



Ward funding guidelines

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POSING MORE QUESTIONS THAN ANSWERS?

The curiously named *National Framework: Guidelines for Provinces and Municipalities in the Implementation of the Ward Funding Model* was released earlier this year by the Department of Provincial and Local Government (DPLG), as it was then known. Its purpose is to describe

a model with which municipalities can support and fund the operations of their ward committees, in particular regarding the promotion of aspirations, needs, and interests of local communities and their participation in local governance.

The drafting of the framework seems to suggest that the discretion afforded to municipalities in legislation in terms of funding ward committees has not been properly exercised. (Why else would a national department seek to legislate in this matter?) It is also possible, in an era when many municipalities face claims of financial mismanagement and maladministration, that the drafters wanted a clear model for ward funding in order to avoid perceptions of irregularity. Research on ward committees to date does not suggest that either of these issues should have been a priority for DPLG. What is fairly apparent is that for various

reasons there has long been pressure to disburse more money to ward committee members and that countrywide the ward committee system seems to have faltered.

This article provides a brief overview as well as a critique of the key components of this framework.

The framework

The National Framework (NF) begins by attempting to summarise the various policy and legal provisions that are relevant to ward committees. The consolidation of this policy

framework and the elaboration of these principles into suggestions for operational approaches to ward committees are quite useful and could have formed the basis of an interesting discussion document.

The NF, however, seems to exceed its own brief by attempting

- a somewhat superficial discussion of the state of participatory local governance;
- a rehash of a number of existing policy principles and legislative provisions relating to participatory local governance and ward committees in particular; and
- an overview of ward committee performance and best practices supported by a limited set of case studies.

The funding model

The NF recommends that municipalities follow a three-pronged approach to funding and budgeting for wards. It suggests that activities and expenditure can be divided into council-approved projects, discretionary ward funds and ward committee operations. Council-approved projects comprise capital and operational projects which the municipality prioritises on a ward-by-ward basis. This presumably arises from an imperative to decentralise expenditure and investment and is therefore in keeping with the general trend towards decentralised and 'community-based' planning and location specificity for projects. Final projects are, however, approved by the council.

Discretionary ward funds, on the other hand, consist of funds that the municipality allocates to each ward, which can be used at the discretion of the ward committee in consultation with the community. Importantly, the funds do not go to the ward committee, but are spent through ordinary municipal systems and procedures. The ward committee, however, exercises discretion in respect of *how* these funds are prioritised. The framework therefore formalises a practice that has become fairly common among municipalities: that is, the council approves the *amount* to be allocated per ward but not *what* the funds are to be used for.

Finally, and perhaps more to the point, the municipality must budget for ward committee operations, which include technical and administrative support to committees as well as 'out-of-pocket expenses' for ward committee members.

The NF recommends three sources of funding to implement the framework, namely own revenue, the equitable share and the Municipal Systems Improvement Grant.

Out-of-pocket expenses

In respect of the out-of-pocket expenses for ward committee members, the NF stipulates that these should be paid from the

municipal budget. Municipalities need to consider local conditions, such as ward size, population and transport costs, in determining an appropriate amount. However, based on research undertaken on best practices across municipalities, the NF suggests that a minimum of R1 000 per ward committee member per month would be reasonable, and that the amount should somehow be linked to the performance of ward committees.

While these recommendations in certain instances appear to be reasonable, the NF fails to provide a consistently sound policy and/or developmental foundation for them.

To pay or not to pay?

The NF focuses on the seemingly minor administrative matter of compensating ward committee members for out-of-pocket expenses. Section 73(5)(b) of the Municipal Structures Act simply allows municipalities to pay ward committee members for out-of-pocket expenses as a component of the municipal budget. The drafters of the NF do not clarify why they consider this provision to be inadequate or why it should be elaborated in a set of guidelines of nearly 30 pages.

It could be speculated that the purpose of the NF is simply to circumvent section 77 of the Structures Act, which stipulates that ward committee members may not be remunerated. But what could be behind such an effort?

Previous independent research from the non-profit sector has shown that there is considerable pressure from interest groups within local government to pay ward committee members. Afesis-corplan, for example, observes:

Because ...legally ward committee members are not entitled to remuneration, these calls [have] stopped short of a call for payment and tended to involve an ambiguous call for 'reimbursement', 'allowances' ...

The developmental rationale for this has, however, never been clarified or clearly motivated as a policy shift. NGOs in the Good Governance Learning Network have consistently pointed out that the payment of ward committee members potentially compromises their independent status and creates opportunities for the development of networks of patronage. The NF makes no attempt to reconcile the guidelines with the well-established critique that state remuneration potentially nullifies the independence and civil legitimacy of community representatives serving on ward committees.

A bird's-eye view of ward committees?

The NF fails to present a sound economic, developmental or governance rationale for codifying or increasing payments to

ward committee members. After an extensive and sometimes insightful acknowledgement of the problems confronting local government, the entire exercise boils down to an attempt to determine 'criteria for the calculation of the out of pocket expenses' of ward committee members.

The status quo analysis of ward committees that the NF attempts comprises a repetition of existing policy and statements of policy intent. It includes, for example, a rehash of the support that municipalities *should* provide to their ward committee system, future possibilities for ward-based budgets and funding, and demographic data by province.

The information and analysis are, however, inadequately linked and, as a whole, the document is not sufficiently authoritative to begin framing indicators or to motivate policy shifts.

For example, the NF makes this sweeping claim:

Most of the surveyed municipalities have an annual budget of not less than R1 million to cover the out of pocket expenses. Taking this into account a reasonable minimum figure for each ward committee member per month can be estimated at R1000.00. In certain municipalities this amount may not be enough to cover all expenses. Therefore, the framework makes provision for municipalities to consider their ward committee needs, and activities before deciding on the amount.

This cannot be regarded as a representative assessment of the ward budget provision in most municipalities and is potentially misleading. The NF itself quotes vastly differing spending patterns. It notes that a municipality in the Eastern Cape spends at least R4 million to compensate ward committee members annually, while the metros surveyed spend much less, with an average of R1,2 million per annum.

Furthermore, the discretion suggested in the NF, according to which municipalities may 'consider their ward committee needs, and activities before deciding on the amount', seems to make the whole discussion of a formula-driven calculation pointless.

Nonetheless the NF goes on to use this reasoning for bold recommendations like the following:

[T]he fiscal framework and grant system of government should consider needs of different municipalities and enable the under-resourced municipalities to fulfil their obligations including ward committee support.

The wisdom of changing the equitable share formula simply to accommodate payments to ward committee members on the basis of the recommendations in the NF is questionable.

Discretionary funds and community-based planning models

The NF also seems to make *leaps of faith* in policy terms in seeking to entrench the notion of discretionary funds for wards utilised according to a local 'community vote'. This comes against a backdrop of considerable enthusiasm for dedicated ward committee budgets and ward- or community-based planning models. While these models have generally been exciting theoretical exercises, they have had very mixed results in practice. Critical questions remain unanswered. For example, are the outcomes of these projects indicative? Have they resulted in successful projects in the broad public interest or have these small allocations simply served to create a semblance of 'development' and to placate particular neighborhoods? If the latter is the case, then ward plans and budgets run the risk of fragmenting the financial strategy of the municipality.

Counting the cost

The NF attempts the very useful exercise of projecting the annual cost of paying ward committee members' out-of-pocket expenses countrywide. Unfortunately, because the calculation was based on an average costing of ward costs per municipality without factoring in the actual number of wards, the figures countrywide cannot be regarded as reliable or even indicative.

The exercise is nonetheless worth doing properly. An accurate costing would take into account the number of wards in each municipality across the country. A precise costing could provide a clearer picture of the projected costs of the funding model proposed in the NF. Once these projections have been ascertained, they can be balanced against the experience of the ward system since 2000 – and the fact that the system as a whole has generally failed to meet policy expectations.

Finally the question must be asked: is there a reasonable prospect that this increased expenditure and further regulation will reverse the trend of poor or mediocre performance by ward committees?

The Framework can be downloaded from <http://www.pmg.org.za/files/docs/090409dplggguidelines.pdf>.



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