be signed by at least two members of the finance committee. The committee must present all accounts to the general assembly, which often also elects a committee to audit accounts, purchases, stocks, and their uses.

**Local shopping for both goods and services.** Putting aside the traditional distinction between goods and services in community procurement rules, communities mainly shop locally to procure small contracts and small amounts of supplies. (Competitive bidding is still required if the community enters into larger contracts.) Local shopping rules require that the community obtains offers from three suppliers and that its finance or management committee chooses from these offers.

**Source:** Binswanger-Mkhize, de Regt, and Spector 2010.

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**Box 8.6 Linking sector programs, local government, and communities**

Three alternative approaches to local development—decentralized sector programs, local government approaches, and community support approaches—emphasize many of the same principles: empowerment of the poor and other marginalized groups, responsiveness to beneficiary demand, autonomy of local institutions, greater downward accountability, and enhancement of local capacities.

The three approaches organize their efforts differently:

- The sector approach is organized by the services to be provided.
- The local government approach is organized around a territorial jurisdiction with some autonomy.
- The community support approach is organized around social groups that make collective decisions.

Each approach has generated a distinct body of theory and practice. Many countries use all of them, though this can lead to confusion and overlap. Local and community-driven development is a new framework that seeks to link all three organizational structures and sees them as coproducers of local development. It promises to improve coordination, synergy, efficiency, and responsiveness in local development processes.

**Approaches to local development**

**Source:** World Bank 2004b.
can be used. Sector experience in organizing, managing, and delivering local services is linked to decentralized governance systems associated with local governments: multisector planning, resource mobilization and management, and mechanisms of democratic accountability, for instance. Public sector approaches are complemented by community support approaches promoting empowerment, participation and social capital for governance, collective action, and infrastructure and service coproduction. Institutional arrangements and capacities that build on the strengths of each approach can improve governance, public services, and the welfare of households and communities.

Scaling up a number of services following the coproduction model holds considerable potential in South Africa. Further evaluation may be needed to understand how well current sectoral, local, and community systems are aligned for coproduction and to identify constraints and develop strategies for successful coproduction and scaling up.

The status of and prospects for local and community-driven development

Case studies of South Africa since 1994 suggest that the legal, fiscal, and policy environment exists for community-driven development but that it is underused (Everatt and Gwagwa 2005). Promising community-driven development initiatives during the 1990s, such as by Mvula Trust in water provision, have been abandoned. Where South Africa employs participatory approaches, community consultation and facilitation models are used rather than the community empowerment model that characterizes community-driven development. At the time of their study, Everatt and Gwagwa could find almost no projects where implementation responsibility and funds were transferred to communities. But the few case studies of community-driven approaches in South Africa show positive outcomes with no instances of financial mismanagement, consistent with international findings of strong community financial management (Binswanger-Mkhize, de Regt, and Spector 2010).

The struggle against apartheid left a powerful legacy of community-based organizing and mobilizing. Everatt and Gwagwa show that in South Africa a large and economically important civil society sector exists in which blacks and women play important roles. The civil society sector weakened immediately after 1994, however, and a “passive recipient” perspective set in, which remains a barrier to recent participative planning.

Local governments often act more as gatekeepers and controllers than as facilitators for community control of resources and allocation. Communities have yet to be significantly involved in planning, project identification, or widespread participation in implementing local development programs and service delivery. Community-based development remains far more widespread than community-driven development, in which communities have control over project identification, project resources, and implementation. Community participation remains at the consultation level during planning, with subsequent involvement in running and maintaining projects. Few central government programs have moved toward community-driven development; provincial and local governments and even NGOs are not yet using this approach.

Reasons for the difference between intentions and reality include:

• Local governments use ward committees to involve communities, but their status is not yet well defined and their functionality is far from balanced. They often operate as extensions of local government rather than as independent community structures.
• Budgets for ward-level initiatives such as a community fund do not exist.
• The National Development Agency is too centralized and sets high barriers for NGOs and communities to receive any funding. Few options exist for communities to receive small amounts of money to start building capacity through learning-by-doing. Funds from the Equitable Share grant could be used for this purpose.
• Government agencies at all levels are reluctant to “let go” and transfer control to communities.
• Local development is linked to an elaborate three-year development planning process—the Integrated Development Plan—in which communities supposedly play an important role. Neither local governments nor communities have the capacity for such elaborate
planning and therefore rarely overcome hurdles to accessing funds. Planning and project identification is driven by consultants rather than by communities. International experience shows that decentralization alone cannot lead to systematic bottom-up planning. Annual budgets are the primary planning tool at local levels and incentives and guidelines are used to align these budgets with national priorities.

- Efforts to ensure accountability are focused upward rather than horizontally or downward. Both reflecting and reinforcing this upward emphasis, disbursement and auditing practices have not adapted to a decentralized, community-driven mode of operation (even though it is legally possible). As a consequence, accounting officers are averse to risk.

- Surprisingly, not even NGOs are using community-driven approaches. They remain stuck in a service delivery model that keeps the communities they are supposed to serve from being empowered. This may be a consequence of onerous rules and planning requirements that govern access to funding.

The paper concludes that too much emphasis is placed on onerous planning, upward accountability, and capacity-building preceding action. No substantive opportunities exist for learning-by-doing, and officials are not willing to cede critical identification and implementation functions or control over money to communities. The paper recommends broader use of community-driven development, tempered by the reminder that it is not a blueprint but rather an option to be assessed.

It is now clear that constitutional provisions, the decentralization framework, and the Batho Pele principles are conducive to scaling up local and community-driven development. The following four factors also support this position:

- The Municipal Systems Act Section 16 (1) requires the municipality to develop “a culture of municipal governance that complements formal representative government with a system of participatory governance.” It states that “the objective of a ward committee is to enhance participatory democracy in local government.” Participation is seen to include budgets, preparation, implementation, and review of the Integrated Development Plan, implementing and reviewing performance management systems and performance outcomes, and consultation on service strategies. The municipality is obliged to build the capacity of the community, staff, and councilors to aid participation (Municipal Systems Act Chapter 4). The Act explicitly allows municipalities to transfer funds to organizations and bodies outside government, subject to the prescriptive conditions listed in annex 2. Section 67 of the Municipal Finance Management Act also allows municipalities to transfer funds to organizations and bodies outside government.

- In line with these provisions, the Khanya-African Institute for Community-Driven Development (Khanya-aidcd) has developed a comprehensive approach to community-based planning, which has been field tested and evaluated in eight municipalities (both rural and metropolitan). Dozens of wards have already demonstrated strong impacts on social capital, local plans, and even service delivery. The resulting comprehensive manual, published and accredited by South Africa’s State Information Technology Agency, is being distributed across several provinces with European Union support. The wards that participated in community-based planning were allocated a discretionary grant of ZAR50,000 that could be used for start-up activities. They were encouraged to seek collaboration and resources from a wide range of institutions.

- The Department for Cooperative Governance and Traditional Affairs, with the support of Khanya-aidcd, has developed a proposal for a community development grant coordinated by municipalities and planned and executed at the ward level (box 8.7). It could be rolled out in stages across the country.

- Stemming from the Second Economy Strategy approved by the Cabinet in 2009, the Presidency has initiated a Community Works Program that guarantees two days of employment to those ready to work and that is highly decentralized, involving municipal governments and intensive community participation.

Too much emphasis is placed on onerous planning and upward accountability.
Many of the elements are in place to make local and community-driven development a reality. But even where good experience exists, scaling it up is daunting. Scaling up requires that all communities, wards, and municipalities be reached, creating perhaps hundreds of thousands of community projects. The programs discussed above will face this challenge.

International experience suggests that while challenges are formidable, successful scaling is possible. Success depends on adopting a systematic approach starting with diagnosis of all coproduction systems, followed by piloting, developing comprehensive user manuals, scaling across the country, implementing monitoring and adaptation processes, and consolidating programs. Such an approach is described in Binswanger-Mkhize, de Regt, and Spector (2010), including a step-by-step guide and many design elements to facilitate scale up. Critical elements of the scaling process are described in annex 3.

Conclusion
This chapter suggests that South African development experience with services for the poor since 1994 resembles that of many other countries: despite a strong commitment to decentralization and citizen participation, many programs became increasingly centralized and sector-driven, with decisionmaking moving away from communities and local governments.

Internationally, the pendulum has swung back toward decentralization. A consensus is now emerging around the potential for local and community-driven development to deliver a range of services. Independent evaluations show this can be done successfully and scaled cost-effectively. Decentralization and a number of accountability innovations are critically important. Participation and community-driven development need not slow delivery—they can actually expedite it. For participation to be scaled up and incorporated into massive programs without interrupting them, it is important to understand the complex training and facilitation logistics needed for scaling up cost-effectively. Other innovations in financial accountability mechanisms are needed as well.

Realizing the government’s vision of popular democracy, participation, and local government “at the coalface of service delivery” requires a fundamental transformation toward a coproduction model of service delivery. This model must be based on empowering local governments and communities, building capacity, realigning central government toward facilitation, and improving accountability for progressive transfer of decisionmaking and public resources to local governments and communities.

In this model, both local governments and communities need to be fully empowered to play their part as systems move from community consultation and facilitation to community empowerment models. Line departments must move from direct service provision to policy, facilitation, and monitoring and evaluation.

Fortunately, many of these elements are already in place. Several case studies of community-driven development in South Africa have shown positive outcomes and good financial management. Further study is needed to understand how sectoral, local, and community systems can be better aligned for coproduction, and strategies must be developed to identify and overcome constraints to scaling.

Notes
1. Its vision is encapsulated in Community-Driven Development in Africa (World Bank 2001).
2. The study was conducted by Hans Binswanger, Keith McLean, Graham Kerr, Andrew Parker, Suzanne Piriou-Sall, Johan

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Box 8.7 Proposed program of community development grants

Building on wide international experience with local and community-driven development, the Department of Cooperative Governance and Traditional Affairs (CoGTA)—with support from Khanya-aicdd—has proposed grants of ZAR200,000 to all wards using community-based planning. Wards would also receive a functioning grant of ZAR50,000, which has been sorely missing. The total cost of such a program would be ZAR1.3 billion annually—small by comparison with the construction of stadiums and the Gautrain.

The combined community-based planning and community development grant program would be integrated into existing decentralization structures to support the effective functioning of ward committees, foster the development of social and administrative capital, and assist in the integration of departments. Funds would be managed by ward vote in municipal accounts. CoGTA envisions a phased implementation over three or four years, the first of which would be devoted to diagnosis and national, provincial, and local pre-program development.

Unlike the Community Works Program and community-based planning, this proposal still awaits wider review and approval by the Cabinet. Implementing it would start to fill the main local and community-driven development gaps.

Source: Goldman 2010.
van Zyl, and Melissa Williams. Outputs are summarized in McLean and others (1998); Aiyar (1995); and Aiyar, McLean, and Piriou-Sall (1996).

3. The study constructed a decentralization index ranging from 0 to 10 based on data collected from World Bank sector specialists who had worked intensively in the respective countries/states/provinces. It was based on answers to the following questions:
   - Where is the smallest management unit for rural sector service delivery physically located?
   - Which level of government is responsible for conditions of service of civil servants in the smallest management unit?
   - How important are elected bodies in (a) service delivery, (b) policy formulation, and (c) funding of each sector?
   - Which level of government pays the salaries of staff in the smallest administrative unit?
   - What proportion of sector expenditures of the smallest administrative unit is derived from the budgets of local governments?
   - What proportion of sector expenditures of the smallest administrative unit are derived from user charges, in-kind contributions, and other beneficiary cost-recovery schemes?
   - Who determines the budget of the smallest sector management unit?

4. See for instance Williams (2005, p. 19), who concludes that evidence from Cape Town over 1994–2004 shows that “community participation has been largely rhetorical and not substantive.”
Strengthening service accountability relationships requires fundamental transformations that must be approached with humility—no single, magic reform can make it simple.

A comprehensive analysis of social services in Peru warns that many reforms are often reversed after a short time because “corporations of providers” push the system back to an “equilibrium trap” of low expectations (Cotlear 2006, pp. 2–3). Cotlear argues that when a system finds itself in this kind of low-level equilibrium trap, a set of multifaceted reforms are needed to “shock” the system. In Peru, he suggests establishing simple and clear standards of qualitative and quantitative goals, rigorous definition of accountability relationships, investment in capacity, and adoption of measures that make citizen-users more aware of their potential to influence providers.

Such a multifaceted approach seems promising for South Africa. A private sector transformation model—quality control and the “lean production” model now used widely in the automobile industry—might also be useful to consider for development. The model’s mantra is that a set of simple reforms can lead to systemwide change if the system and incentives are geared toward continuing learning and outcomes.

**Quality control and lean production in automobile manufacturing**

Toyota’s success is widely attributed to its highly innovative quality control and lean production model (Takeuchi, Osono, and Shimizu 2008), whose application has spread beyond automobiles to other industries, private sector companies, and organizations such as hospitals and postal services.

Toyota’s recent failures notwithstanding, its approach to quality control, lean manufacturing, and accountability systems made the company the world’s premier automobile manufacturer with an unsurpassed reputation for quality.

The lean production model maximizes learning by forcing errors. To understand this counterintuitive idea, compare the more familiar Ford mass production line, which divides production into a sequence of assembly activities. The overall goal is to keep the line going to maximize delivery—that is, output (a finished car)—at the end of the line. The line risks breakdown at every point from many possible errors—overall design errors, problems with specific parts, how some parts fit with others, and so on. Ford’s solution to speed delivery was to inventory enough spare parts at each assembly point to quickly replace failed parts; the model purposefully created excess capacity to ensure delivery at scale without interruptions. It was so successful that it became virtually synonymous with efficient production technology characterized by economies of scale.

But the Ford model has two main problems: the cost of inventory along the production line and the fact that a manager standing at the end of the production line can evaluate the quantity of cars produced but nothing else—so
Toyota created an entire production system—not just a few mechanisms—focused on continual improvement and outcomes

the system precludes “learning.” Say a design problem was causing battery problems, resulting in errors even though the battery itself was fine. Occasionally the power supply would trip, and to keep the line moving the battery would quickly be replaced. No opportunity would arise for the design expert to work together with, say, the electrical specialist to create a better design.

Of course, good managers would notice how frequently batteries were being replaced, but the real cause of the problem could only surface after special evaluations were conducted off the assembly line. The Ford model “delivered” cars, but little instantaneous, automatic, and systematic learning from production errors took place.

Toyota’s new production model took the car industry by storm. American car makers initially resisted the idea, arguing that a unique Japanese character trait explained the success of the model. However, when Toyota started to use it successfully in American car factories, the American industry relented—Ford now uses the Toyota model.

The model is deceptively simple: take away all inventories, force the errors, and stop the production line. Once halted, a team of specialists—empowered and incentivized to find and implement the solution and drawn from the various technical departments—is sent in to solve the problem. The production line restarts and everyone awaits the next error. Learning and improvements take place continually.

The pioneers of the model believed that frontline staff were not just “implementers”—or, in the language of this report, “service deliverers”—but knowledge workers uniquely positioned to accumulate “chi”—the wisdom of experience. Toyota designed the system to maximize knowledge gathering; not much attention was paid to the “organogram” and to lines of communication and hierarchy. Coordination and integration took place “on the ground and on the job” using multidisciplinary teams incentivized to succeed.

In a sense, the team members became part of a coproduction agreement.

When developing a new model or a new assembly technique, the new model is not yet known, so optimal designs, and contracts with suppliers, are difficult. Instead, Toyota reached open-ended coproduction agreements—not contracts—with suppliers to innovate and improve. The agreements specified rules for cost- and profit-sharing and for how disagreements would be resolved. For instance, team decisions would be taken by consensus; only when the team could not reach consensus would higher levels of management be asked to arbitrate.

The automobile sector has embraced many of the lessons of designing and implementing accountability institutions discussed in this report. Simple and continual communication strives for “everybody to know everything.” It also creates many different social networks throughout the organization—horizontal, vertical, cross-functional, geographic, and across hierarchies.

The point is that Toyota created an entire production system—not just a few mechanisms—focused on continual improvement and outcomes. Many public sector organizations—including the World Bank and the government of South Africa—are not organized in this way and thus are not efficient at learning, innovating, and focusing on outcomes. This is a sizable defect; the last half century has taught that no easy, one-size-fits-all mass production solution exists—not a “magic bullet” for change. The Toyota story teaches that a systemwide reform agenda is needed to replace the old Ford model.

World Bank and South African experience

Take the World Bank in the 1970s and 1980s: projects emphasized the design phase, before the “production line” even started to roll and when the least was known about what would work and what would not. Staff were organized in technical silos and rewarded for taking project designs to the Board. Independent project evaluation was typically done three years after project completion, when lessons would be too late to be implemented. In the 1990s, the World Bank introduced more flexible approaches with more emphasis on monitoring and evaluation, but challenges and parts of the old model persist.

The situation in the South African government is similar. So far little investment has been made in improving the learning-by-doing of delivery systems. Few impact evaluations have been conducted, either after or as part of program implementation (the preferable approach). Implementation policies are designed by central departmental units before program rollout.
These designs—typically not involving implementing managers, operational staff, or end-users—are performed as desk exercises by staff of centralized “systems and procedures” units. Once programs start, continually updated operational manuals are rarely used to reflect the valuable experience gained. Similarly, no joint manuals are produced describing the responsibilities of different coproducers and how those responsibilities should be carried out.

As program rollout proceeds, the implementing teams are almost never empowered to solve problems and update policies based on practical experience and participation by beneficiaries and other stakeholders. Changes can usually be made only after formal review and approval by senior managers, often at the highest levels—so programs change slowly, if at all. Also, practical experience is often only “stored” in the individuals who are implementing the programs, not in operational manuals; experienced staff take their implementation knowledge with them when they leave, creating “capacity problems” with new staff.

Many departments know very little about which policies and programs are working and which are not, and why. Many departments keep adding new “products” and new organizations in search of a “magic bullet,” instead of gradually improving and consolidating programs and projects by building on the lessons of failure.

Monitoring inputs and outputs

Improving service accountability requires focusing on outcomes while tracking inputs and outputs, the vision South Africa’s new Department of Performance Monitoring and Evaluation has for development sectors. Examples of some of the tools needed include client satisfaction surveys—such as citizen report cards—and Public Expenditure Tracking Surveys. Amin, Das, and Goldstein (2008) provide a comprehensive overview of the existing “toolbox” for measuring service delivery.

Measuring services (coverage, quality, efficiency, targeting, and impact, among others) is not straightforward. Take client satisfaction, which may not be related to objective measures of quality, or which may be biased by client expectations formed perhaps by listening to a political speech. Or take Public Expenditure Tracking Surveys, which may identify leakage of funds, but which part of the leakage is due to corruption and which part represents a legitimate reallocation of the budget?

The Presidency has supported better monitoring and evaluation systems for a number of years. The new Department of Performance Monitoring and Evaluation is expanding to design a central, national system that could then be cascaded down to municipalities.

Even a centralized system must be able to collect basic administrative data from the departments involved in service delivery, however, and such basic administrative data is often hard to come by. The departmental monitoring and evaluation units are usually separated from implementation to ensure their independence, but this also separates the units from vital information flows. Some departments have attempted to automate information flows, but few incentives exist for implementation officials to input data into the system. A vicious cycle is created in which data are not current, further undermining the system. Without functional, automated databases, many departments and their monitoring and evaluation units find it hard to report basic data. The analytical work of monitoring and evaluation units is often based on incomplete data and not fed continually into updated program manuals.

Integrated financial management systems are a possible solution to ensure that basic data are collected for further analysis and dissemination. These systems are designed to automatically link inputs (mostly budgets) to outputs. (Outcomes are often not immediately available.) In Latin America, integrated financial management systems, implemented as part of wider public expenditure reform, have been among the most successful public sector management reforms.

Guatemala’s Integrated Financial Management System, for example, eliminated wasteful and unauthorized spending by establishing a decentralized, web-based procurement system. The system reduced disbursement and other costs and dramatically improved transparency by introducing electronic payments. The system also improved information flow to legislators, private citizens, nongovernmental organizations, and other stakeholders by providing Internet access to national budgets and expenditures, including...
An integrated financial management system can be an important reform element, but it should not be seen as a “magic bullet.” Physical and financial performance indicators. The internal government compact and the short route to accountability were strengthened, and the innovations are now being implemented in municipalities (Fiszbein 2005).

South Africa’s National Treasury has also successfully introduced a public finance management system. As in Latin America, this system is being used as a springboard to wider public expenditure management reforms, particularly by linking fiscal resources more clearly with outputs and outcomes. A word of caution is appropriate, however: in many countries, reforms seem to have stopped midway through the process. Bolivia, Brazil, Chile, Colombia, Mexico, and Peru have all embarked on reforms to develop a results-oriented management framework, but only Chile has been able to design a fully functioning performance management system.

An integrated financial management system can be an important reform element, but it should not be seen as a “magic bullet.” It is more important perhaps—as the Toyota model strongly suggests—to ensure that services focus on outcomes, which can be linked confidently with inputs and outputs.

**Impact evaluation**

Basic administrative data can demonstrate a great deal about inputs and outputs but usually very little about impact. Impact evaluation asks a more fundamental, seemingly impossible question: What would have happened to the users of a particular service had they not received the service?

Impact evaluation methodologies try to construct a “counterfactual” or a “control group,” which measures the impact—say, on incomes or living standards—of those who received the service compared with a group of exactly the same kind of people who did not receive the service. The methodology will not be discussed in-depth here, but it is important to understand both the major advantage and major drawback of impact evaluation.

The advantage of impact evaluation is often illustrated by the PROGRESA story in Latin America. Its success spawned a series of innovations in impact evaluation, helping to establish it in the mainstream of development methodologies. The PROGRESA program on education, health, and nutrition in Mexico was part of a category of programs using “conditional cash transfers.” Money was transferred to families, conditional on family members having health checkups, mothers participating in hygiene and nutrition information sessions, and children attending school. While stretching the limited fiscal resources of the country, the program was intended to assist the poor in investing in human capital, recognizing the interdependencies among health, education, and nutrition.

A rigorous impact evaluation was conducted to measure whether the program was attaining its objectives. The results were dramatic: by the end of 2002, 21 million people had benefited from the program, or about a fifth of the Mexican population. Girls’ enrollment in middle school rose from 67 percent to around 75 percent, and boys’ from 73 percent to 78 percent, while labor force participation decreased about 20 percent for boys. Annual mean growth in height was 16 percent for children covered by the program, while average height increased by 1–4 percent and weight by 3.5 percent. Visits by pregnant women in their first trimester rose 8 percent, keeping babies and mothers healthier. Illnesses dropped 25 percent among newborns and 20 percent among children under age five. The prevalence of anemia in children two to four years old declined 19 percent; adult health improved too.

The widely publicized, clearly positive results had another important impact: the program survived a major political transition. Observers say that political interference would in all likelihood have stopped the program had it not been evaluated.

So, by showing how a service is performing, impact evaluation provides an important, objective input into both the policy debate between citizens and politicians (the long route to accountability) and the implementation debate between users and providers (the short route to accountability).

But impact evaluation also has a major drawback. The impact of a service is defined by the outcome of a range of variables, with the various accountability relationships being one subset. To evaluate which variables, or interaction of variables, cause the positive impact would require more complicated methodologies.
Governments should not, therefore, count on impact evaluation alone to determine how to start reforming service systems. This is where approaches such as the Toyota model can be a practical and powerful complement to scientific impact evaluations: governments should try to build evaluation and learning into the system by design, creating momentum for continual improvements.

**Note**

1. Observers argue that the attempts to establish this system have not had much impact. “Unless a simplified system that is understood by all stakeholders is introduced, monitoring and evaluation will continue to generate large quantities of [poor quality] data that only the specialists and consultants will read and use, with little democratic or efficiency benefits” (Pieterse and others 2008, p. 9).
This chapter summarizes what has been learned from this study and makes policy recommendations based on the hypotheses, conjectures, and inferences developed. As has been stressed throughout this report, the international experience with services teaches that no “magic bullet” and no one-size-fits-all solution exist for the delivery of critical services. Local context, long- and short-route accountability relationships, and the technology of the particular service all interact in a way that precludes any simple prescriptions. It is important to create a system in which citizens, politicians, and service providers have the right incentives and hold each other accountable, while working together to continuously improve services by learning from experience. This is much easier said than done—so how is such a system established?

South Africa’s strengths and achievements can serve as the foundation for such a system:

- Democracy.
- The Constitution, including the constitutional mandates for basic services.
- The framework for decentralization and the intergovernmental fiscal system.
- The Batho Pele principles.
- The sector-specific legal and policy frameworks.
- A vibrant civil society.

But it is widely agreed that implementation today falls short of the aspirations of the citizens and of the goals and targets of the government.

The main finding of a number of assessments, and of this report, is that despite the Batho Pele principles and best intentions to choose participatory approaches, implementation has sapped power from citizens by emphasizing delivery through supply-driven sector programs. This is primarily the consequence of neglect of the short route to accountability—client power over the service provider. Though not expressed in these terms, the South African government, the Public Service Commission, the African Peer Review Mechanism, and many policy analysts have come to the same diagnosis.

Citizens feel this lack of power acutely, as shown by the participatory assessment in chapter 5, but the same assessment also showed that this lack of power was not perceived as a problem by the local politicians and service providers.

Why this difference in perspective? It seems that intense delivery pressures and a focus on quantitative output and input targets are partly—albeit inadvertently—responsible for undermining the intentions of the Constitution, the Batho Pele vision, the sector strategies and policies, and the promise of decentralization. Participation has often been treated as a time- and resource-intensive activity that would slow implementation and achievement of ambitious targets.

However, international experience shows that participation can be scaled up and incorporated into massive delivery programs without slowing them. This requires a better
A broader reform agenda than that envisaged by the current government must be implemented to improve services.

Understanding of the complex training and facilitation logistics needed to scale up participation cost-effectively (see annex 2). Scaling up participation also requires a number of other innovations in financial accountability mechanisms.

Recurring problems associated with the short route to accountability include:
- Participation is often diluted to mere community consultations and treated as something to check off on the official’s checklist of “his” project.
- Little or no choice of providers by users, combined with low or absent user fees and copayments.
- Underdeveloped or absent user committees that supervise service providers. (Even where they exist they have few powers over service providers.)
- No systematic, institutionalized use of client feedback mechanisms such as citizen report cards.
- No systematic, institutionalized reporting by service providers and local governments to the citizens about coverage and quality of services and use of resources.
- Insufficient use of local languages in information provision and feedback mechanisms.
- Ineffective complaints, redress, and sanctioning/reward mechanisms.

The underdevelopment of the short route to accountability is further aggravated by problems in the long route to accountability:
- Compacts focused on inputs and outputs, not on outcomes.
- Services organized as centrally driven sector silos, which are difficult to coordinate as demonstrated internationally and in South Africa.
- Complex procedures, some still stemming from apartheid, developed in central offices rather than in the field through participatory methods and after field testing prior to adoption.
- Lack of practical and comprehensive operational manuals for implementation.
- Inadequate monitoring, evaluation, feedback, and learning processes treat monitoring and evaluation as ancillary rather than integral to the service delivery process.
- Financial management and information systems not integrated with the data on inputs and outputs, resulting in dispersed, inaccessible, poor, and untimely basic data on services.
- Underdeveloped feedback mechanisms have no systematic approach to correct errors quickly.
- Lack of follow-up and sanctioning—both exacerbated by poor data—when manager performance is unsatisfactory, including in the area of financial management.
- Incomplete decentralization due to a lack of consistent application of the subsidiarity principle.
- Overlapping mandates and responsibilities among central government, provinces, districts, municipalities, and service providers, and a lack of coproduction agreements that define the functions and responsibilities of each actor.
- Excessively complex Integrated Development Plan process, the purpose interpreted differently by politicians/policymakers than by citizen-users.
- Municipalities’ preference to deliver services themselves rather than through public-private or other partnerships, due to the onerous requirements for contracting service provision.

These problems have led to breakdowns in both the short and long route to accountability and to a state unable to respond to citizens, including an inability to provide the quantity and quality of services demanded by the population. This has led to a series of service delivery protests across South Africa and more recently has contributed to xenophobia.

As reflected in the lists above, a broader reform agenda than that envisaged by the current government must be implemented to improve services. The multifaceted agenda first requires a change in mindset that prioritizes accountability and is focused on the long route, coproduction, real empowerment, and continual monitoring and learning. Specific reforms will differ by level of government, across sectors, and within civil society. The Presidency, the National Treasury, and the Department of Provincial and Local Government are already leading the improvement of services, but they will likely need to broaden their reform agenda.
Broad recommendations

The Presidency must spearhead reforms by providing the vision and political will:

- The Presidency could propose a clear vision of accountability—for service providers and policymakers, but especially for citizen-users—based on the Constitution and the Batho Pele principles. This would require a sustained campaign to change the collective mindset toward accountability.
- The Presidency must display the political will to complete the decentralization process. South Africa needs a development approach that empowers local governments, communities, and civil society while aligning the sectors to achieve this vision of decentralization, community empowerment, and accountability to citizen-users.

The Treasury and the Department of Cooperative Governance and Traditional Affairs can drive reforms to complete the decentralization process by:

- Rolling out the existing community-based planning process across the wards in all municipalities.
- Developing the community development grant proposals and scaling up the Community Works Program.
- Developing, reviewing, and improving simple guidelines to municipalities on how to devolve power and resources to communities.
- Providing guidelines for better alignment of the sectors toward decentralization and community empowerment.
- Simplifying processes, rules, and procedures—including fiduciary systems—and implementing better accountability mechanisms to citizen-users.
- Developing and implementing accessible systems to combine input, output, and financial data into a single system.
- Improving data collection and developing simple, timely, and publicly accessible monitoring and evaluation systems.

Sector administration reforms include:

- Changing the mindset of sector administration staff and reviving the spirit and practice of participatory policies and implementation.
- Realigning sector administration for decentralization, community empowerment, and accountability to citizen-users.
- Establishing or strengthening the sector-specific monitoring and evaluation systems, citizen-user dialogue, and supervisory user committees to give these systems real power over service providers.

Changes to be driven by local governments include:

- Changing the mindset of officials in local governments.
- Strengthening the roles of councilors and ward committees.
- Designing and implementing planning, budgeting, and services using approaches that make local government accountable to citizen-users.
- Rolling out community-based planning, community development grants, and the Community Works Program (broadly local and community-driven development activities and programs) once these programs are devolved to local government.

Changes to be driven by nongovernmental organizations and civil society would emphasize:

- Changing the mindset from a community consultation model to a model that effectively empowers communities.
- Becoming active and practical facilitators in coproduction of services.
- Strengthening community capacity to hold service providers and community leaders accountable.
- Strengthening community capacity to manage projects and project funds.

Sector-specific recommendations

Education

- Strengthen citizen voice by ensuring that outcome information is available and disseminated so that progress can be tracked and parents can know how schools are performing.
- Strengthen the short route to accountability in most South African schools, especially among those serving the poorest communities, ensuring that parents are empowered to hold schools accountable.
- Explore options for increased parental decisionmaking and decentralize power to schools. Provide schools with increased autonomy in decisionmaking in financial
operations, procurement of goods and services, and hiring and firing educators. Coupled with increased information on service delivery, the combined reforms can create an environment that empowers frontline providers while making them accountable to their clients.

- Strengthen the compact between government and frontline providers by reviewing the operation of the paper budget in non-Article 21 schools and reconsider the restrictions for funds flowing to Article 21 schools. Both measures could reduce delays in procurement and uncertainties about remaining budgets, which keep schools from planning effectively. More generally, understanding of the actual financial operations of schools to further hone the reform process could be improved.

- Reconsider teacher pay structures that attract those with poorer abilities or endowments to the profession—where they will earn more than in the private sector—and push those with more favorable characteristics into the private sector or other parts of the public sector.

Water

Enormous water services achievements in the first decade of democracy in South Africa may be compromised in the second; measures must soon be implemented to mitigate the consequences of the current supply-driven approach to service provision. South Africa’s state-centric approach is top-down, target-driven, supply-led, and grant-funded. This approach skews infrastructure investment decisions, overestimates the skills available to operate and maintain services, risks high service failures, and limits citizen power.

Public accountability in the water services sector is focused primarily on the relationships among spheres of government—this study makes recommendations for improvement in these relationships—while the relationship between citizens and municipal service providers is given less attention. Primary responsibility for holding service providers accountable should not lay with a remote regulator. Such an approach places even greater emphasis on the relationship between government and providers, further marginalizing citizens.

Citizens need direct, short-route accountability mechanisms. Accountability must be rooted locally, on the ground, and at the interface between citizens and service providers and elected representatives. Citizens should have recourse through the regulator, but primary engagement and response must be local, where problems are felt and where immediate intervention is usually required.

Three measures would make a substantial impact:

- Dedicate significant resources in every municipality to build public understanding of how water and sanitation services work and help citizens understand their rights, roles, and shared responsibilities. Public education would begin to build mutual accountability relationships for service provision.

- Strengthen public accountability in the selection of service providers, preferably through revising Section 78 of the Municipal Systems Act to permit more integrated and inclusive assessment of provider options. This could include greater use of service partnerships with local small and medium-size enterprises or community-based organizations, particularly in rural areas where municipal service providers struggle to provide support and management oversight.

- Strengthen regulatory tools and capacity to incentivize improvements in poor performing municipalities. This may include a greater emphasis on conditional requirements for grant funding and on sound asset management.
## Annex

### 1 Policy Matrix

#### By leg of accountability

<table>
<thead>
<tr>
<th>Main areas</th>
<th>Key issues</th>
<th>Consequences</th>
<th>Policy recommendations</th>
</tr>
</thead>
</table>
| Long route to accountability, leg 1: citizen voice (political accountability) | • Some municipal councils do not have ward committees.  
• Ward committees’ role is still unclear  
• Lack of capacity of elected members.  
• Insufficient communication between the councilor, the ward committee, and community.  
• Councilors often do not reside in their communities and are not available to constituents.  
• Ward committees find it difficult to communicate with their councilor because they have no budget to make phone calls or travel. | • The formal democratic system does not yet adequately serve citizens.  
• Citizen voice is weak.  
• More voice mechanisms than elections are needed.  
• Ward committees are falling in participatory local governance.  
• Civil society is often excluded from governance processes.  
• Communities find alternative ways to express dissatisfaction (protests). | • Clarify role of ward committees.  
• Make establishment and elections of ward committees mandatory.  
• Provide ward committees with well-defined rules and a small budget for their functioning.  
• Ensure participation in choice of services and how they are provided.  
• Strengthen links with grassroots organizations.  
• Ensure simple and accessible mechanisms for communication and dialogue. |
| Long route to accountability, leg 2: the compact (state capacity and accountability) | • Compacts. Compacts focus too much on inputs and outputs, instead of outcomes.  
• Procedures. Administrative procedures are often not understandable and practicable to the average staff member and the average user. Some complexities from the apartheid bureaucracy survive.  
• Financial management systems. Current information management systems do not combine outcomes, outputs, and financial data into a single system.  
• Technocratic public sector management reforms in a context of weak voice and accountability are usually largely ineffective.  
• Silos. Services reach the local sphere in “silos” implemented and funded by single sector programs.  
• Contracting works best for services that are easy to monitor, are nondiscretionary, and can be contracted-in for relatively short time periods. | • Participation is undermined and it is difficult to link the strategy and its outputs and outcomes to the budget.  
• Nontransparent administration inaccessible to the majority of the population.  
• Sectors have a hard time linking finances, outputs, and outcomes.  
• While such reforms achieve better input/output management, more emphasis is placed on the pace of delivery and expenditure than on value for money and the quality of outcomes.  
• Very difficult to coordinate programs. Service providers rewarded for the delivery of outputs and inputs in “their” sector, instead of for good outcomes based on coproduction.  
• Contracting works best for services that are easy to monitor, are nondiscretionary, and can be contracted-in for relatively short time periods. | • Focus on outcomes and include citizen-user participation in the evaluation of outcomes and processes.  
• Rigorously simplify central and local administrative procedures and communicate them in simple ways, including in local languages.  
• Develop systems to combine outcomes, outputs, and financial data into a single system.  
• Decentralize and unify budgets following subsidiarity principle.  
• Define roles and responsibilities of coproducers.  
• Reward sectors for successful coproduction of outcomes. |
| Decentralization | • Some local government service assignments are underdeveloped.  
• Services that could be executed directly by local government are not (housing, education, and health, for instance).  
• Incomplete application of subsidiarity principle in devolution of responsibilities to municipalities and communities.  
• Poor understanding of coproduction. | • Overtaking mandates and responsibilities between center, provinces, districts and municipalities, and their service providers.  
• Lack of precision in the allocation functions to different levels.  
• Underdevelopment of local and community-driven development (LCDD) approach. | • Provide the political will to complete the decentralization, to move to LCDD, and to align the sectors with decentralization and community empowerment.  
• Design and implement programs for local governments to hold themselves accountable to citizen-users. |

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**ACCOUNTABILITY IN PUBLIC SERVICES IN SOUTH AFRICA** 127
## Short route to accountability, leg 3: client/user/citizen power

<table>
<thead>
<tr>
<th>Main areas</th>
<th>Key issues</th>
<th>Consequences</th>
<th>Policy recommendations</th>
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<tbody>
<tr>
<td>• Communities do not have the mechanisms to hold service providers accountable.</td>
<td>• Lack of accountability to users reduces the incentive to improve service quality. Users do not know their rights and quality and delivery standards and are alienated by a lack of involvement.</td>
<td>• Develop accountability mechanisms to users in all services.</td>
<td>• Introduce the use of an “annual citizens’ report.” • Strengthen complaints mechanisms. • Develop targets or standards for redress.</td>
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<tr>
<td>• Information without client power rarely improves accountability.</td>
<td>• They express their frustrations by alternative means such as service delivery protests.</td>
<td>• Benchmark redress performance and measure it. • Ensure accountability for complaints handling systems.</td>
<td>• Benchmark redress performance and measure it. • Ensure accountability for complaints handling systems.</td>
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<tr>
<td>• Information does not flow or is not easily accessible.</td>
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<tr>
<td>• Absenteeism. Citizen supervisory committees exist only in schools. While parent-teacher associations have voice, they often lack sanctioning power. Thus, absenteeism persists in schools.</td>
<td>• Service coverage and quality deteriorates and citizens feel powerless and alienated.</td>
<td>• Establish or strengthen the sector-specific citizen-user supervisory committees and give them real powers.</td>
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<tr>
<td>• Provider choice and user fees or copayments. Provider choice and user fees can improve accountability in services, if properly implemented.</td>
<td>• Citizens cannot vote with their feet. • With free-provision, users will demand the highest level of service irrespective of costs and sustainability.</td>
<td>• Review options for more provider choice in all services. • Review the efficacy of current arrangements for funding free basic services.</td>
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<tr>
<td>• Participatory budgeting and development planning. The Integrated Development Plan (IDP) process is very complex. • Knowledge about IDPs among the public is very low. • Difference in interpretation between government and citizen-users about what an IDP is. • Civil society organizations are absent from the IDP process. • Participation is consultative only.</td>
<td>• The IDP poorly reflects the public’s priorities. • Citizens and civic organizations miss out on an opportunity to influence the behavior of service providers. • Complexities of planning may lead to consultant-driven processes.</td>
<td>• Follow up the existing initiatives to simplify planning processes. • Scale up the already tested approach, community-based planning.</td>
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<tr>
<td>• Community-driven development (CDD) has largely disappeared from South Africa. • The constitutional, legislative, and decentralization framework is conducive to CDD. • A number of approaches and program proposals using CDD are ready for scale up.</td>
<td>• Local development initiatives are lacking the cost-effective and empowering CDD tool.</td>
<td>• Fully develop and scale up decentralized CDD programs such as community-based planning, community development grants, and the Community Works Program. • Experiment with LCDD approaches for other services for which it is appropriate.</td>
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## By sphere of government

### Sphere of government

<table>
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<th>Actions to drive policy recommendations</th>
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<td><strong>The Presidency</strong></td>
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<td><strong>National Treasury</strong></td>
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<td><strong>Department of Cooperative Governance and Traditional Affairs</strong></td>
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<td><strong>Individual sectors and line ministries</strong></td>
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### Education

*Technology:* monitorability, technology, and skills intensity  
**Key issues**  
- The efficiency of public expenditures in producing learning outcomes is low—especially for the poor.  
- Provinces control much of the funding and procurement, which may result in delays in funds and in access to education materials as well as circumscribed use of funds at the school level.  
- The pay structure for teachers does not encourage hard work.  
- The accountability system for teacher oversight is weak.  
- Many schools lack the autonomy (and may need more capacity) to make appropriate local decisions.  
- National level: sets policy framework and budget.  
- Department level: holds primary responsibility for delivery of education services, transfers money to Article 21 schools, and procures goods and services on behalf of non-Article 21 schools (typically those serving the poorest communities).  
- School level: responsible for delivering education but has no authority to hire and fire educators.

**Proposed changes in allocation of primary and coproduction responsibility**  
- Increase school-level decisionmaking capacity and authority.

**Proposed changes in instruments and mechanisms**  
- Ensure frequent production and dissemination about school quality.  
- Ensure a teacher pay structure that encourages highly skilled people to become teachers.  
- Devolve some power to schools in the hiring and firing of teachers.  
- Ensure that parents are aware of their rights, have adequate information, and are empowered to hold schools to account.  
- Increased decisionmaking at the school level.

### Water supply and sanitation

*Technology:* monitorability, technology, and skills intensity  
**Key issues**  
- Supply-driven infrastructure delivery targeted, funded by capital grants.  
- Severe shortage of technical skills to operate and manage services, poor asset management, and a growing cost recovery gap threatens sustainability.  
- Networked monopolies require close oversight to protect the rights of citizen-users.  
- Municipality has full responsibility for provision. A minority of services have been outsourced to specialist water entities in the public or private sector.  
- The Department of Water Affairs’ regulatory functions and powers are still evolving.

**Proposed changes in allocation of primary and coproduction responsibility**  
- Where current provider performance is poor, consolidate and strengthen available capacity into service utilities that can achieve scale economies for service provision.

**Proposed changes in instruments and mechanisms**  
- Dedicate significant resources to building public understanding of how services work and helping citizens understand their rights, roles, and shared responsibilities.  
- Strengthen regulatory tools and capacity to incentivize improvements in poorly performing municipalities.  
- Strengthen public accountability in the selection of service providers, preferably through revising Section 76 of the Municipal Systems Act.  
- Review the efficacy of current measures for funding free basic services.  
- Review the conditions associated with accessing Municipal Infrastructure Grant funding, to provide better incentives to providers.  
- Build capacity to strengthen contract management and oversight.

### By sector

#### Education

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<tr>
<th>Education decisions take place numerous times at numerous locations—meaning that they are hard to monitor.</th>
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<tbody>
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| - Increased decisionmaking at the school level. |

#### Water supply and sanitation

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<tr>
<th>Urban</th>
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<tbody>
<tr>
<td>Regionalized water and sanitation networks are highly capital- and skills-intensive. They require extensive preventive maintenance and prompt reactive maintenance.</td>
</tr>
<tr>
<td>Comprehensive monitoring is difficult without specialized equipment.</td>
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<tr>
<td>Large-scale water and wastewater treatment is highly specialized.</td>
</tr>
<tr>
<td><strong>Key issues</strong></td>
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| - Build capacity to strengthen contract management and oversight. |

<table>
<thead>
<tr>
<th>Rural</th>
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<tbody>
<tr>
<td>Localized water networks are mostly not highly complex and are well suited to local management if there is recourse to technical support on demand.</td>
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<tr>
<td>Service deficiencies are most severe in areas where municipalities are youngest and least equipped.</td>
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<tr>
<td>Poor performance in many schemes.</td>
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<tr>
<td>Persistent service backlogs, especially for sanitation.</td>
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<tr>
<td>Supply-driven approach has alienated and marginalized local residents.</td>
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<tr>
<td>Failure of full ventilated improved pit toilets raises questions around how best to respond to a complex second generation backlog.</td>
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<tr>
<td><strong>Key issues</strong></td>
</tr>
<tr>
<td>- As above, plus:</td>
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<tr>
<td>- Local water supply operators are generally employed by and accountable to the municipality; local management is often poor.</td>
</tr>
<tr>
<td>- Very few community-based organizations are still involved in service management or oversight.</td>
</tr>
<tr>
<td>- As above, plus:</td>
</tr>
<tr>
<td>- Local civic participation is usually greater in rural areas, offering a valuable basis for strengthening local accountability mechanisms.</td>
</tr>
</tbody>
</table>

| **Proposed changes in allocation of primary and coproduction responsibility** |
| - Promote greater use of service partnerships between municipalities and local small, medium, and micro enterprises or community-based organizations. |
| - Promote greater use of locally based service providers who can be held accountable by local civic structures. |
| - Provide technical and other support to rural settlements to reduce the frequency and duration of water outages. For example, appoint a technical support agency (public or private sector) that can offer prompt call-down support. |

| **Proposed changes in instruments and mechanisms** |
| - Identify incentives for service partnerships between municipalities and local small, medium, and micro enterprises or community-based organizations. |
| - Establish local user platforms for citizens, providers, and municipalities to promote dialogue and joint problem solving. |
| - Revise demand-driven approaches to basic sanitation improvement, with instruments to offer citizens more choice and “ownership.” |
| - Halt grant funding for immutable ventilated improved pit toilets. |
Contrary to perceptions, the legal framework for local governments to establish community-driven development grant funding mechanisms already exists in South Africa. The Municipal Systems Act (MSA) requires a municipality to develop a culture of community participation to ensure that the community provides input in municipal affairs. However, the municipality must ensure that community involvement does not result in the community rendering services on behalf of the municipality.

Section 16 of the MSA stipulates as follows:

“A municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose . . . encourage, and create conditions for, the local community to participate in the affairs of the municipality . . .”

The areas that focus on community participation are:

- Preparation, implementation, and review of the Integrated Development Plan.
- Establishment, implementation, and review of the performance management system.
- Monitoring and review of performance.
- Preparation of the annual budget.
- Strategic decisions for the provision of municipal service.

The main aim of the Municipal Finance Management Act (MFMA) is to place local government finances on sustainable footing to ensure that it can meet its constitutional obligations.

The MFMA also explicitly allows for municipalities to transfer funds to organizations and bodies outside government, subject to certain prescriptive conditions. First, no political structure or office bearer of a municipality may set up a relief fund, charitable fund, trust fund, or other fund of whatever description, except in the name of the municipality. Only the municipal manager may be the accounting officer of any such fund. Second, grant funding can be allocated only if it is accommodated in the annual budget. And third, Section 67 of the MFMA allows for municipalities to transfer funds to organizations and bodies outside government. The relevant section reads as follows:

1. Before transferring funds of the municipality to an organization or body outside any sphere of government otherwise than in compliance with a commercial or other business transaction, the accounting officer must be satisfied that the organization or body—
   a. has the capacity and has agreed—
      i. to comply with any agreement with the municipality;
      ii. for the period of the agreement to comply with all reporting, financial management and auditing requirements as maybe stipulated in the agreement;
iii. to report at least monthly to the accounting officer on actual expenditure against such transfer; and
iv. to submit its audited financial statements for its financial year to the accounting officer promptly;
b. implements effective, efficient and transparent financial management and internal control systems to guard against fraud, theft and financial mismanagement; and
c. has in respect of previous similar transfers complied with all the requirements of this section.

2. If there has been a failure by an organization or body to comply with the requirements of subsection (1) in respect of a previous transfer, the municipality may despite subsection (1)(c) make a further transfer to that organization or body provided that—
a. subsection (1)(a) and (b) is complied with; and
b. the relevant provincial treasury has approved the transfer.

3. The accounting officer must through contractual and other appropriate mechanisms enforce compliance with subsection (1).

4. Subsection (1)(a) does not apply to an organization or body serving the poor or used by government as an agency to serve the poor, provided—
a. that the transfer does not exceed a prescribed limit; and
b. that the accounting officer—
i. takes all reasonable steps to ensure that the targeted beneficiaries receive the benefit of the transferred funds; and
ii. certifies to the Auditor-General that compliance by that organization or body with subsection (1)(a) is uneconomic or unreasonable.

In applying the above section of the MFMA, the municipality:
• May transfer funds to nongovernmental organizations and community-based organizations to further social and community development.
• Must ensure that the funds are not used to undertake municipal functions.
• Should ensure that the funds are not used for political party affiliates.

In considering Section 67 of the MFMA, the municipality may be exposed to the following risks:
• The mandate of the organization does not align with the objectives of the municipality.
• Allegations of bias with regard to the allocations.
• Funds are misappropriated and not used for their intended purpose.
• The organization is not legally registered and does not have the equivalent of an accounting officer.
• The organization lacks the capacity to spend the funds.
• Lack of monitoring capacity and systems in the municipality.
• The municipality is unaware that there may be a duplication of funding where the organization has successfully secured funds from another funder.
Analyzing prior successes will identify innovations and processes that can be applied to local and community-driven development. A diagnostic tool for a rapid and participatory diagnostic phase was developed by Heemskerk and Baltissen (2005). Once the diagnosis is complete, policymakers from the national, provincial, and local spheres, as well as from the sectors involved, must work with stakeholders and community members to review these findings and define what is to be scaled up, how the identified bottlenecks can be overcome, and how labor will be divided among coproducers. The outcome of this consensus building must be widely disseminated to foster the necessary support.

Even where there is good pilot experience, local and community-driven development has rarely been scaled up to an entire municipality or district. A critical step is to select one municipality or district for scaling up in at least one jurisdiction. During this process, all the constraints will become obvious—such as difficulties in transferring funds to municipalities and communities—and have to be resolved. The experience can then be summarized in a comprehensive operational manual—developed in the field rather than in an office—to transfer knowledge, processes, and tools to other jurisdictions in a province or country.

Scaling up in a specific jurisdiction should be entrusted to a local development committee associated with the local council and be carried out as far as possible by the existing structures at the municipal and community levels and in the sectors. But these structures alone cannot invent and document new assignments, take up difficulties with higher levels for resolution, document the process, and compile it in an operational manual. These are the tasks of a project design team—a facilitator, not the driver of the process.

A strong information, education, and communication program must be developed, implemented, and documented. It should aim to empower communities to reflect; identify their needs, challenges, and resources; extend the voices of the poor for participation in public dialogue; facilitate education and learning about sectoral and multisectoral topics for behavior change toward sustainable development and empowerment; and facilitate community access to market information, access, and values. The Malawi Social Action Fund, for instance, communicates messages to all stakeholders in the community-project cycle through radio plays and television dramas. Other broadcasted messages explain the importance of principles such as accountability and transparency and offer instruction on technical issues such as procurement and contracting. To meet process monitoring needs, an effective communication plan must focus on instituting multyway communication, monitoring, evaluation, and feedback channels among coproducing agencies. Moreover,
the information generated and disseminated by these systems is central to enhancing all forms of accountability.

A critical step is clearly assigning and fully describing the specific program functions to participants at each level. These assignments are best worked out at the local level by the stakeholders who will have to carry them out, since only they have the detailed knowledge of the actors, systems, processes, and relationships on which the program will need to build. The process usually involves one or several broad stakeholder workshops. Depending on context and existing governance systems, the assignments can be chosen from a range of institutional options. Despite variations, however, certain basic structures, as shown in figure A1, will be necessary to meet the management and coordination needs of the emerging program.

The role of the district development committee is to coordinate elements of the local and community-driven development program, including: the initial and subsequent information campaign and Independent Electoral Commission (IEC) program; supervision of the training, facilitation, and community and local planning process; integration of development plans of subdistricts; approval of subdistrict and district level projects; recommendation for approval at higher levels for large district projects; final no-objection or approval of community projects and projects of nongovernmental organizations (NGO) or local sector offices; measures for local resource mobilization (from local revenues, cost recoveries, and other sources); monitoring and evaluation of the local development program and the performance of implementers; and reporting to the local and central authorities and the population at large. Participatory monitoring and evaluation by communities can significantly reduce the progress monitoring functions of the district development committee.

The project design team assists the local development committee in program development by:

- Assembling operational procedures, manuals, and tools from existing programs and approaches.
- Integrating materials into a single set of operational and training manuals and tools.
- Developing components for training materials.
- Revising materials as experience grows.
- Assisting the district in the development of its IEC strategy and tools.
- Helping the secretary and staff of the development committees prepare the sessions and reports of the development committees.
- Reporting on the progress of the development program at regular intervals.
- Assisting in the design and implementation of the monitoring and evaluation program, processes, tools, and reports.

Participatory development planning and execution requires enormous amounts of training and facilitation of communities and coproducers. Skills include participatory assessment and planning, setting up or strengthening of the community development committee and its subcommittees, procurement and financial management, planning and community project preparation, auditing, and participatory monitoring and evaluation. In addition, technical training will have to be provided for all but the simplest infrastructure community projects. Each community training program will include between four and eight people to ensure that members of different genders and age groups, minority groups, and community technical specialists receive training. If a district has 300 communities, for example, this would mean that 1,200 to 2,400 people would be trained. Training also has to
be provided to all other program participants engaged in coproduction tasks; that is, subdistrict and district development committees, staff and volunteers from participating NGOs and sector agencies, and district and subdistrict administrators.

The large training volume requires careful attention to the logistics of the process and the cost of the people involved in training. Hiring professional trainers and facilitators for these activities is likely to be prohibitively expensive, irrespective of whether the trainers and facilitators come from the private sector, NGOs, or government agencies. Instead, latent local capacities could be mobilized by recruiting qualified locals, such as retired people, educated spouses, educated youth, and village elders, who may have been teachers, health practitioners, agricultural extension workers, and the like. Again, South African experience is quite well developed here. An alternative or complementary approach is to organize specialized training and facilitation through community-to-community extension, which relies on and strengthens latent community capacities and thus saves money. In either case, a few professional trainers and facilitators are necessary to facilitate the training and management of all the activities. Cost-effective training therefore can be organized in training camps at the district and subdistrict levels. In an HIV/AIDS prevention program in Burkina Faso, the villagers (one woman, one man, one male youth, and one female youth) are assembled at the subdistrict level for two week-long training workshops that cover the elements of the project cycle, financial management, and basic knowledge of HIV/AIDS and its prevention. A locally recruited training team operating under the supervision of a district training team supplies training to surrounding communities from the subdistrict or local market town. No program participant travels on a route other than to the market or local subdistrict center, sharply reducing transport logistics and costs.

Participatory planning (and monitoring) processes at all levels must be facilitated properly by outside trainers and facilitators. Unlike training, the facilitation must be done separately in each community, as well as for subdistrict and district development committees. The large numbers require that facilitators too be recruited from local populations and trained. Members of subdistrict training committees can sometimes become facilitators. They are reactivated whenever training or facilitation needs arise.

Specialized training and facilitation for specific subsector community projects should be primarily demand-driven, based on community development plans. Communities should be able to spend part of the money they receive to finance or cofinance these services. The precise source and logistics of providing these services need to be worked out locally by the respective sectors in coordination with the district development council. Some district-level projects can finance some of the basic costs of NGOs, private firms, or local sector offices of the government.

For fiduciary and disbursement purposes, a “community project” can either be an annual community budget comprising several community projects or individual community projects. The first option is far more empowering, especially if combined with disbursement against the budget in two tranches—or a maximum of three. Funding is typically accompanied by a set of rules and corresponding training that:

- Ensure broad local participation.
- Promote transparency and accountability.
- Prevent fraud and misuse.
- Avoid elite capture and social exclusion.
- Ensure that the community can manage and maintain the asset after project completion through local resource generation mechanisms.

Disbursements can be in tranches based on statements of expenditures. Verifying the proper use of the money is the primary responsibility of community finance and audit committees and the general assembly of community members. Auditing hundreds or thousands of small community accounts is not cost-effective, so it should be part of the monitoring and evaluation plan and carried out on a random sample basis. Audits should include the financial records, the decisionmaking processes, and the quality of output produced. Whether in cash, labor, or materials, such community contributions may constitute between 10 percent and 40 percent of total project cost.

Options for allocating money to communities include a district/municipal development
fund with a special window for communities or separate district/municipal and community development funds. The advantage of having separate funds is that it better ensures empowerment and learning-by-doing at these lower levels than does a process that maintains all the allocation power at the district level. The disadvantage is that sequencing and economy of scale considerations are more difficult to accommodate than in a single, fully fungible budget at the district level. Allocation to the communities from the community window or fund could be based on proposals from these levels or on ex ante allocation to each community and subdistrict based on a formula. Other rules can also be devised to ensure an equitable allocation of resources. Mexico’s Decentralization and Regional Development projects, for example, adopted the principle that at least half of the resources had to be used for rural communities within a municipality, rather than the central municipal town, and that it should preferably target the poorest communities.

A sound monitoring and evaluation system has four parts: participation by communities and users for implementation monitoring; financial and accounting systems for financial monitoring; a management information system for progress monitoring; and impact evaluation. At the local level, monitoring and evaluation is the responsibility of the District Local Development Committee, the Sub-District Development Committee, and the Community Development Committees. Implementing these improvements has to start in the small municipality first chosen for scaling up and be integrated into the resulting operational manual.

Once the program is running properly in one or a few districts, the operational manual, training materials, costs elements, monitoring and evaluation reports, initial impact evaluation results, and other relevant instruments need to be properly reviewed, integrated, and presented. These tools are subject to final revisions at a national stakeholder workshop, which can also be used to consolidate the political will among the provincial and national governments to scale up the program to national levels. The materials can then be translated into the major national languages. The materials are an essential input to the planning of the national scale up. The planning process involves preparing detailed budgets and a financing plan involving all possible sources of funds: the national government, local governments, communities, and external donors. Financing norms and the pace of scaling up may have to be adjusted to fit the available financing to which the different partners are willing to commit. Budgeting and financing options include collapsing similar ongoing programs into the new program; allocating additional tax bases to local governments and communities, which can be used to cofinance the program; allocating existing national revenues to the program through the intergovernmental fiscal system; and raising additional taxes for funding shortfalls.

It will also be important that all participating stakeholders identify gaps in the national and local institutional frameworks and remaining bureaucratic hurdles and define time-bound plans to overcome them. Issues to be discussed may include further aligning sectors with the national decentralization framework, empowering the community, strengthening the central institutions in charge of decentralization and local governments, further simplifying procedures seen as causing delays or bottlenecks, and addressing weaknesses in national statistical systems and monitoring.

Based on the experience in the planning phase, the national system for managing the program has to be designed in detail, particularly for the central program office and its subsidiary branches and their capacities, terms of reference, and staffing. Planners will also need to consider phasing. Two or three phases may be needed to reach national coverage. As in individual districts, scaling up across districts or provinces will also require a detailed logistical plan that attends to the costs of managing the program. Cost-minimizing approaches involve mobilizing existing structures and latent capacities to manage the program rather than developing new ones or hiring special staff and consultants to do the job.

Implementing the national communication strategy is critical. The national monitoring and evaluation system and the impact evaluation program need to be put in place to ensure regular and speedy feedback during scale up. Learning-by-doing never stops, so operational
manuals and training materials should not be static, but subject to at least annual revisions to incorporate lessons from the scaling up phase. The final step is a program launch workshop in which representatives from all the key coproducers and from the next batch of lead districts should participate.

After each phase of scaling up, a similar review and further refinements and adaptations to the institutional frameworks need to be carried out. The consolidation phase should gradually shift the program from basic infrastructure and services to economic development and social protection. It should also focus on the concomitant development of the fiscal base of local governments and communities. With the basic structure in place, emphasis and resources can also go toward strengthening accountability mechanisms, improving technical and organizational capability, and expanding targeted programs to tackle issues that communities may have neglected.
Meaningful land reform in South Africa is the key to attacking the acute inequalities that still inhibit economic and social development. Without it, poor communities are likely to remain locked in the geographic legacy of apartheid, which consigned the nonwhite majority to separate locations and severely limited their economic opportunities.

So far, change has been frustratingly slow. More than a decade after South Africa embraced democracy and a highly progressive Constitution, nearly 80 percent of farmland is owned by white South Africans. Low-income black or mixed-race citizens, meanwhile, have little access to land, even when they have financial resources to acquire it. The scarcity of land where poorer South Africans can build houses and support small-scale agricultural and commercial activities makes it all but impossible for many low-income communities to improve their living standards.

Land management faces centralized controls that afford only limited involvement for small farmers, beneficiaries, civil society organizations, and municipalities. For communities seeking land, the regulations are prohibitively complex and rigid. The absence of a pro-poor policy for the many peri-urban areas that surround major cities is another gap that needs to be addressed. Finally, resistance to sharing land resources with low-income communities persists among many wealthier South Africans.

Two recent experiences in land management show why land reform in South Africa is moving so slowly. But they also point to some underexploited opportunities that may enable landowners, low-income communities, and the government to work more constructively to tackle the legal, regulatory, and cultural barriers. An effort to create a mixed-use settlement outside Johannesburg, to be known as “Ethembalethu,” or “Our Hope,” is the first experience to be analyzed. The second involves an area-based land reform and enterprise development program in a beef-producing area subject to the KwaZulu-Natal Provincial Land Reform Office. This so-called Qedusiz'/Besters initiative has shown some results not only in restructuring local land ownership but also in mobilizing income-generating activities for a low-income community.

Ethembalethu: a hope, an idea, an opportunity to learn

Ethembalethu is the name of a village that has yet to come into being but that remains a hope for the families that have saved, collaborated, and negotiated to make it a reality.

The architects and potential beneficiaries of the project have been seeking to buy land and establish a mixed-use settlement in a peri-urban area west of Johannesburg. Despite 10 years of effort, the dream still is not realized, underscoring the lack of supportive policies for peri-urban areas. Peri-urban areas, formerly rural localities...
that now occupy the edges of expanding urban centers, are home to millions of black and mixed-race South Africans.

For poorer South Africans, peri-urban areas are ideal for mixed-use settlements where they can build homes and benefit from fairly easy access to urban schools, health facilities, and jobs, while having space for managing farming and small-enterprise activities. For others, these areas beckon as potential real estate for building gated housing communities for wealthy South Africans. The resulting tension—and the absence of clear policies for peri-urban communities—partly explains the frustrations experienced by the Ethembalethu planners, who despite having the financial resources to acquire and develop the land, have so far been snared by a complex bureaucratic tangle of government policies, development programs, and environmental requirements.

A story of delay and frustration
The Ethembalethu campaign for a new settlement is a story of frustration but also of community persistence. Beginning with about 250 families living in the Muldersdrift area, the community formed a nonprofit organization, the Muldersdrift Home Trust Foundation (MHTF), and saved about ZAR126,000 to purchase land for a village with houses, farming plots, a grazing area, and common recreation spaces. Families contributed ZAR50 per year, later increasing this commitment to ZAR100 per month, to acquire the necessary land.

The first reversal came in 1997. The MHTF made an offer to purchase 8.5 hectares in Muldersdrift. Although a deed of sale was concluded, the sale was aborted after a group of neighboring landowners made a successful counter offer. Affluent landowners have tended to block low-income communities from acquiring land for residential and commercial activities—the shorthand “Not In My Back Yard” (NIMBY) aptly describes this pervasive attitude.

Progress was stymied again in late 1998 when, with 82 percent of the land price paid, the sale was cancelled. The association learned that the NIMBY syndrome persisted: the same neighbors who had scuttled the first attempt at acquiring land were spoiling the second. The seller offered to repay ZAR126,000 already paid toward the purchase price of ZAR154,000. The MHTF hired lawyers to protect the association’s contractual rights to the land. The seller, meanwhile, charged the association with misrepresentation and accused MHTF members of trespassing. In March 1999, 47 community members were arrested in what the South African Police Service subsequently acknowledged were wrongful arrests.

The dispute persisted for another two years, until the High Court took the case in November 2000. Once it became clear that there was no legal basis for cancelling the sale, the landowner and the white neighbors opposing the plan offered a settlement: full return of the ZAR126,000 already paid by the community, plus another ZAR270,000 paid by the neighbors to be used to finance an alternative land purchase so long as it lay outside a land belt prescribed by the white neighbors.

Combining funds from the settlement with their savings, the community located a larger land parcel for the village, which cost ZAR650,000—well above the association’s available resources. The group appealed to the Gauteng Provincial Department of Housing, the National Department of Land Affairs, and Mogale City to explore options. The NIMBY syndrome was reignited, however, with yet another group of white neighbors raising objections, this time using the argument that an environmental impact assessment was missing. Although this assessment is not required for a land purchase, the dispute continued.

In March 2002, the National Department of Land Affairs purchased the land for the full price of ZAR650,000, placing it in the name of...
the municipality but under a complex arrangement that did not stipulate how the land would be used once it was transferred. The municipality then entered an agreement with the MHTF under which individuals would obtain title to individual plots, with businesses following a separate case-by-case process.

The purchase final, the MHTF was required to embark on two separate legal processes: a “scoping environmental impact assessment” under the Environment Conservation Act and a Development Facilitation Application under the Development Facilitation Act. The environmental impact assessment process provided a platform for neighbors to express opposition, and the Development Facilitation Application ran afoul of various procedural and technical snarls. Consultant payments and legal fees were mounting. Disputes erupted over who would pay the various specialists and how they would be paid. Because of complications involving peri-urban areas, the environment application was rejected and the development facilitation paper languished at the Development Tribunal.

A final obstacle was a complication in a UNESCO World Heritage Site near the proposed settlement, requiring a buffer zone. Both the environmental and the development applications resided with different parts of the Gauteng government, and after another rejection in 2007, more reports were requested.

In sum, the community mobilized its members, saved the necessary resources, and devised a plan for acquiring land to improve lives and livelihoods. It has been thwarted by a confluence of obstacles ranging from landowner attitudes to government regulations. Ethembalethu—“Our Hope”—is still not a reality, but it remains a hope.

**Drawing the lessons**

The saga of Ethembalethu shines a sometimes harsh light on the obstacles that block opportunity not only for the 250 families backing the project but for millions of low-income South Africans living a tenuous existence in enclaves with limited access to income-generating opportunities and basic services.

To dismantle the geographic legacy of apartheid, South Africa needs policy and regulatory shifts that support the efforts of low-income communities to secure land. The following changes and innovations would help:

- New government policies for urban edges. The current regulations create a dichotomy between residential and agricultural land, to the detriment of low-income communities.
- More willingness among municipalities to assist the settlement of low-income families.
- Integrated Development Plans that are explicitly pro-poor. When low-income communities cannot establish ownership, they tend to rent, forgoing the benefits of asset accumulation, or to buy in remote areas with limited access to jobs and services. Many resort to informal settlements, with their inherent insecurity.
- A restructured land market that, among other things, would make more small land parcels available in peri-urban areas, including land that is presently underused.
- A single planning process consolidating the environmental impact assessment and a township development.
- A single agency responsible for land development and land use, lessening the uncertainty for beneficiaries and saving time.
- A simpler set of guidelines for building projects, expressed clearly in manuals available to the public. The government could also support capacity-building programs to support public sector lawyers and program managers.

**Accelerating Equitable Land Reform in the Qedusizi/Besters Cluster Project**

Despite the slow pace of land reform, some new mechanisms to accelerate the redevelopment of land have yielded positive results. The Qedusizi/Besters land reform project in KwaZulu-Natal shows the potential for an area-based approach to land reform that builds on the participation of the full range of actors—white farmers, communities seeking to acquire land, central and local government, and the private sector all participate.

The key players included the Department of Land Affairs, a group of white farmers, and the Besters Farmers Association. Together they identified the land for purchase and the people
to be settled there, negotiated a land sale, and launched a resettlement program.

The beneficiary community consisted of 199 muzis, or extended family households, representing 993 adults and a total population of about 2,500. These households acquired 14 farms comprising 14,728 hectares. Each farm consists of an average of 14 muzis that have been formed into Communal Property Associations (CPAs), each with its own constitution and bylaws. Each CPA was assigned a communally owned commercial beef herd and specified grazing rights—not only for cattle but for goats, horses, and sheep—that could be allocated to householders and passed on to future generations.

Effective leadership was crucial to this project. Champions for the Qedusizi/Besters program managed to articulate a convincing vision and establish processes and institutions for making it a reality. Committed champions from the Department of Land Affairs, the white farmers group, and the Besters Farmers Association were critical to building consensus and managing administrative hurdles.

Several supportive arrangements helped. First, the stakeholders formed a company that guided the development, implementation, and management of the land reform effort. Built into the structure was a network of mentors to assist the households in managing their herds and farms. A grant of ZAR23.3 million for “land redistribution for agricultural development” covered the cost of the farms and project preparation work and helped establish the herds.

Early results are encouraging: each CPA established a commercially viable herd, and some participants generated additional revenue by leasing pastureland or planting maize and soybeans. The more significant revenue would come with the sale of the herds’ first weaned cattle. New land continues to be made available for expansion and additional beneficiaries.

Remaining questions and gaps
Some difficulties and uncertainties remain. Farmers in the new settlements still need to supplement their income by working on neighboring farms owned by white landowners, which cuts into the time spent on their own herds and commercial activities. A number of activist leaders in the project have helped accelerate the progress, but in the future there will be a need for stronger institutions to support profitable cattle production, small-scale farming activities, and programs to advance enterprises led by women and young people in the community.

There have been some gaps in participation by beneficiary families. Planners didn’t fully assess the needs and aspirations of the beneficiaries at the start, particularly those of women and youth. The white farmers and mentors designed the key elements of the project, including the farming and enterprise models, the management system for farm machinery, and the acquisition of a dairy farm. Beneficiaries would gain from more training in team-building and negotiation, recordkeeping, and financial management. The project did not incorporate a formal plan for monitoring and evaluation and would benefit from a baseline study of black and white households, the CPAs, and enterprises.

Finally, the process was slowed by the bureaucratic complexities hampering land reform in South Africa. From project conception to the launch of the first farming enterprises, the process took 28 months. Faster approval of the planning grant would have advanced the process significantly.

The government could ease the way for future land development projects by instating an integrated regulatory process for buying, transferring, and settling land, along with the subsequent development of enterprises. The district municipality is the natural level for coordination.

Conclusion
The experiences of the Ethembalethu community and the cattle farmers of Qedusizi/Besters make clear that South Africa’s land reform will not have a single formula for success. Rather it will likely generate a panoply of innovations and homegrown solutions over time.

The need for flexibility is clear too. The goals of the Ethembalethu community were thwarted repeatedly by regulatory processes that proved to be overly rigid and unresponsive to local initiatives. The backers of these two land-reform efforts—and countless others not covered in this analysis—would benefit from consolidating and coordinating government functions,
particularly if a single, one-stop shop can be established for land sales and transfer, settlement, and development.

Learning and disseminating experience will ensure that the next community seeking to establish a mixed-use village such as Ethembalethu does not need to relive every frustration that impeded this group’s dream of a secure and productive future in a village appropriately named “Our Hope.”
Capacity constraints of local governments are often seen as a major impediment to meeting ambitious service delivery targets. In addition, although not all the services are the competency of local government, municipal mayors, councillors, and officials increasingly have become the target of protests aimed at forcing the state to recognize and address service deficiencies. One response to the growing protests was a capacity audit carried out in 2004 in 284 municipalities by the Department of Provincial and Local Government (DPLG). This audit found that almost half of South African municipalities lacked key financial and technical skills to deliver basic services. The audit identified the nation’s weakest municipalities. Some of the data in the survey showed that backlogs in service coverage and quality were not distributed evenly across the municipalities:

- In 135 municipalities, unemployment is greater than 35 percent of those able and willing to work.
- In 182 municipalities, less than 60 percent of households have access to refuse removal.
- In 203 municipalities, less than 60 percent of households have access to sanitation (flush toilet, chemical toilet, or septic tank).
- In 122 municipalities, less than 60 percent of households have access to electricity.
- In 155 municipalities, less than 60 percent of households have access to clean water (DPLG 2004).

The DPLG then designed Project Consolidate, a national program based on cooperation across sectors and spheres of government to address the main capacity barriers to service delivery with a focus on the weakest municipalities. Project Consolidate was conceived as a joint program with specific roles and responsibilities for each sphere of government, for civil society, and for the private sector. The main objectives were to install additional capacity, including by creating opportunities for skills transfer for critical technical and financial skills and operationalizing the mechanisms laid out in policy for public participation. The United States Agency for International Development, the UK’s Department for International Development, the German Technical Cooperation Agency, Old Mutual, and Eskom have contributed resources to the project.

A supplemental program, Siyenza Manje (we are doing it now), has been housed at the Development Bank of Southern Africa, and with the National Treasury, the DPLG, and the South African Local Government Association, has deployed expertise in engineering, finance, and town planning and project management. The purpose of the program is to complement Project Consolidate with additional capacity-building and technical skills transfer at the municipal level. As of December 2006, under Siyenza Manje 81 municipalities have benefited and
received support from 281 experts. In the June 2008 budget vote speech, the DPLG minister shared the accomplishments of Project Consolidate since its inception. These include a:

- 68 percent increase in the number of municipalities with 60 percent or more households having access to formal housing.
- 31 percent increase in the number of municipalities with 60 percent or more households having access to water in their homes or yards.
- 48 percent increase in the number of municipalities with 60 percent or more households having access to electricity, at least for lighting.
- 66 percent increase in the number of municipalities with 60 percent or more households having access to sanitation at the standard of a flush toilet, septic tank, or chemical toilet.

These achievements are significant given the limited time that Project Consolidate has been in place. However, the weaknesses of Project Consolidate still cause for concern in mid-2007 included high vacancy rates in essential management positions in the struggling municipalities targeted by the program. As a result, the intended skills transfers by financial and technical specialists do not happen, and the scarce and vital skills are underused as the specialists take on administrative tasks (CDE 2007). In addition, the data from all the complementary initiatives have not been consolidated to enable a comprehensive stock-taking of the investments and the impact. Finally, the short timeframe in which the program has been under way means that significant investment must continue for benefits to be sustainable.
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In 1994, the legacy of apartheid presented the new South Africa with enormous challenges: poverty, inequality, and the immense aspirations for greater access to basic public services. The government immediately began addressing these challenges by enshrining constitutional rights to service access, radically reforming economic and sector policies, and funding ambitious service delivery programs. A new governance and administrative framework for racially diverse provinces and municipalities had to be built—and the new structure had to progress quickly in delivering the improved services expected by the people. These challenges have grown in the past 16 years, as South Africa’s population has increased with immigration and the HIV/AIDS crisis has spread.

This study attempts to shed light on service delivery capacity and quality challenges in South Africa by analyzing the institutions that “produce” services. “Institutions” are not defined as “organizations” but as the rules that govern the interaction between service providers and beneficiaries. The study examines the accountability relationships among citizen-users, policymakers, and service providers. These relationships can be seen as the three legs of a triangle: the first leg represents accountability between citizen-users and politicians/policymakers, the second between politicians/policymakers and service providers, and the third between service providers and citizen-users.