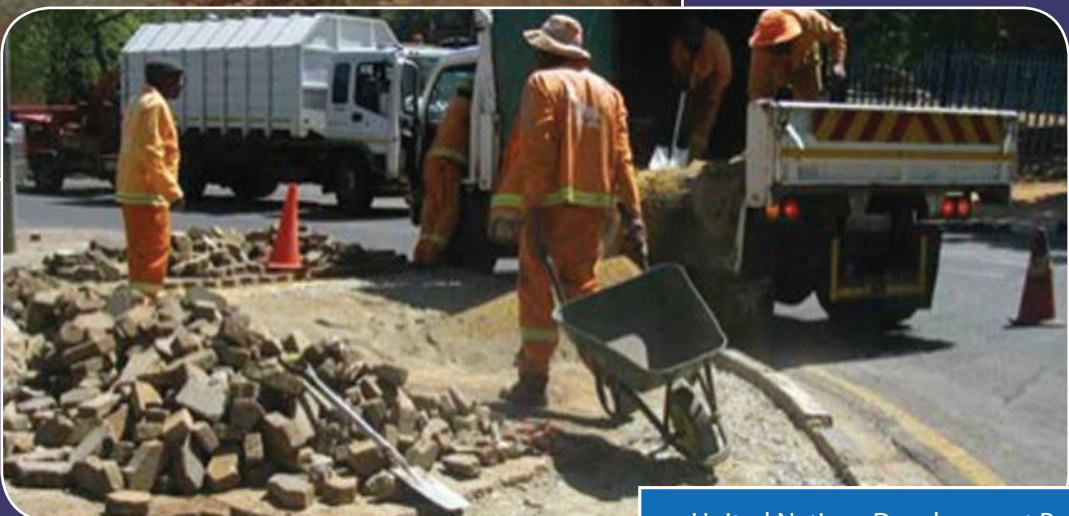




LOCAL GOVERNMENTS IN SOUTHERN AFRICA

An analytical Study of Decentralization,
Financing, Service Delivery and Capacities



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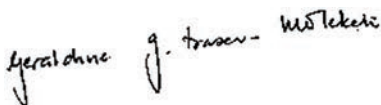
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FOREWORD

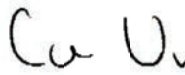
There is growing recognition in Africa of the role of local government in promoting good governance, effective service delivery and in achieving national development goals such as the MDGs. Local government is closer to the people and has the potential to effectively mobilize communities and galvanize them to participate in public affairs and own development. Local government also offers the best opportunity for the timely and responsive delivery of local public services. Successful local governments enjoy the confidence of communities, meeting their needs and aspirations and contributing to the growth of the local economy. Conversely, an increasingly informed and empowered citizenry expects local governments to provide reliable and adequate services. There are several factors that impede effective decentralization; these include but are not limited to poor implementation of decentralization policies, inappropriate use of funds allocated to local governments; inadequate capacity, lack of accountability and inefficiency in the management of resources and delivery of public services. This is compounded by conflicting mandates and inadequate policy regimes that fail to facilitate coordination and clarify roles of different actors and institutions across all sectors and at different levels of governance. With enabling policies, legislation, institutions and processes, local governments can provide the space and opportunity for articulation of local needs and development.

To achieve effective co-ordination of local development efforts, local governments in Africa need to work closely with regional, continental and global bodies such as African Union's All Africa Ministerial Conference on Decentralization and Local Development (AMCOD), the East African Community (EAC) as well as the Southern African Development Community (SADC). These organizations are strategically placed to galvanize their respective members around continental policies and programmatic interventions on matters of decentralized local governance and local development. Likewise, the Commonwealth Local Government Forum (CLGF) draws membership from a number of African countries, both at central and local government levels and is therefore a key stakeholder. The global expertise and field experiences of UNDP, UNCDF and CLGF and other Partners can support the consolidation of sustainable local development initiatives on the continent.

The knowledge generated from this study is expected to inform policy and the design of national, regional and continental programmes that seek to enhance the capacity of local governments to support sustainable and inclusive local development. It is also expected to further promote regional and national dialogue on local governance policy and institutional frameworks as a means to achieving effective and sustainable development.



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ABBREVIATIONS AND ACRONYMS

ADCM	Association of District Councils in Mauritius	CSO	Civil Society Organizations
ADV	Association of the Districts of Victoria	CSR	Corporate Social Responsibility
ALAN	Association of LGs in Namibia	DDC	District Development Committee
AMCOD	All Africa Ministerial Conference on Decentralization and Local Development	DFID	Department for International Development
ANAMM	National Association of Municipalities in Mozambique	DIP	Decentralization Implementation Plan
ARDC	Association of Rural District Councils in Zimbabwe	EU	European Union
AUAM	Association of Urban Authorities in Mauritius	FPTP	First-Past-The-Post
BALA	Botswana Association of LG Authorities	GRF	General Resource Fund
CACS	Conselhos de Auscultação e Concertação Social (Councils for Civic Engagement)	GTZ¹	German Agency for Technical Cooperation
CAMPFIRE	Communal Area Management Program for Indigenous Resources	IDP	Integrated Development Plan
CAPEX	Capital Expenditures	ISD	Inclusive Service Delivery
CASS	the Centre for Applied Social Sciences	LG	LG
CCODE	Centre for Community Organization for Development	LGA	LG Association
CDF	Constituency Development Fund	LGAZ	LG Association of Zambia
CEO	Chief Executive Officer	LGTA	LG Transition Act
CG	CG	LGTAS	LG Turn-Around Strategy
CMACS	Conselho Municipal de Auscultação e Concertação Social – (Municipal Councils for Social Consultation)	LIIF	Local Initiative Investment Fund
CoGTA	The Department of Cooperative Governance and Traditional Affairs	LINCS	Linking NGOs with Capacity Providers
CPACS	Conselho Provincial de Auscultação e Concertação Social (Provincial Councils for Social Consultation)	LP2D	Policy Letter on Decentralization and De-concentration
CPASU	Community Participation and Action Support Unit	MALGA	Malawi LG Association
		MAP	Madagascar Action Plan
		MCF	Municipal Compensation Fund
		MDGs	Millennium Development Goals
		MDP-ESA	Municipal Development Partnership for Eastern and Southern Africa
		MILE	Municipal Institute of Learning
		MLGRUD	Ministry of LG Rural and Urban Development
		MRLGH	Ministry of Regional LG and Housing

¹ GTZ is now GIZ – Deutsche Gesellschaft für Internationale Zusammenarbeit, GmbH.

MRLGHRD	Ministry of Regional and LG, Housing and Rural Development	PSIRP	Public Service Improvement and Reform Programme
MSF	Multi-Stakeholder Forum	PSR	Public Sector Reforms
MSU	Midlands State University, Zimbabwe	SADC	Southern African Development Community
NCU	National Coordinating Unit	SALGA	South African LG Association
NDP	National Development Plan	SIDA	Swedish Development Agency
NDPC	National Decentralization Programme Coordination Committee	SIPU	Swedish Institute for Public Administration
NDPCD	National Decentralization Programme Coordination Directorate	SNV	Netherlands Development Agency
NDPCF	National Decentralization Programme Consultative Forum	SWALGA	Swaziland LG Association
NGOs	Non-Governmental Organizations	TNDP	Transitional National Development Plan
NLGFC	National LG Finance Commission	UCAZ	Urban Councils Association of Zimbabwe
NORAD	Norwegian Development Agency	UK	United Kingdom
NPM	New Public Management	UNDP	United Nations Development Programme
NUST	National University of Science and Technology, Zimbabwe	UN-HABITAT	United Nations Human Settlements Programme
PADESCO	Parliamentary Decentralization Sub-Committee	UNICEF	United Nations Children's Fund
PDC	Provincial Development Committee	UZ	University of Zimbabwe
PR	Proportional Representation	VIDCO	Village Development Committee
PRS	Poverty Reduction Strategy	WADCO	Ward Development Committee
PRSP	Poverty Reduction Strategy Paper	ZILGA	Zimbabwe LG Association
PSIP	Public Sector Investment Programme	ZINWA	Zimbabwe National Water Authority

EXECUTIVE SUMMARY

This study provides a detailed analysis of the state of LG in Southern Africa focusing on four key thematic areas namely: Decentralization; LG Finance; Inclusive Service Delivery; and related LG Capacity. It is aimed at supporting the region's efforts towards decentralized governance and local development.

Chapter 1 provides a background to the study as well as an analysis of the architecture of the countries in the region, in terms of geographical coverage, population size, colonial history as well as the political environments. As a result of this diversity, countries in the region are at different stages of decentralization and related LG reforms. Likewise, the policy and legal basis for, as well as the territorial structure of LG are not uniform throughout the region.

Chapter 2 on Decentralization reveals that considerable progress has been made to date on decentralization in Southern Africa, with regards to policy and legislation. Respective Governments have also established institutions under the supervision of the Ministries responsible for LG to provide technical support and monitor the decentralization process.

An emerging threat to decentralization is the gulf between policy and practice, particularly on the actual delegation of powers, responsibilities and resources to LGs. There is growing confusion, ambiguity and uncertainty within the complex systems of decentralization and intergovernmental relations within the region. Other factors that impede the speed at which the decentralization reforms are taking place include inconsistencies in the legal framework; lack of awareness among citizens; lack of conviction among some politicians and government operatives on the need for decentralization, leading to resistance; inadequate financial and human resources both at central and LG levels.

The following are some recommendations for effective decentralization:

- Governments should be clear on why they are decentralizing and they must sensitize citizens on the benefits of decentralization;
- There should be consistency in the legal framework for decentralization and there is need for regular review of the legislation to suit the ever-changing socio-political environment.
- There is need for ownership and capacity development of all stakeholders involved in the decentralization process.

In Chapter 3, the study observes that LGs in Southern Africa have various sources of revenues, including local revenues, intergovernmental fiscal transfers, credit financing and other external sources as provided for by respective legislation. The general observation is that LGs are failing to maximize these revenues for local development. Additionally, the capacity of LGs to generate substantial revenues from local sources is deteriorating. This is made worse by the re-centralization of some local revenue sources by some governments.

On resource sharing, different formulae are applied to determine inter-governmental fiscal transfers in the region and in some countries these transfers are unpredictable. CGs need to enshrine fiscal decentralization in LG legislation and come up with formulae for inter-governmental fiscal transfers based on objective criteria and predictable transfer mechanisms. Corruption in LGs should also be curbed to ensure integrity and confidence in the sub-national governments.

Inclusive service delivery has emerged as a necessary development imperative in Southern Africa and indeed Africa. Chapter 4 emphasizes that public institutions have a responsibility for the delivery of basic services. Services are delivered using a variety of models that provide scope for the involvement of agencies outside central and LGs. An increasingly empowered citizenry expect LGs to provide adequate and reliable services and to create an enabling environment for local economic development. Service delivery in general, is an incredibly complex task, and it is greatly influenced by three factors:

- the philosophy and structure of the decentralization policies adopted by national governments;
- the financial and human resources available to LGs to provide essential services;
- the institutional relationships/partnerships and capacities to delivery and implement essential services, especially to the poor and marginalized groups.

Key issues emerging from the study include:

- lack of policy, technical and community facilitation skills and capacities to ensure inclusive delivery of services
- Inadequate local accountabilities between local leaders and their constituents.
- Unfunded mandates. Countries are decentralizing functions without commensurate resources

The study recommends the following:

- performance monitoring and evaluation systems for inclusive local service delivery should be developed
- there is need to professionalize key LG positions for sustained local development
- need to create institutional mechanisms that promote balance between bureaucratic compliance and innovations in service delivery
- develop and use LG peer review mechanisms to promote learning and capacity development within LG sector, including applying existing knowledge such as the SADC policy framework for civic participation
- assign dedicated resources for sustained and holistic LG capacity development

Finally, Chapter 5 analyses LG capacity in the provision of local services. The study observes that capacity development is an essential ingredient that cuts across the decentralization process, LG financing and inclusive service delivery. The Yaoundé Communiqué acknowledged that LG capacity development remains a challenge and the inability by LGs to take on new or additional decentralized responsibilities is one of the reasons given for reluctance to decentralize by some governments. The study posits that capacity development is a process and not an event; it is a long-term process that goes beyond training to include the creation of an enabling environment with appropriate policy and legal frameworks. It encompasses institutional development, community participation and human resource development.

The study notes that decentralization has moved at a slow pace in the region partly due to lack of resources and capacities for successful implementation. Decentralization assume the transfer of authority and responsibility from central to local and sub-national governments and these need adequate capacities to absorb additional responsibilities and to perform the delegated functions efficiently. The study recommends a holistic approach to capacity development directed at individuals, organizations, systems and processes of local governance and local development.

² The Yaoundé Communiqué by the Africa Ministerial Conference on Decentralization and Local Development (AMCOD) on Leadership Capacity Building for Decentralized Governance and Poverty Reduction of 30 May, 2008

CHAPTER ONE: INTRODUCTION AND BACKGROUND

1.1 Background to the Study

The study documents the Southern Africa's efforts towards decentralized governance and local development and is part of a regional initiative that covers Eastern and Southern Africa. It focuses on four key areas, namely:

- (a) decentralization;
- (b) LG government finance;
- (c) inclusive local service delivery; and
- (d) LG capacity development.

1.2 Rationale for the Study

The study was designed to respond to regional realities in regard to local development challenges faced by African Countries and emerging priorities, key among them poverty, economic and social marginalization and poor governance. These issues are well articulated in various declarations by the All Africa Ministerial Conference on Decentralization and Local Development (AMCOD), EAC and SADC Ministers of LG, and LGAs.

The study highlights notable initiatives undertaken in the region, and identifies key issues affecting LGs as assessed under the four thematic areas of local governance; decentralized governance, LG finance, inclusive service delivery and related LG capacities. The report also makes recommendations in each of these four areas.

1.2.1 Study methodology

The following tools and methodologies were applied in undertaking the study:

- i) *Desk literature review* – a detailed review of relevant documents, materials and internet content was undertaken;
- ii) *Development of data collection tools* – the consulting team developed and piloted suitable data collection tools;
- iii) *Stakeholder consultations* – the consulting team fielded missions to five focus countries. Stakeholders met included UNDP country office governance staff, Government policy makers, LGA officials, civil society organizations, consultants, training institutes and service end-users;
- iv) *Case studies developed for each area of study* – this was based on identified and recommended practices in the region;
- v) *Dissemination and validation workshop*: The draft study report was presented during a high-level policy and technical meeting held in Windhoek, Namibia in 2010. This report incorporates the workshop inputs.

1.3 Southern Africa Region

Southern Africa refers to fourteen countries namely Angola, Botswana, the Democratic Republic of Congo (DRC), Lesotho, Madagascar, Malawi Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia and Zimbabwe. These countries are characterized by differences in terms

of geographical reach and orientation, population size, colonial history, socio-economic as well as political environments.

All the countries in the region have governance structures which are dependent upon sub-national units of government to perform important public functions and to provide critical services. In most countries, these sub-national units are not just administrative arms of the CG, but have some degree of autonomy from their national governments.

There is a growing understanding of the role of LGs in promoting good governance, effective service delivery and meeting national development goals such as the MDGs. This is evident from on-going LG policy and legislative reforms in the region, which promote greater autonomy for LGs. This study demonstrates that during the past two decades, countries in Southern Africa have recorded diverse progress in aspects of local governance including decentralization, LG financing, inclusive service delivery and capacity development.

1.3.1 Legal basis for LG in Southern Africa

Table 1.1 gives an overview of the legal basis and structure of LGs in Southern Africa. In the Democratic Republic of Congo (DRC), Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland and Zambia the basis for establishing LGs is enshrined in national constitutions. As observed by Mushamba (2010), constitutionalizing LG is preferred as a means to secure constitutional tenure for LGs, as opposed to legislation which can be amended at any time by a simple majority in Parliament. Constitutions can also provide for inter-governmental fiscal transfers which guarantee a steady flow of revenue to LGs.

In addition to national constitutions, various legislation in different countries in the region provide for the establishment of LGs at different levels. These legislative documents are often amended to conform to realities of decentralization.

#	Country	Legal Basis for LG	Structure of LG
1	Angola	<ul style="list-style-type: none"> • Law No. 17/99 of October 29 (Structure of Provincial governments, municipal and communal administrations) 	Districts and Cities (25) Municipalities (164) Communes (532)
2	Botswana	<ul style="list-style-type: none"> • The Constitution of Botswana does not establish councils • Townships Act 1955 • LG (District Councils) Act 1965 • Unified LG Service Act 1973 • Town and Country Planning Act 1980 	Districts (10) Cities (2) Towns (3) Township (1)
3	Democratic Republic of Congo	<ul style="list-style-type: none"> • Constitution of the 3rd Republic 2006: It provides the broad parameters for the decentralization process 	territories in rural areas (145) communes (57) secteurs (476) chefferies (276)
4	Lesotho	<ul style="list-style-type: none"> • The Constitution of Lesotho mandates Parliament to establish LG: Section 106(1) • LG Act 1997 (No. 6 of 1997) • LG Elections Act 1998 	Districts and Cities (10) Community Councils (128)
5	Madagascar	<ul style="list-style-type: none"> • 1996 Law on Decentralization: Reinstated communes to what they were under the 1st Republic 	Regions (28) Communes (1400) Fokontany or villages (11,393)
6	Malawi	<ul style="list-style-type: none"> • Chapter XIV of the 1995 Constitution • LG Act 1998 	District Councils (28) Cities (4) Municipal Councils (2)
7	Mauritius	<ul style="list-style-type: none"> • The Constitution is silent on the subject of LG; however, the Rodrigues Regional Assembly is enshrined in the Constitution • LG Act 2003 	Regions (1) Municipal (5) Districts (4)
8	Mozambique	<ul style="list-style-type: none"> • LG is enshrined in the 1990 Constitution as amended by Law No. 9/96 which established the local power • Law No. 2/97, known as the Municipalities Law – establishes municipalities in Maputo City and the ten provincial capital cities • Law No. 10/97 – establishes as municipalities the remaining 22 cities and ten towns in the districts 	Municipalities (33) Group A (1) Group B (2) Group C (8) Group D (12) Villages (9)
9	Namibia	<ul style="list-style-type: none"> • The position of regional and LG is enshrined in the national Constitution. Chapter 12 provides for a system of regional and LG in the country. Article 102(1) specifically provides for structures of regional and LGs. • LGs Act 1992 • Regional Councils Act 1992 	Regions (13) Part I Municipalities (3) Part II Municipalities (12) Town Councils (14) Village Councils (18)
10	Seychelles	<ul style="list-style-type: none"> • The current constitution, adopted in 1993, allows for local administration. However, there is no relevant legislation to enact this. Public service orders regulate the functioning of state administrative officers posted in the district administration 	Districts (25)
11	South Africa	<ul style="list-style-type: none"> • LG is enshrined in Chapter 7 of the 1996 Constitution • White Paper on LG 1998 • Municipal Demarcation Act 1998 (Act No. 27 of 1998) • LG: Municipal Structures Act 1998 LG: Municipal Systems Act 2000 • Traditional Leadership and Governance Framework Act 2003 	Metropolitan Municipalities – Cat A (6) Local Municipalities - Cat B (231) District Municipalities – Cat C (47)
12	Swaziland	<ul style="list-style-type: none"> • The Constitution includes a section that entrenches LG • Tinkhundla and Regional Administration Bill, 2010. Provides the law on administration and development of Tinkhundla and regions and the decentralization of power from CG 	Municipalities (12) Tinkhundla (55)
13	Zambia	<ul style="list-style-type: none"> • Constitution of Zambia • LG Act 1991 	Districts (72) City Councils (4) Municipal Councils (12)
14	Zimbabwe	<ul style="list-style-type: none"> • Efforts are currently under way to have a section on LG in the Constitution • Rural District Councils Act Chapter 29.13 • Urban Councils Act Chapter 29.15 	City Councils (7) Municipal Councils (9) Town Councils (11) Local boards (4) Rural District Councils (61)

Table 1.1: Legal basis and structure of LGs³

³ Source: www.clgf.org.uk

1.3.2 Powers and functions of LGs

Generally the powers of LGs can be classified into legislative and executive powers. Legislative powers relate to the formulation of laws and by-laws while executive powers relate to the power to formulate and implement policies, administer LGs and enforce local laws (Mushamba, 2010). LG functions can be divided into mandatory and permissive functions. Mandatory functions relate to those functions that are compulsory for LGs to perform. Permissive functions include the provision of social services and community development. Based on these two broad categories the main functions of LGs include:

- development;
- forward planning;
- financial;
- governance; and
- regulatory

Through the ongoing decentralization reforms, LGs in Southern Africa have an overwhelming array of functions delegated to them. In Zambia, Section 63 of the LG Act outlines 63 functions that LGs should perform while in Zimbabwe urban councils are mandated to undertake 54 functions. A common feature in all the countries in Southern Africa is that transferred functions are often not matched with requisite financial and human resources, resulting in unfunded mandates and under-performance in terms of service delivery.

1.3.3 Supervision and monitoring

National governments in Southern Africa exercise a supervisory and regulatory role over LGs, as provided by law. This variously entails having access to LG records, as well as investigating allegations of corruption, misappropriation of public funds and other forms of improper conduct (Machingauta, 2010). Depending on the country, supervision may also involve the suspension and/or dismissal of elected councillors for 'improper conduct'. In Zimbabwe for instance, sections 80 and 158 of the Urban Councils Act and the Rural District Councils Act were applied to dissolve the councils of Harare and Mutare and commissions appointed to replace them.

Supervision of LG exists even in countries where LG exercises a degree of autonomy (Machingauta, 2010). The question is whether there is an appropriate balance between the need for oversight or for LG discretion and whether there are checks and balances in place. In most countries the balance tilts in favour of the CG, where the LG Acts vest 'excessive' powers on Ministers responsible for LG and they are therefore seen to 'interfere' in the operations of LGs (Machingauta, 2010).



CHAPTER TWO: DECENTRALIZATION

2.1 Introduction

From the mid-1980s, countries throughout the world began experimenting with some form of decentralization, with early examples in sub-Saharan Africa being Ghana, Nigeria, Tanzania and Zambia. By the mid-1990s, a number of countries in Africa, all with very different political dispensations, were engaged in some form of decentralization. Across the political spectrum, decentralization has been favoured as a mechanism for improving accountability and transparency, as well as state-society relations. Therefore, strengthening LG has been justified as a means of making government more efficient, and as a way of increasing democratic participation.

Despite widespread advocacy and praise for decentralization, the implementation and outcome of the process have been different from one country to another. This can be attributed to the diversity of the countries in terms of socio-economic status, the policy, legal and institutional frameworks adopted, as well as the political will and ownership by the people.

2.2 Conceptual Framework

Decentralization refers to the transfer of responsibility for planning, management, mobilization and allocation of resources from the CG and its agencies to lower levels of government (Silverman, 1992; Sundaram, 1994). Although there can be general consensus on the definition, controversy arises in measuring the level of decentralization among different countries. It is not easy to provide an answer to “*which country is more decentralized than others?*” When measuring the level of decentralization in a country, a holistic approach has to be employed and all facets of decentralization have to be critically analyzed. Brosio (2000) asserted that since the decentralization process in Africa started recently and evidence is scanty, caution is needed when drawing conclusions.

There are three main forms of administrative decentralization; devolution, de-concentration and delegation. **Devolution** refers to the transfer of authority for decision making, finance and management to quasi-autonomous units of LG with corporate status (Brosio, 2000; Fritzen and Lim, 2006). These LGs also raise their own revenues and have independent authority to make investment decisions. In a devolved system, LGs have clear legally recognized geographical boundaries over which they exercise authority and within which they perform public functions.

De-concentration refers to a system whereby LGs are established but remain attached to central authorities through strong hierarchical, top-down accountability and administrative arrangements (Brosio, 2000). Under de-concentration, LGs act as agents of CG, without full autonomy.

Delegation is the transfer of responsibility for decision making and administration of public functions from CGs to semi-autonomous organizations, not wholly controlled by but ultimately accountable to the CG (Brosio, 2000; Fritzen and Lim, 2006). Delegation of responsibilities usually happens when CGs create public enterprises or corporations, to manage services such as housing, water, waste management and transportation.

2.3 Contextualizing Decentralization in Southern Africa

Although Africa has made considerable progress in moving towards the targets of the MDGs, it still has the highest number of people living in extreme poverty within the developing world (MDG Report, 2010). The sub-region is characterized by high levels of poverty; rapid urbanization which place a lot of

pressure on urban infrastructure and services; high prevalence of the HIV and AIDS pandemic; gender inequalities; rampant corruption as well as political instability.

It has been revealed in a recent debate that sub-Saharan Africa as a whole is likely to be most affected by the effects of climate change due to inadequacies in coping strategies. Environmental researchers predict that Southern Africa will be hit heavily by climate change over the next 70 years. As a result, agriculture and biodiversity will experience a negative impact, threatening the livelihood of farmers in a region where 70% of the population are subsistence farmers (Palitza, 2009).

It has been argued that besides providing financial resources for attaining the MDGs, the institutional and governance context in which MDG interventions are undertaken is also important (MDG Report, 2010). Strong institutions are essential for deploying all the resources of a state to achieve the MDGs and other national development goals. In the education sector, for example, decentralized systems of government have contributed to substantial progress in attaining the target (MDG Report, 2010). The 2010 report on *“Assessing Progress in Africa toward the Millennium Development Goals”*, noted that the implementation of MDG interventions is more effective when undertaken at the local level, because decentralized systems of government enable faster and better targeted delivery of essential services at the local levels.

2.4 Progress in Implementing Decentralization in Southern Africa

Contrary to the general view, there has been some progress on decentralization in Southern Africa, in terms of the legal and institutional arrangements. Other milestones include:

- some level of political commitment to decentralize from the centre;
- establishment of LGs (at various levels);
- availability of financial resources to lower levels of government through intergovernmental fiscal policies and policies;
- mechanisms for community participation in local democracy and local development, involving women and special interest groups.

Not all these achievements have been documented, however; leading to the general conclusion that Southern Africa is one of the regions lagging behind in implementing decentralization. The subsequent sections, therefore, highlight some of the key milestones in implementing decentralization in the region.

2.4.1 Legal framework

Countries in the region have made considerable effort in providing legislation for decentralization. They have also witnessed unprecedented advances in policy and strategy formulation towards the same.

In the DRC, Lesotho, Malawi, Mozambique, Namibia, South Africa and Zambia, decentralization is enshrined in the national Constitution. Other countries including Madagascar, Malawi, Swaziland, Namibia and Zambia have decentralization policies that are aligned to broad national policies, development plans and Poverty Reduction Strategy Papers (PRSP). In 1997, Zimbabwe adopted 13 principles to guide the transfer of functions from central to LG. In November 2009, South Africa adopted a LG Turn-Around Strategy (LGTAS) aimed at counteracting forces that are undermining the LG system. In December 2009, Zambia approved a Decentralization Implementation Plan (DIP) covering the period 2009 – 2013 with a view to provide clear targets and milestones for the decentralization process.

All the countries in the region, LG Acts which stipulate the powers and functions of LGs and in some instances the allocation of resources between the CG and the lower tiers of government. By-laws, regulations and guidelines also guide the process by responding to any changes in the operating environment. Below is a summary of the legal framework for decentralization in Southern Africa.

#	Country	Legal Framework for Decentralization
1	Namibia	<ul style="list-style-type: none"> • Law No. 17/99 of October 29 (Structure of Provincial governments, municipal and communal administrations) • Executive Decree No. 80/99 of the Ministry of Finance, which directly allocates financial resources for each province, from the revenues, taxes and other incomes • Local Administration Law 02/07 stating that the State's local administration is responsible for representing the CG at the local level • Decree 08/08 setting in motion intergovernmental fiscal transfers for municipal investment • Decree 09/08 providing incentives to civil servants to attract them to peri-urban and remote areas
2	Botswana	<ul style="list-style-type: none"> • Town and Country Planning Act 1980 • National Development Plan (NDP) 1991 – 1997 • NDP 7; NDP 8; NDP; 9 • NDP 10 proposes the Drafting of a Decentralization Policy
3	DRC	<ul style="list-style-type: none"> • Constitution of the 3rd Republic 2006: provides the broad parameters for the decentralization process. It is highly specific on other issues, in particular on the division of competencies and on the level of fiscal transfers (40% of domestic revenue). It also establishes a timetable and other modalities that shall govern the reorganization of the relationship between the CG and the provinces⁴
4	Lesotho	<ul style="list-style-type: none"> • The Constitution of Lesotho Section 106: Obliges Parliament to establish LG • LG Act 1997, which stipulates powers and functions of LGs • LG Elections Act 1998: Outlines procedures, rules and regulations for the conduct of local elections • Programme for the Implementation of LG in Lesotho (2004). The document defines the broad objectives of decentralization in Lesotho
5	Madagascar ⁵	<ul style="list-style-type: none"> • 1996 Law on Decentralization: Reinstated communes to what they were under the 1st Republic • 2004 Policy Letter on Decentralization and De-concentration (LP2D): consolidated decentralization by putting communes and regions at the core of the decentralization process • Madagascar Action Plan 2007 (MAP): adopted as the roadmap to reach the MDGs. The sixth Commitment under the Action Plan is to decentralize government administration
6	Malawi ⁶	<ul style="list-style-type: none"> • Constitution of Malawi Section 146: Setting up of LG areas • Decentralization Policy, October 1998 (Revised in 2010): creates a democratic environment and institutions for governance and development at the local level • LG Act: 1999 (Revised in 2011): Establishes LGs and describes their powers and functions
7	Mauritius	<ul style="list-style-type: none"> • LG Act 1989: requires LGs to play a more proactive role in combating poverty and improving the quality of life • Rodrigues Regional Assembly Act 2001
8	Mozambique	<ul style="list-style-type: none"> • Constitution of Mozambique 1996: accommodates the legal framework for decentralization and municipalities in Mozambique • LG Act 1997: Established LGs and gives them administrative and financial powers
9	Namibia ⁷	<ul style="list-style-type: none"> • Constitution of the Republic of Namibia 1990 • Regional Councils Act of 1992 (No. 22) • LGs Act of 1992 (No. 23) • Decentralization Policy 1996/97 • Trust Fund for Regional Development and Equity Provisions Act of 2000 • Decentralization Enabling Act 2000 • DIP 2001
10	Seychelles	<ul style="list-style-type: none"> • Constitution of Seychelles 1993: allows for local administration. However, there is no relevant legislation to enact this • Public service orders regulate the functioning of state administrative officers posted in the district administration • Financial management regulations govern non-administrative transactions
11	South Africa	<ul style="list-style-type: none"> • Constitution of the Republic of South Africa 1996. It stipulates that there will be three tiers of government and lists the responsibilities of each • LG Transition Act (LGTA, 209) 1993: It provided for the dissolution of old councils and the establishment of the interim structures. Municipal Demarcation Act, 27 of 1998 • The Municipal Structures Act 117 of 1998 (which sets up the different categories of municipalities) • Municipal Electoral Act, 27 of 2000 • Municipal Systems Act of 2000 (which defines processes and operational features such as Integrated Development Programmes) • The Municipal Finance Act of 2002 (MFMA) • The Municipal Property Rating Act of 2004 • LGTAS 2009
12	Swaziland ⁸	<ul style="list-style-type: none"> • National Development Strategy 1999 • Transformation Policy Statement, 2004: Plays an important role in the implementation of decentralization • The Constitution of Swaziland 2005: It contains elaborate provisions encouraging and supporting a decentralized system of governance • The Government Reform and Decentralization Policy, 2005: It provides an enabling environment for promoting and enabling sustainable and participatory local and national economic, political and social development within a decentralized governance framework • <i>Tinkhundla</i> and Regional Administration Bill, 2010. Provides the law on administration and development of <i>Tinkhundla</i> and regions and the decentralization of power from CG
13	Zambia	<ul style="list-style-type: none"> • Constitution of Zambia • LG Act 1991 • National Capacity Building Programme for Good Governance that was launched in 2000 • Poverty Reduction Strategy Paper (2002-2004) • Transitional National Development Plan (TNDP) 2002 – 2005 • National Decentralization Policy (NDP) 2004 • Fifth National Development Plan (2006-2010) • DIP 2009 – 2013
14	Zimbabwe	<ul style="list-style-type: none"> • The District Councils Act 1980 • The Prime Minister's Directive 1984 • Provincial Councils and Administrative Act 1985 • Rural District Councils Act Chapter 29:13 • Urban Councils Act Chapter 29:15

Table 2.1: Legal Framework for Implementing Decentralization in Southern Africa

⁴ Herbert F. Weiss, H.F, and Nzongola-Ntalaja, G: Decentralization and the DRC – An Overview, *Issue Paper No. 1: Decentralization & Governance*.

⁵ Vaillancourt, F. (2008) Decentralization in Madagascar: A String of Unfinished Races.

⁶ UNDP and UNCDF (2001) Malawi on the Move Concept Paper for the Re-orientation of UNDP and UNCDF support to the Malawi Decentralization Process.

The Implementation Arrangements as shown in Section 12 of this policy merely states that:

“Now that the Decentralization Policy has been formally approved by Government and a new LG Act (1998) assented to, Government is now planning for implementation of the Policy. Some of the planned activities include the following:

a) LG Elections:

These are planned to take place within the next year

b) Reorganization of district offices:

This will involve merging offices at district level to establish one administration. For example, we plan to merge District Commissioner’s and District Council offices as a starting point. A comprehensive functional review will follow.

c) As soon as possible, LGs will begin taking over some of the functions assigned to them by law. However, this will be done in phases to avoid disruption of services and to allow for capacity building in LGs.”

In Namibia, the legal framework for decentralization, particularly the Decentralization Enabling Act and the Regional Councils Act, does not make provision for the decentralization of functions as earmarked in the policy document endorsed by Cabinet in 2006.

The above examples show that in some cases the legal framework for decentralization only provides for the broad parameters for decentralization, but omits the details of the implementation arrangements. It is a considered opinion that a national decentralization policy needs to go beyond this and provide more detail, as is the case in Zambia.

Related to the lack of detail is the fact that most of the legislative provisions are silent on timelines for the actual implementation. In the DRC, for example, the Organic Law on Decentralization would have been adopted before the 2006 elections, but Parliament failed to reach consensus leading to delays in its adoption. Repeated postponement of LG elections in Malawi since 2005, when councils were dissolved, have also led to delays in full implementation of decentralization.

There are many legislative provisions for LG in each country, as earlier shown in Table 2.1 and this leads to confusion and duplication of effort between various agencies. To facilitate efficiency and effectiveness, there is need for consolidation. Some of the legislative documents are also outdated and require regular reviews in keeping with emerging development realities.

In some countries CGs are known to issue directives which are counterproductive for decentralization and against the spirit of the law. In Botswana, for example, some functions which were legally decentralized to LGs such as the management and distribution of water have been taken back by CG. This has also happened in Zimbabwe, where in June 2006 the Zimbabwe National Water Authority (ZINWA) took over the management of water and sewerage as a directive from the Minister of LG. The reason given in most instances is that LGs do not have the capacity to fulfill these mandates.

2.4.2 Institutional framework

In addition to the legal provisions which support decentralization, all countries in Southern Africa have established agencies or Government Ministries that spearhead the decentralization process and advocates for the needs and rights of LGs.

⁷ These are discussed in detail in the Case Study below.

⁸ Alam, M. ed. (2008) Decentralization in Swaziland; Report of a High-level Workshop held in Piggs Peak, Swaziland, 4 – 6 February 2008, Commonwealth Secretariat.

However, one of the major challenges in the region is the lack of coordination between such agencies or Ministries. A report by the UNDP and UNCDF⁹ in 2001 revealed that in Malawi there was a lack of clarity on the institutional relationship between district assemblies, service sectors and the ministry responsible for LG, which in turn affected the pace of sectoral devolution, because sectors were not legally bound to devolve to the districts.

2.4.3 Political commitment

All the Governments in Southern Africa have shown some degree of political commitment to the decentralization process. In the last few years, Angola's leadership has demonstrated commitment towards the gradual implementation decentralization, as reflected in its national strategic documents. The Government has embarked on developing its human resources capacity and deploying qualified staff to sub-national levels. It is also developing local administrative and fiscal systems, while advocating for an increased role of civil society in local development.

In Lesotho, the appointment of a high-level Inter-ministerial Task Force on Decentralization by the Cabinet and the integration of decentralization as a development strategy in the Poverty Reduction Strategy (PRS) and the Public Service Improvement and Reform Programme (PSIRP) are signs of commitment to the decentralization process. In Swaziland the 2004 Transformation Policy Statement is a landmark declaration reiterating that the Tinkhundla system has been an important part of the agenda of the Government of Swaziland (Alam, 2009).

Additionally, commitment to the decentralization process in Southern Africa is reflected through the participation of the countries in AU's AMCOD. The AMCOD¹⁰ initiative aims to advance the decentralization and local development policy agenda, as well as the technical support to decentralization and local development on the African continent.

2.4.4 Territorial structures

The territorial structures of decentralization vary from country to country in Southern Africa. This is mainly because of differences in country size, population and the historical background to the decentralization process. In most countries the Provincial and District Administrations are administrative wings of the CG. At district level, the performance of public functions is split mainly between the district administration and democratically elected councils.

One of the major challenges in Southern Africa is to determine a formula for revenue allocation to the different spheres of government in order to match the social and economic needs of communities. Governments tend to assume that municipalities are the same and as a result introduce uniform requirements, norms and standards, financial regimes and service delivery targets. The reality, however, shows that some of these requirements have placed an onerous burden on low capacity municipalities.

2.4.5 Democracy and elections

Local democracy in Southern Africa is mainly expressed through civic electoral processes, within existing legal frameworks. Election of councillors in most countries in the region is by simple majority through universal adult suffrage. Councillors represent a constituency which in most cases is the ward. In South Africa the election of councillors is more complex and involves a combination of proportional representation (party list system) and the First-Past-The-Post (Westminster system) in which the winner takes all.

Council elections in most of the countries take place every five years and they usually coincide with Parliamentary and Presidential elections. In countries like Namibia, South Africa, Zambia and

Zimbabwe civic candidates are sponsored by respective registered political parties, with each party following its own primary nomination procedures. In Zimbabwe and Zambia there is no law preventing independent candidates from contesting in civic elections.

2.4.6 Role of traditional leaders

Traditional chiefs have been legally recognized in some countries in Southern Africa since the colonial period where their duties include distribution of land, arbitration over disputes in their areas of jurisdiction, collection of taxes and overseeing abuse of natural resources and other infrastructure. Under the Traditional Leaders Act (1998), traditional chiefs in Zimbabwe attend Rural District Councils as ex-officio members, besides other local responsibilities. In Zambia traditional chiefs play an important role in community mobilization and policy/information dissemination because they are custodians of various resources and they command loyalty and compliance from their subjects.

In Botswana chiefs have many responsibilities including law and order, administration of justice and they serve as the spokespersons for their local communities. They are also recognized as ex-officio members of the district council.

Traditional leaders in Malawi are in charge of security, law and order in their respective localities. They continue to influence political processes and determine opportunities and constraints for democratic development within the framework of the decentralization policy reforms. Prior to the dissolution of councils in 2005, there was rivalry between chiefs and elected councilors, due to unclear definition of roles and responsibilities between the 2 cadres. Similarly in South Africa, traditional leadership is recognized in the Constitution, although their roles and functions are not adequately clarified, resulting in tensions between chiefs and elected councilors (Chikulo, 2009). Despite provisions in the Municipal Structures Amendment Act that allow traditional leaders to participate in council meetings, in an ex officio capacity, traditional authorities are still at loggerheads with council leadership.

Evidence from some countries reveals that traditional leaders are increasingly becoming easy targets for politicians, bent on satisfying their own strategic political considerations. Makumbe (2010) concluded that the role of traditional leadership in Zimbabwe in local governance has persistently been controversial, as most are aligned to the ruling ZANU-PF Party. Tension between traditional leaders and elected councilors needs to be resolved as this negates effective local governance. The challenge is how to draw on the strengths of traditional authorities while reinforcing and legitimating LG and local development.

2.4.7 Participation of women in decision making

On the 17 August 2008, SADC Heads of States signed the SADC Protocol on Gender and Development in Johannesburg, South Africa. The protocol calls for the equal (50%) representation and participation of women in decision making positions in the public and private sectors by 2015. Figure 2.6 shows the percentage of women in decision making positions (Cabinet, Parliament and LG). Countries in the region have been willing to accept quotas for women's representation in politics especially at the LG level.

⁹ TUNDP and UNCDF (2001) Malawi on the Move Concept Paper for the Re-orientation of UNDP and UNCDF support to the Malawi Decentralization Process.

¹⁰ <http://amcod.info/en/index.php?>

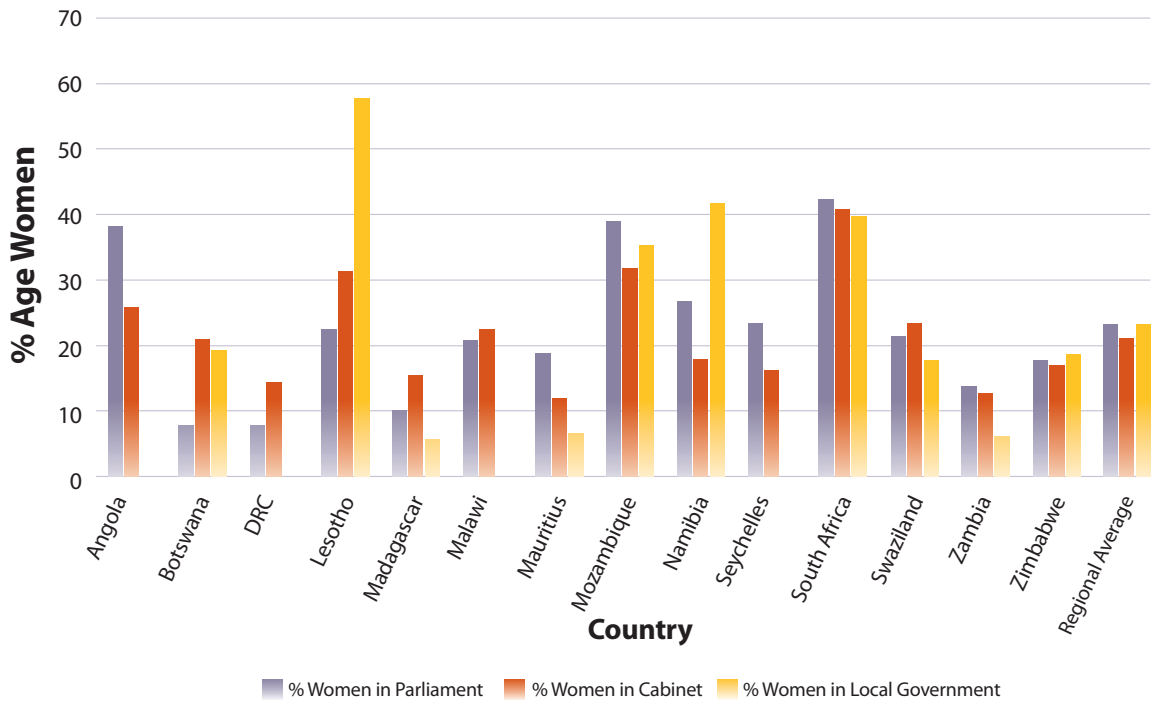


Figure 2.1: Women in Decision Making in Southern Africa¹¹
 Source: Adapted from Tolmay and Morna, 2010, pg. 10.

As shown in figure 2.6, only Lesotho, Namibia, South Africa, and Mozambique had surpassed 30% of women’s representation at the local level. In countries where women councillors constitute less than 10% of the total, such as in Madagascar, Mauritius and Zambia, conservative attitudes on the ground continue to work against women’s participation at the local level.

2.4.8 The role of LG associations

LG Associations (LGAs) play a critical role in championing the cause of LGs and addressing their problems in order to enhance service delivery for the benefit of local communities. On behalf of their members, they lobby national governments and other Partners for improvement in local governance and development. LGAs also offer training and capacity development programmes to their members. 70% of the countries in the region have established LGAs.

An assessment of LGAs in Southern Africa carried out by MDP-ESA in 2010 revealed that some of the associations need strengthening. Figure 2.8 shows the varied capacities of different associations based on an average score. It shows that SALGA is the best performing association in the region while SWALGA and ADV face some challenges.

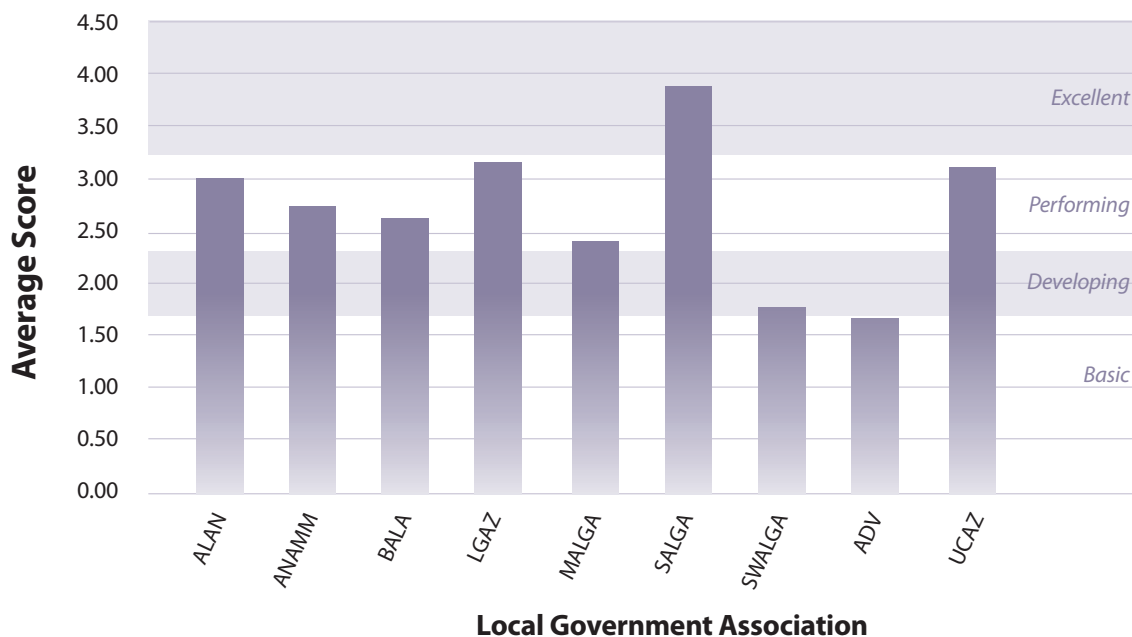


Fig. 2.2: Performance of selected LGAs in Southern Africa.
Source: MDP-ESA, 2010

2.5 Country Cases

Country Case 1: Decentralization in Namibia¹²

1. Introduction

The Government of Namibia embarked on a decentralization programme soon after independence in 1990. The move towards decentralization was meant to redress colonial imbalances in the decision making powers and allocation of resources which had, for most of the colonial period, favoured the white minority (Hopwood, 2005; Riruako, 2007). A delimitation commission was set up to create new regional borders in line with the new government's desire to unite and provide services to all the people in a more equitable manner. These new borders were essential to establish a regional government in Namibia. In 1991 the commission presented its report which recommended 13 regions, 96 constituencies and 45 LGs. The first delimitation commission made it clear when it established the boundaries that it had sought to promote decentralization as a policy response to the real needs and aspirations of the people (Hopwood, 2005).

Soon after the establishment of the regional and LG structures the government tasked the Ministry of Regional, LG, and Housing (MRLGH) with the responsibility to formulate a decentralization policy to aid a decentralization programme for the country. The policy document was first introduced in 1997, with the theme 'Decentralization, Development and Democracy.'

2. Legal framework

The decentralization policy in Namibia is rooted in Chapter 12 of the Constitution. Apart from the constitutional provisions, Parliament passed several acts that assist the formulation and implementation of decentralization. Of particular importance is the Decentralization Policy which was adopted by Cabinet and the National Assembly in 2007/2008. In 2001 the Government of Namibia

¹¹ Tolmay, S. and Morna, C.L. (2010), At the Coalface: Gender and LG in Zimbabwe, Gender Links, pg.10

also adopted a DIP which provided all stakeholders with detailed guidelines on how to proceed with the decentralization implementation process. A Practical Guide to the Decentralization Enabling Act, Line Ministries' Decentralization Action Plans and Handover manuals are other important documents developed to guide the decentralization process.

Taskforces composed of staff from ministries, sub-national governments and other relevant stakeholders have also been formed to deal with specific issues of cross cutting nature.

3. Institutional framework

The Government of Namibia has established institutions to spearhead the decentralization process, such as the MRLGHRD. The Directorate of Decentralization Coordination, established by the Ministry of LG in 2000, is responsible for the coordination of the decentralization implementation process, as well as facilitating all the preparatory work to be performed by the line ministries and sub-national governments.

The finalization of the regional council structure and the subsequent filling of new management posts is another major achievement. Insufficient management capacity and inadequate structures were perceived as the most important stumbling blocks for the transfer of line ministerial functions, responsibilities and resources to regional councils. During 2003/2004, regional council management structures were filled, including the appointment of Chief Regional officers.

The Government of Namibia has also established the Decentralization Policy Implementation Committee composed of Permanent Secretaries from all affected line ministries and chaired by the Secretary to Cabinet. This committee oversees and safeguards the implementation of the policy, and is obliged to meet regularly and recommend to Cabinet matters related to the Decentralization Policy and its implementation for approval. In addition Decentralization Focal persons have been appointed by respective line ministries, to provide the link for all matters pertaining to the decentralization implementation process.

4. Achievements

- **Establishment of a trust fund:** In 2000, the Government of Namibia established a fund for regional development and equity to support the decentralization process. The fund supports development projects, as well as training and guidance in planning, appraisal, monitoring, evaluation, financing and implementation of development projects.
- **Line Ministries' preparations for decentralization:** The government of Namibia has already decentralized a number of earmarked functions to regional councils and LGs. The Ministry of Agriculture, Water and Forestry – Directorate of Rural water Supply, for example, officially delegated rural water supply to the regional councils with effect from 1 August 2007. However, the major concern is that some ministries have not yet delegated major functions such as primary health care, primary education, lands management and parks development to lower levels of government.
- **Sub-national governments' readiness:** The MRLGHRD carried out assessments on the readiness of regional councils to fulfil delegated responsibilities. Findings have indicated that regional councils are prepared to negotiate the hand over arrangements with decentralizing line ministries.

¹² People interviewed in Namibia include: Mrs Jennifer Kuaupirura – ALAN; Mr. Ivin Lowbardt – ALAN; Mrs. Regina Ndopu – Director of Decentralization – MRLGHRD; Mr. C. Sabati – Deputy Director Decentralization Planning and Development – MRLGHRD; and Mr. Pollus – Financial Planning and Management Director – MRLGHRD.

- **Improvements in information and communication technology:** The MLGHRD developed a comprehensive information and communication strategy in order to ensure that relevant information about the decentralization policy is being communicated in a clear and accessible form and that it reaches the intended targets.
- **Political mobilization:** Over the years the MRLGHRD has held numerous national and sub-national workshops facilitated by Namibian and International presenters to discuss various important issues pertaining to the decentralization policy and its implementation.
- **Capacity Development:** Comprehensive training programmes have been provided for CG staff and political office bearers within key areas such as financial management, project management, human resources management, development planning, project cycle management, leadership and team building, good governance, and fiscal decentralization.
- **Fiscal transfers to sub-national governments:** As a means of addressing the disparities among regions lagging behind in terms of development, the government has initiated the development of an intergovernmental fiscal transfer system which allocates funds from CG based on a formula that ensures a more fair and poverty sensitive allocation of funds across regions.
- **Public participation:** In 2005, the MRLGHRD embarked on an innovative process aimed at improving and strengthening relations between regional councils and their electorates. Public participation surveys have been conducted in seven regions. The ministry is supporting the concerned regional councils with the design and implementation of their regional strategies on public participation.

5. Challenges

Challenges of implementing decentralization include the following:

- i) Lack of understanding of the policy, which leads to hesitancy and sometimes outright resistance to decentralization. At the national level, the greatest fear is of losing power and authority to sub-national entities.
- ii) Local Capacity gaps - The sub-national governments who are the recipients and implementers of decentralization lack the capacity to ensure and safeguard an effective implementation of the decentralization policy.
- iii) Legal and policy gaps - The legal framework for decentralization, particularly the Decentralization Enabling Act and the Regional Councils Act, does not make provision for the decentralization of functions as earmarked in the policy document endorsed by Cabinet in 2006. In addition, the two acts do not reflect the Regional Development Coordination Committees.
- iv) Structural challenges - Shortage of office space to accommodate seconded staff from the line ministries.

Country Case 2: Decentralization in South Africa

1. Introduction

Decentralization in post independent South Africa was introduced as a way of dismantling the segregating local administration system of apartheid. It was meant to introduce an integrated LG system that would address the socio-politico-economic injustices and segregation of the past era. While in other countries decentralization is supply driven from above, in South Africa decentralization was demanded from the grassroots black communities as a way of undoing the inequalities created during the apartheid regime. In a way, it was a new deal reached between the aspirations of the black local communities and the status quo of white supremacy and segregation to implement the agenda of doing away with apartheid for the benefit of everyone.

2. Legal framework

The decentralization process in South Africa is enshrined in Chapter 37 of the National Constitution and establishes three tiers of government namely the national, provincial and local levels. The LG Transition Act (LGTA, 209) of 1993 is another important legal document to support the decentralization process. This Act provided the legal framework for the dissolution of old councils and the establishment of the transitional LG. Other important pieces of legislation were enacted in order to achieve the objectives of an effective LG system. These include:

- Development and Facilitation Act, 67 of 1995;
- Electoral Commission Act, 51 of 1996;
- Electoral Act, 73 of 1998;
- Municipal Demarcation Act, 27 of 1998;
- The Municipals Structures Act 117 of 1998;
- Municipal Electoral Act, 27 of 2000;
- Municipals Systems Act of 2000;
- The Municipal Finance Act of 2002 (MFMA);
- The Municipal Property Rating Act of 2004;
- The LGTAS 2009.

3. Institutional framework

As in Namibia, South Africa has set up institutional frameworks to spearhead the decentralization process under CoGTA as well as the LGTAS developed by CoGTA of 2009. The study however, established that this was still in its formative stage. The institutional set up is envisaged as follows:

- A special Ministerial Advisory and Monitoring structure will be established to ensure that all role players are effectively contributing to the LGTAS.
- The longer-term phases of the LGTAS will be steered by the development of the macro-organizational processes within government and the improved application of sector policy within local areas. The coordinating role of CoGTA is central to the oversight and monitoring of the LGTAS.
- A National Coordinating Unit (NCU) will be set up in CoGTA, and will oversee, monitor and report on the progress of the LGTAS across government and society.
- An Intergovernmental Working Group has been established to support the implementation of the LGTAS. It consists of officials from national sector departments, the Offices of the Provincial Premiers and the Departments of LG/CoGTA as well as SALGA. Its purpose is to provide intergovernmental perspectives to the development and implementation of the LGTAS. Other functions include the provision of resources and advice.
- Technical Services Units (TSU) will be established provincially, and also be coordinated by the NCU.
- A Rapid Response Team will be established within the NCU to attend to critical interventions in municipalities across the country.

4. Challenges for Implementing Decentralization

The challenges in South Africa are clearly outlined in the country's LGTAS and are:

- Inappropriate national and provincial government policies, practices and onerous requirements;
- socio-economic conditions prevailing in many municipalities that are not being adequately addressed through macro and micro-economic and industrial policies and plans of the State;

- Political parties that are undermining the integrity and functionality of municipal councils through intra and inter-party conflicts and inappropriate interference in councils and administration;
- A breakdown of values at a societal level that is breeding unethical behaviour, corruption, culture of non-payment, and lack of accountability;
- Communities that are engaging in destructive forms of protest such as withholding payments for local taxes and services;
- Those municipalities that are not geared for delivering basic services and are not responsive and accountable enough to residents; including failure to involve communities in their own development; and
- Absence of communications resources (people, technology, equipment processes) and no accountability for how and when municipalities communicate to communities.

Solutions to the problems highlighted above include:

- ensuring that municipalities meet the **basic service needs** of communities;
- building clean, effective, efficient, **responsive and accountable** LG;
- improve performance and **professionalism** in municipalities;
- improve **national and provincial policy, oversight and support**; and
- strengthen **partnerships** between LG, communities and civil society.

Country Case 3: Decentralization in Zambia

1. Introduction

At independence in 1964, the Government of Zambia instituted administrative reforms meant to redress the colonial structures which were unsuitable for meeting its political and economic objectives. A major step in political devolution was taken in 1965 with the enactment of the LG Act which created Rural, Township and Municipal Councils controlled by universally elected representatives. The first significant post-independence effort at de-concentration took place between 1965 and 1975 when: Cabinet Ministers and Permanent Secretaries were appointed to administer and coordinate each province; district governors as personal representatives of the President were also appointed at district level to replace the District Commissioners; Provincial and District Development Committees (PDCs and DDCs) were established for each province and district respectively.

2. Legal framework

Zambia has covered considerable ground in terms of drafting legislation to support decentralization. These include the 1991 Constitution of the Republic of Zambia which provides for the establishment of a democratically elected LG system based on universal consensus and the LG Act of 1991 which empowers all categories of LGs in Zambia to undertake wide ranging functions. The Local Administration Act of 1980 was aimed at removal of duplication of effort and fusion of the Council/LG with the office of District Governor. Under this Act all Councils became 'District Councils'. One council was established for every district as established under the Provincial and District Boundaries Act. LG Elections were abolished and replaced by Party Elections. In theory the Local Administration Act of 1980 gave considerable powers and responsibilities to councils, but no resources were made available for its implementation, and monitoring of the decentralization reforms was extremely weak.

In 2004 the Government of Zambia launched its Decentralization Policy which forms an integral part of the implementation of decentralization. The Decentralization Policy was mainly derived from the Public Service Reform Programme (PSRP) which was launched in 1993. In addition to the Decentralization

Policy, government’s commitment to decentralization has been reaffirmed through several related programmes which include the National Capacity Building Programme for Good Governance that was launched in 2000; the PRS Paper (2002-2004); the TNDP (2002-2005); and the Fifth National Development Plan (2006-2010). The National Capacity Building Programme for Good Governance recognizes the need for effective decentralization that allows for community participation in local decision making and which ensures efficient and quality service delivery. The PRSP, in turn, recognized the importance of decentralization for people’s empowerment, in general, and poverty reduction, in particular. Similarly, the TNDP stressed the need for decentralized governance in both the political and economic areas¹³.

The major and strategic principles that underpin Zambia’s current decentralization reforms are:

- the need for enhanced democracy through the promotion and protection of ideals such as accountability, community participation, government transparency and responsiveness to the citizens;
- economic rationalization through liberalization, privatization, local resource mobilization and development;
- organizational improvements through enhancement of cost effectiveness; and
- the need for social alleviation through equity, satisfaction of local needs, direct and improved service delivery.

3. Institutional framework

The Government of Zambia has also made strides in establishing institutions to lead the decentralization process. The Ministry of LG and Housing is the main arm of the Government that will oversee the implementation of the Decentralization Policy. Below the ministry is the Decentralization Secretariat which was established in 2003 to facilitate, plan, coordinate, and monitor the implementation of the Decentralization Policy. The Secretariat, a civil service unit headed by a Director, is answerable directly to the Permanent Secretary of the Ministry. The Secretariat has a collaborative and consultative relationship with Government Ministries/Departments, Provincial Administration and District Councils based on its prescribed functions. Below is the proposed institutional framework for decentralization under the DIP.

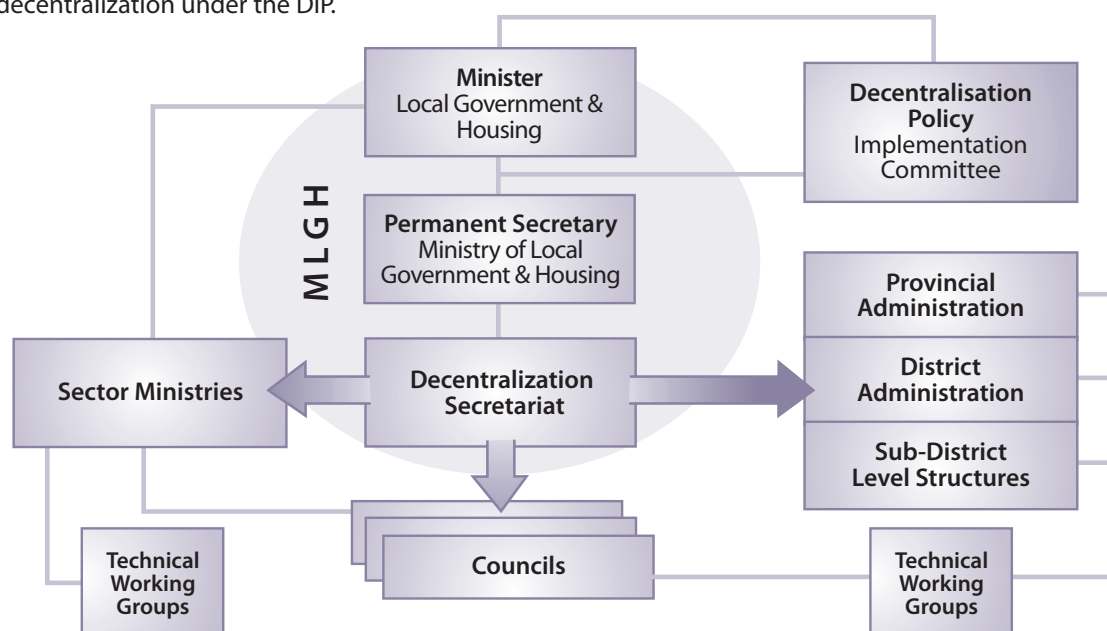


Figure 2.3: Proposed Institutional Framework under the DIP

4. Achievements

The Decentralization Implementation Plan (DIP): In 2009 the Government of Zambia launched the Decentralization Implementation Plan whose purpose is to provide a roadmap that will guide all stakeholders through the articulation of their roles in the implementation of the Decentralization Policy. The Plan presents the rationale, objectives, strategies, expected output and activities for the following nine components:

- sensitization and civic education;
- legal and regulatory reforms;
- institutional and human resource capacity building;
- local development planning and budgeting;
- financial management and accounting;
- fiscal decentralization and revenue mobilization;
- sector devolution
- infrastructure development and services provision; and
- monitoring and evaluation.

Medium Term Expenditure Framework: Within the provisions of the Fifth National Development Plan the Government aimed at strengthening the process of developing an integrated national development planning and budgeting system that emphasizes the “bottom-up” approach. The planning and budgeting process developed and adopted within the Medium Term Expenditure Framework (MTEF) also stressed the value of fiscal decentralization. Government emphasized an effective budget preparation process that would secure realism and internal consistency of the budget in the context of both MTEF and activity-based budgeting. Through MTEF, Government sought to ensure that it does not structurally over-commit the budget to programmes for which the necessary resources are not assured.

- ii) Capacity Development and Advocacy: A lot of capacity development programmes have been implemented to strengthen LGs for them to be able to fulfill their mandates under decentralization (see Chapter 5).

5. Challenges

- there is a need to enhance the capacity at both central and LG level if the implementation of the DIP is to succeed;
- there is resistance from some line ministries to decentralize to lower levels of government;
- lack of awareness by the citizens regarding the reasons for decentralization; and
- LGs do not have adequate resources to establish and manage decentralized functions.

2.6 Emerging Challenges in implementing Decentralization in Southern Africa

The following are some of the key challenges of implementing decentralization in Southern Africa which have emerged from the study:

- **Lack of consistency in the legal framework:** Lack of consolidation of the numerous pieces of legislation is one major obstacle to decentralization in the region. In addition, outdated legislation need to be reviewed regularly to reflect the current reality and address emerging issues.
- **Inadequacy of resources:** Most countries in Southern Africa do not have adequate resources (human and financial) to sustain the implementation of the decentralization process. Coordination and monitoring of decentralized bodies also require significant resources.

¹³ Decentralization Implementation Plan 2009-2013

Pockets of resistance: There are pockets of resistance to decentralization among line ministries. A misperception about reform and the consequence of change seems to prevail in all the countries in the region. Staff at the centre fear losing their authority or jobs due to decentralization.

- **Financing mechanisms and unfunded mandates:** Current financing mechanisms in Southern Africa are inappropriate for decentralization. They leave LGs with inadequate funds to fulfill decentralized functions.
- **The role of civil society:** An important hurdle for strengthening downward accountability is the weakness of the civil society. Citizens lack experience in organizing themselves and are ill-equipped to demand their needs. Although there has been an increase in the number of NGOs mobilizing citizens to participate, the role of civil society has been limited, given the weak legal framework. In some countries, politicians and the elite believe that regular citizens are not capable of making independent decisions.

2.7 Conclusions and Recommendations

2.7.1 Conclusions

Countries in the region have made considerable progress in implementing decentralization though the milestones achieved vary from one country to another. Notable progress has been made in the areas of drafting legislation to guide the decentralization process, establishing institutions to spearhead the process, and commitment from the CGs to implement the processes. However, this has not been without challenges. The decentralization process is retarded by lack of financial resources, lack of capacity at all levels and resistance from some sections of CG.

2.7.2 Recommendations

The recommendations set out below will provide the basis for drafting principles of decentralization tailor-made specifically for Southern Africa.

- Governments should be clear why they are decentralizing, how they will decentralize, and with what resources. Emphasis should be given to strengthening LG within a framework of meaningful autonomy, to improve local development, reduce poverty and ensure inclusive service delivery in the community.
- There should be consistency in the legal framework for decentralization. For example, effective implementation of the existing legislation for decentralization should be supported and complemented by supporting by-laws, procedures and guidelines and should be reviewed regularly.
- LG must be viewed as an independent sphere of government rather than an arm of the CG. This will give LGs the autonomy to run their affairs and manage their revenue.
- There is a need for each country to compile baseline data on the decentralization process for monitoring and evaluating progress in the region.
- There is a need for capacity building at both the CG and LG level so that both parties are able to respond to the challenges of decentralization. Institutional strengthening of LGAs and civil society organizations are areas which need serious consideration.
- Governments should identify champions at national, regional and local levels to lead the decentralization process.
- Governments in the region should embrace and develop the use of available ICTs across the region to support service delivery and connectivity.
- Countries in Southern Africa need to reach a common position on decentralization.

2.7.3 Emerging Principles of Decentralization in the Region

The following are highlights of the emerging principles of decentralization in Southern Africa which can inform the decentralization process in the region.

1. Emphasis on good leadership. Champions should be identified at all levels of government to guide the decentralization process.
2. Decentralization should be viewed as a holistic process reflecting LG's essential relationship with CG.
3. Capacity should be developed to enhance the success of decentralization process.
4. Empowerment of LGs to bring about local development.
5. Initiate and support an all inclusive process based on participation, consensus and rights-based approach, Decentralization should not be an end in itself; the process should facilitate local governance, local development and inclusive service delivery.
6. Decentralization of functions should be matched with predictable and adequate financial transfers as well as an emphasis on local revenue generation.
7. A focus on partnerships and LG's role in bringing together the private sector, civil society and community groups to enhance local development.
8. The decentralization process must be flexible and adaptive to changing political, social, economic and environmental changes. The process should support resilience to sustain development outcomes and reduce vulnerability.
9. There's need for enhanced knowledge development, documentation and sharing among all stakeholders and embrace and develop the use of available ICTs.



3.1 Introduction

Bird, R.M. (2010), Gordin (2009), Ebel and Yilmaz (2001), Bahl (1999) and Boex (1999) argue that the global political movement towards fiscal decentralization and local finance management is strong. Both developed and developing countries attempt to challenge CGs' monopoly of fiscal decision making powers. In the western world, fiscal decentralization is an effective tool for reorganization of the government in order to provide cost-effective public services. In developing countries, fiscal decentralization has been adopted to escape from the traps of ineffective and inefficient governance, macroeconomic instability and inadequate economic growth. In Africa, fiscal decentralization serves as a path to socio-economic development. Decentralized systems allow policies and by-laws to be customized to local needs.

3.2 Fiscal Decentralization

Fiscal decentralization has been defined by Malawi's Ministry of LG and Rural Development and National LG Finance Committee (2006) as the transfer of financial resources and financial/economic power from CG (CG) to LGs (LGs). Under this type of decentralization, each LG owns sources of revenue and financial resources are transferred from CG to fund sector services that have been devolved to the LG (such as primary health care, road maintenance and primary education); each LG is empowered to borrow or lend money; and as a legal entity, it can sue and be sued in the process of lending or borrowing money. The precise nature of intergovernmental fiscal relations and fiscal decentralization policy in any given country varies depending on how the LG system is organized (UNDP, 2005).

Fiscal decentralization is not only a question of transferring resources from CG to LG. It is also about the extent to which LGs are empowered and the discretionary powers they exercise over the use and management of devolved financial resources. This is measured in terms of their control over the provision of local services for which they are responsible; the level of local taxes and revenues; and CG grant receipts for financing delivery of local public services (Ebel and Yilmaz, 2001). While autonomy ensures that a LG accomplishes its statutory mandates and functions without direct involvement of CG, accountability ensures that local officials (and the LG in general) are held responsible for their fiscal performance (MLGRD and NLGFC, 2006).

The basic elements of an effective decentralized fiscal system are:

- legislative and institutional provisions for a degree of autonomy, rights and responsibilities for LGs. This forms the bedrock for building democratic decentralization, but it does not guarantee successful fiscal decentralization;
- assignment of an appropriate set of functions to LGs;
- assignment of an appropriate set of local own-source revenues to LGs;
- establishment of an adequate intergovernmental fiscal transfer system to supplement local own-source revenues for local service provision;
- developing adequate local access to investment capital: A good fiscal decentralization program requires the development of an appropriate spectrum of options to finance capital investment, from grants and subsidized loans for poorer LGs and non-self-financing projects, to various types of loans and bonds for fiscally sound LGs and self-financing projects (UNDP, 2005; and Ebel and Yilmaz, 2001).

Fiscal decentralization can be categorized into four basic building blocks:

- a) The assignment of expenditure responsibilities to different government levels - what are the functions and expenditure responsibilities of each level of government?
- b) The assignment of tax and revenue sources to different government levels - once LGs are assigned certain expenditure responsibilities, which tax or non-tax revenue sources will be made available to LGs in order to meet those responsibilities?
- c) Intergovernmental fiscal transfers - in addition to assigning revenue sources, CGs may provide regional and LGs with additional resources through a system of intergovernmental fiscal transfers or grants.
- d) LG borrowing – LGs can borrow (in a variety of ways) to finance revenue shortfalls.

3.3 LG revenue sources

There are two principle sources of revenue for LGs namely:

- a) Own sources of revenue: This is revenue generated by LGs themselves. There are a variety of own sources of revenue including local taxes property tax, income tax, business levies, sales, fees, loans, and rent from property.
- b) Transfers from CG: This is paid to LGs by CG. Transfers usually take the form of grants (conditional, specific or equalisation grants). Some forms of shared taxation may also constitute transfers.

3.4 Trends in Fiscal Decentralization

Research by Loughlin and Martin (2003) suggests that whilst there are a wide variety of arrangements with regard to LG financing in different countries, there are also a number of general trends which merit further analysis. For instance, there appears to be a general tendency towards the increasing use of fiscal transfers and decreasing reliance on local resources of revenue.

In Uganda, the 1995 Constitution (Article 193 and the Seventh Schedule) and the 1997 LG Act (Article 84) specify three types of grants from CG to LGs. These are unconditional grants, conditional grants and equalization grants. The system of intergovernmental fiscal transfers has been developed gradually from 1995–1996 to a system comprising all three types of grants. The LGs have been increasingly dependent on transfers, which now contribute more than 85% of the LG income. The current formula for an unconditional grant is based on population (85%) and surface area (15%) (LG Finance Commission, 2003). Rather than reducing local claims on the national budget, CG has developed very significant, rule-based intergovernmental transfer programs (and transfer formula) that account for a substantial proportion of total CG revenues. Despite the positive features of Uganda's fiscal decentralization, a study of a few successful LGs in Uganda demonstrated that LG revenue yields and local service expenditures have indeed increased after decentralization. Further analysis, however, revealed that people were paying their local taxes primarily because they were being harassed by aggressive enforcement officers (Smoke, 2000). In Madagascar, LGs own the local sources of revenue although they are narrow and weak. Additionally, there are also intergovernmental fiscal transfers to enable the LGs to finance and deliver the local services (World Bank, 2010).

3.5 Country Cases

1. Legal framework

The legal parameters for fiscal decentralization/LG financing in the study countries are tabulated as follows:

COUNTRY	LEGAL PARAMETERS
Botswana	Sections 44 to 52 of the LG Act, LG Procurement and Asset Disposal Act, Financial Instructions (2010) and Accounting Systems Manual are the major legal instruments used by the LGs in the context of fiscal decentralization – revenue collection and general local financial management.
Malawi	Section 150 of the Constitution empowers CG to collect revenues for the proper exercise of LG functions. Sections 44 to 60 of the 1998 LG Act empower LGs to mobilize and manage financial resources for governance and development.
Mozambique	LG Finance Law No. 1 of 2008 gives LGs powers to raise their own revenues and manage their finances, and defines the financial, budgeting and patrimonial regime as well as the Tributary System of the Mozambican LGs. Through the LG Act No. 2 of 1997, LGs are authorized to collect, locally, revenues in order to finance local expenditure and investments on a series of decentralized services.
Namibia	Guided by Articles in Chapter 12 of the Constitution, the Parliament enacted two important pieces of legislation - the Regional Councils Act No. 22 of 1992 (as amended in 2000) and the LGs Act of 1992 (as amended in 2000), which provide for the establishment, financial and administrative powers and functions of the regional councils and LGs respectively.
South Africa	The 1996 Constitution deals with various aspects of intergovernmental fiscal relations (IGFR). Based on the Division of Revenue Act and IGFR Act (Act 97 of 1997) which annually allocates national revenues to each of the three spheres of government, the South African intergovernmental fiscal system provides a framework of fiscal arrangements aimed at ensuring that government responsibilities are met, while the right level and mix of public services are delivered to enhance the socio-economic rights of citizens, especially the disadvantaged. The Public Finance Management Act of 1999 recognizes the salient importance of good fiscal governance for achieving social development in South Africa.
Zambia	The Constitution (Article 109) and LG Act (Section 46) empowers LGs to collect and manage financial resources for socio-economic development.
Zimbabwe	Urban LGs which cover city councils, municipalities, town councils and local boards are governed by the Urban Councils Act (Chapter 29:15) while rural councils fall under the Rural District Councils Act (Chapter 29:13). These Acts empower LGs to enact by-laws that allow the authority to raise revenue through various sources. Other documents are Financial Management Handbook and Public Accounts Act.

Table 3.1: Legal provisions for LG financing in select countries.

From the above, it is clear that all the study countries have legal instruments for fiscal decentralization/ local finance management.

2. Sources of revenue

The sources of revenue for the LGs in the study countries are summarized as follows:

COUNTRY	SOURCES OF REVENUE
Botswana	Abattoir fees, advertising fees, agricultural lease, application fees, beer hall rent, cemetery fees, clinic fees (now being centralized), community and civic centre fees, concession (hunting and photography), concession (gravel), day care centre fees, dog licensing fees, fines, game/hunting licensing fees, hiring of classrooms, home economics sales, insurance commission, interest on investments, interest on rate arrears, lease rentals, market fees/rentals, matimela fund, mineral processing royalties, mining leases, plan perusal fees, plant hire, rate clearance certificate, property rates, resource royalties, sale/hire of shrubs and trees, sale of grass, tax on beer, sanitation fees, sewerage connection fees, sewerage fees, stadium fees, staff house rentals, stock sales commission, swimming pool charges, trade licensing fees, water fees (connections, cattle and domestic), school fees, tender fees, loans, donations and CG transfers
Malawi	Property rates; market fees; business licensing fees; rental charges; advertising charges; car parking fees; bus departure fees; clinical fees and charges; refuse collection fees; hire of property – rooms, chamber and vehicles; interest on investments; fines and penalties for breaking by-laws; cemetery fees; plot charges/sale of immovable property; sale of water in the markets; sale of forest produce; commercial undertakings – rest houses, bottle stores, bars and restaurants; fiscal transfers (conditional and specific grants); donations from private sector, bilateral and multilateral organizations; loans and bank overdrafts; and Local Development Fund with four windows (urban, LG, performance and community windows)
Mozambique	Ceded revenue: Toll fees; motor vehicle registration fees; industrial registration fees; Casino/Gambling fees – though provided for in the LG Act, they are potential (i.e. not presently collected by LGs)
Namibia	Property rates; market fees; business licensing; rental charges; advertising charges; car parking fees; bus departure fees; health fees; refuse collection fees; interest on investments; fines and penalties for breaking by-laws; cemetery fees; plot charges/sale of immovable property; motor vehicle tax; tourism tax; personal municipal tax; industrial charges; building constructions; commercial undertakings- rest houses, bottle stores, bars and restaurants; imposito do SISA (tax on sale of property/buildings); CG Transfers in form of the Municipal Compensation Fund (MCF) and the Local Initiative Investment Fund (LIIF); donations from private sector, bilateral and multilateral organizations; and Loans and overdrafts from banks
South Africa	Property rates; water rates, electricity supply charges, market fees; development charges; business licensing fees; rental charges – houses and kiosks for business; interest on investments; charges for using amenities such as toilets; penalty rate on rateable property; sewerage charges; sale of immovable property such as land; CG transfers, donations from bilateral and multilateral organizations; and loans and overdrafts from banks
Zambia	Property rates; market fees; development and supplementary charges; business licenses; hire of Council property – chamber, hall, rooms and stadia; rental charges – council buildings including houses and kiosks for business; interest on investments; hospital/clinic fees, charges for using amenities such as toilets; penalties on rateable property; fines for breaking the bye-laws; water and sewerage charges; leasing of land and commercial buildings; parking fees; commercial undertakings – guest houses, motels restaurants and liquor undertakings; CG transfers; donations from bilateral and multilateral organizations; and loans and overdrafts from banks
Zimbabwe	Property tax; market fees; development charges; business licensing fees; hire of council property, rental charges – council buildings including houses and kiosks for business; interest on Investments; personal levy (i.e. tax levied on all persons receiving an assessed amount of annual income and residing in a council area); commercial undertakings – guest houses and motels which they own, restaurants and liquor undertakings; CG Transfers – restructuring grants, recurrent grants and capital grants; Donations from bilateral and multilateral organizations; and loans and overdrafts from banks

Table 3.2: Sources of LG revenues in select countries

In Malawi, motor vehicle and tourism taxes are not applicable to the LGs. The graphically presented trend of locally generated revenues below clearly indicates that collections are less than the budget estimates since 2006:

Locally generated revenues for LGs in Malawi since 2006

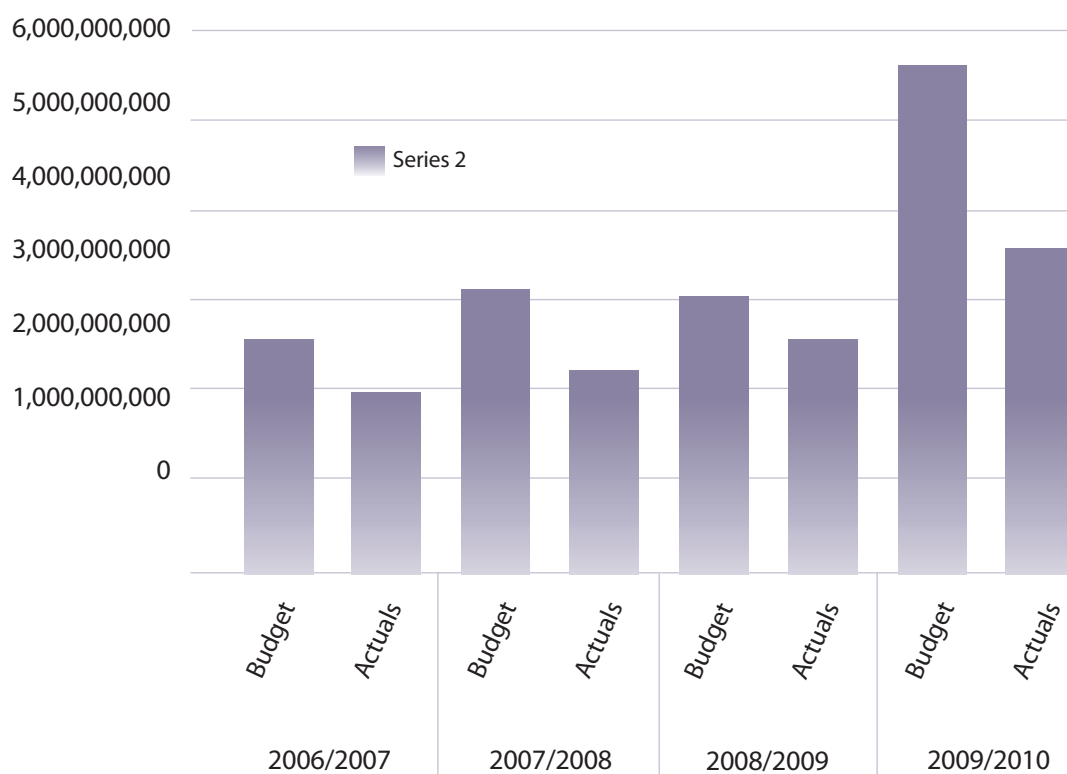


Fig. 3.1: Revenue trends for Malawi since 2006

Source: National LG Finance Committee, Malawi, 2010

In Mozambique, 100% of the motor vehicle tax and 30% of the tourism tax go to LGs while the balance goes to CG. The locally generated revenues for LGs in Mozambique since 2006 have been summarized and tabulated as follows:

Locally generated revenues for LGs in Mozambique

Financial Year	Amount in MT
2006	400,160,000
2007	483,864,000
2008	919,106,000
2009	634,301,000
2010	To be available by June, 2011

Table 3.3: LG revenues, 2006-9

Source: Maputo City Council, 2011

In Zambia, while the office of the District Commissioner and other sector departments at the district level are totally funded by CG, LGs have been given the power to collect revenue in accordance with the Constitution and LG Act. The percentage of the local revenues therefore makes up a big share of the whole budget (77%) for the LGs. However, prior approval is required from CG, for the LGs to collect

⁴¹ National Synthesis Report, PORALG May 2008

property rates. In South Africa, the revenue sources of the LGs are distributed as follows: property rates – 19.89%; electricity – 41.4%; water – 11.8%; sewerage and refuse removal – 8.22%; fiscal transfers – 10% and other sources – 8.69%.

In Zimbabwe, local revenue collection has been declining due to the economic crisis/hyper-inflation which has seen the introduction of the multi-currency regime. The frequent revaluation of the currency and lack of real exchange rate make it very difficult to come up with the comparative figures from 2006 to 2010. Additionally, the issuing of motor vehicle licences has been taken over by CG.

In Botswana, the health fees are being centralized. The trend of the locally generated revenues for LGs has been summarized and tabulated as follows:

Locally generated revenues for LGs in Botswana

Financial Year	Amount in Pula
2006/2007	284,284,270
2007/2008	289,382,508
2008/2009	300,709,470
2009/2010	327,814,800
2010/2011	358,883,300

*Table 3.4: Locally generated revenues
Source: Government of Botswana*

From the above (and despite the variations), the sources of revenue for LGs in the study countries can be summarized as follows: locally generated revenues, loans and overdrafts from banks, donations and CG transfers.

⁴² E.g. the NMS for Health has 4 variables: Population, Poverty, Child mortality and Access to health

⁴³ Chama Cha Mapinduzi (CCM) is the independence and current ruling party of Tanzania

3 Fiscal Transfers

The type of intergovernmental fiscal transfers and formulae used in the study countries have been summarized and tabulated as follows:

Country	Type of Fiscal Transfers	Formula
Botswana	Shared taxes, Specific Grants and General Purpose Grants	Formula: Previous LG Revenue Support Grant (RSG) x Current RSG Proposed/Previous LG Total RSG Final ceiling is provided by Ministry of Finance. LGs budget by objectives in line with the ceiling. The formula is used by Ministry of LG to distribute the funds to LGs
Malawi	Grants: Unconditional (e.g. General Resource Fund - GRF) – to meet operational costs) Conditional (e.g. devolved sector funds and infrastructure development fund) Local Development Fund	CG is legally (on paper) required to make available to LGs at least 5% of the national revenues for development. For GRF, the allocation formula uses two factors, i.e. population (80%) and poverty (20%) factors. 20% poverty related allocation is further shared out as follows: 40% based on head count of persons below the poverty line; 25% based on infant mortality rates; 20% based on illiteracy rates; and 15% based on consideration of access to clean and safe water. For Development Grants: 50% of the population and 50% poverty indicators
Mozambique	MCF (for the current expenditure, financing daily undertakings) and LIF for the capital investment.	According to the LG Finance Law No.1 of 2008, the amount of the MCF has to be part of the State budget (1.5% of the fiscal revenues foreseen in the respective economic year). There is a formula (Section 44 of the Law) $FCAa = \frac{NHa}{NHT} * 75\% FCA + \frac{Ata}{ATT} * 25\% FCA$ FCAa - MCF for each Municipality NHa - Number of inhabitants of each Municipality NHT – Total number of inhabitants of all municipalities FCA – MCF Ata – Territorial Areas of the Municipality ATT – Total Territorial Area of all LGs
Namibia	Recurrent grants Development grants	No formula for allocating fiscal resources to the regional entities. CG transfers are allocated on an ad-hoc basis
South Africa	Equitable shares and conditional grants	Formula available. The CG incurs 74% of total recurring expenditure, followed by provincial governments with 23% and LGs with 4%. The share of these governments in development expenditures, on the other hand, is 65%, 29% and 6% respectively
Zambia	Specific grants: health services grant, for public health; education services grant; agriculture extension; community services; feeder and township roads; water and sanitation; police services; and fire services grants. Restructuring Grants Recurrent Grants Capital Grants	The current national support to councils is inadequate and is not based on a scientifically approved criterion
Zimbabwe	General Resource Grants in the name of Sector Grants (Education, health, social welfare, and fire and rescue) Conditional Grants: fuel levy, National Road Fund and AIDS levy.	No formula. CG transfers are determined by the requirements indicated in the budget of each council

Table 3.5: Fiscal transfers in select countries

In Malawi, Fiscal Transfer trends since 2006 have been in line with LG budgets as graphically presented below. This is because each LG budgets according to the ceilings set by Ministry of Finance – communicated to the LGs by the National LG Finance Committee.

Budget versus actual revenues received from 2006 to 2010

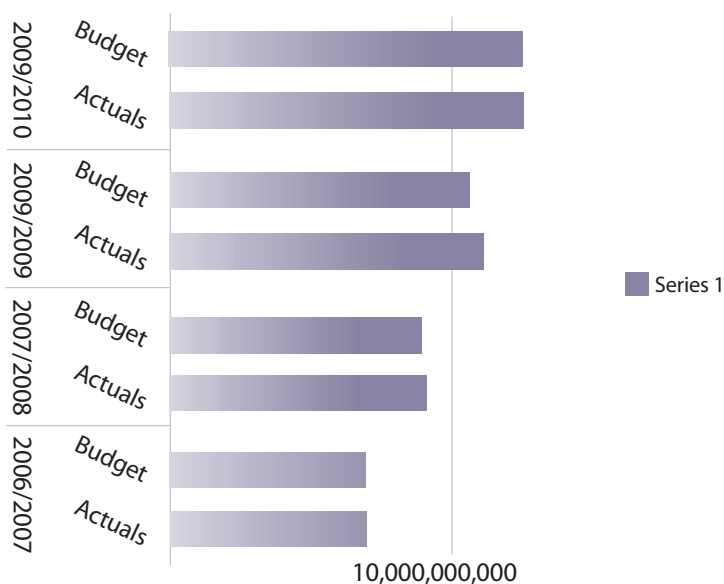


Fig. 3.2: LG budget Versus Actual revenues
Source: Government of Malawi

In Mozambique the trend of CG transfers has been summarized as follows:

CG Transfers to LGs in Mozambique since 2006

	Municipal Compensation Fund (MCF)	Local Initiative Investment Fund (LIIF)
2006	257,108,000	150,000,000
2007	290,676,000	200,000,000
2008	427,912,000	225,000,000
2009	558,020,000	279,010,000
2010	686,085,000	343,042,000

Table 3.6: Trends in LG transfers in Mozambique
Source: Government of Mozambique

Thus the trend of CG transfers in Mozambique has been increasing nominally year on year as indicated in the Table above.

In Zambia, Constituency Development Fund (CDF) has been disbursed as indicated in the Table below since 2006:

CDF Disbursements from 2006 to 2009 in Zambia

YEAR	AMOUNT IN ZMK
2006	9,000,000,000
2007	29,860,000,000
2008	60,000,000,000
2009	88,260,000,000

Table 3.7: CDF disbursement in Zambia
Source: Government of Zambia

Nominally the CDF disbursements have been increasing during the stated period (2006 to 2009).

In 2007, CG transfers in Zambia were disbursed as follows:

CG Transfers in Zambia in 2007

TYPE OF GRANT	AMOUNT IN ZMK
Grants in lieu of Rates	67,670,000
Restructuring grants	11,993,763,685
Recurrent Grants	376,791,627
Capital Grants	3,936,000,000

Table 3.8: CG Transfers in Zambia
Source: Government of Zambia

In Zimbabwe, LGs are generally sustaining themselves financially. There is a serious decline in CG transfers as follows:

- by 2006, LGs were self-funding by 90%;
- during 2007 and 2008, LGs were relying on locally generated revenues totally;
- in 2009 and 2010, LGs got 0.5% of the national revenues. US\$17,000,000 was disbursed to Harare City Council for water and sanitation between 2009 and 2010;
- in 2010 and 2011, LGs are still getting less than 1% of the national revenues. US\$500,000 was disbursed for the construction of a water reservoir at the University of Zimbabwe in 2010.

Public Sector Investment Programme (PSIP) is the main funding window in Zimbabwe for capital expenditures (CAPEX) in the LGs. Each LG draws up its CAPEX budget and sends it to the Minister of Finance for funding. The loan is long-term and is repaid at the rate of 19% of the principal amount. Currently, the urban councils are in the hands of the opposition. CG believes that giving them funds will further the interests of the opposition parties. The CG transfers have not been consistent because of the hyper-inflation

In Namibia, the absence of an allocation formula makes it difficult for the recipients of government revenue to determine their revenue bases and to plan within their means. However, the LGs cannot balance their budgets without substantial transfers from CG or donors. Approval by the Minister of LG, Housing and Rural Development is required for expenditures paid from the funds under intergovernmental fiscal transfers (Association of LGs in Namibia, 2009).

In South Africa, fiscal transfers have been increasing nominally as indicated in the Table below:

CG Transfers in South Africa since 2004

Financial Year	Amount in ZAR	Percentage share of National Revenues
2003/2004	11,521,000,000	4.1%
2004/2005	13,808,000,000	4.3%
2005/2006	16,852,000,000	4.6%
2006/2007	27,079,000,000	6.5%
2007/2008	34,311,000,000	7.2%
2008/2009	41,843,000,000	7.8%
2009/2010	45,608,000,000	7.8%

*Table 3.9: Trends in CG transfers
Source: Budget Review, South Africa, 2011 p137*

The huge increase of the fiscal transfers from the 2006/2007 to the 2009/2010 financial years have been due to the preparations for the 2010 FIFA World Cup.

In Botswana, fiscal transfers are summarized follows:

CG Transfers in Botswana since 2006

Financial Year	Amount in Pula
2006/2007	1,487,550,070
2007/2008	1,805,808,401
2008/2009	2,471,230,972
2009/2010	3,229,791,360
2010/2011	2,722,875,060

*Table 3.10: Trends in CG transfers
Source: Government of Botswana*

From the above analysis, it is very clear that there are CG transfers to LGs in all the study countries. The major differences are the models adopted and disbursement mechanisms applied.

3.6 Challenges and Proposed Solutions

The challenges faced by LGs in the study countries and their proposed solutions are tabulated below.

(a) Malawi

Challenge	Proposed Solution
Penalties for breaking by-laws are unreasonably low to deter people from committing or repeating offences. Section 105 of the 1998 LG Act indicates a maximum of K2 000 as a penalty of breaking council by-laws, an additional K200 for every repetition of an offence and a maximum of six months imprisonment for gross violation of the by-laws.	Penalties for breaking by-laws should be revised to act as a deterrent for offenders.
Internal audit systems are not functional in the councils – councils do not have professional internal auditors. Officers that work as internal auditors are merely those with finance/accounting skills redeployed from Finance/Treasury Directorate.	NLGFC should help the LGs in developing and implementing functional audit systems. Officers that work as internal auditors without professional qualifications should either be trained or replaced if it is proved to be more costly to train them.
Bureaucracy and delays associated with the process of formulating and implementing by-laws as laid down in the 1998 LG Act. Consequentially, by-laws in the LGs are outdated.	The 1998 LG Act should be amended to eliminate the steps or processes that are valueless with regard to the formulation of the by-laws.
Performance of locally generated revenues is generally weak, estimated at (by the NLGFC) between 20% and 40% in 2001 and 65% in 2010 due to a number of factors in administration.	Revenue and debt collection campaigns should be intensified to maximize revenue collection from the existing local sources and strategies to be adopted to maximize revenue collection from the existing sources.
Size of fiscal transfers (grants) from CG does not match/correspond with the functions devolved from the line ministries. The LGs budget according to ceilings provided by Ministry of Finance, not according to their specific needs.	CG (through Treasury) should stick to the approved LG budgets when transferring funds for operational activities and capital projects. Size of fiscal transfers (grants) from CG should be increased to match/correspond with the functions devolved from the line ministries.
On paper, CG is required to make available at least 5% of the total national revenues to the LGs. On the ground, CG remits less than 5% of such revenues to the LGs.	CG should always make sure that it is remitting at least 5% of the total national revenues as stipulated in the guidelines for local finance management (especially fiscal transfers) in Malawi.
There has been resistance by sector/line ministers earmarked for sectoral decentralization for fear of losing power and resources.	Mechanisms should be developed and implemented to ensure that resistance to change is overcome.
There is no common understanding (among various stakeholders) of the fiscal decentralization process and local financial management.	MLGRD and NLGFC should organize meetings targeting at all stakeholders to ensure that there is shared vision with regard to fiscal decentralization and local financial management. Property owners should be civic-educated so that they should know their duties and responsibilities in economic governance; and instill in them strong sense of belonging and ownership in all what the LG does.
Restricted local autonomy – Most viable revenue sources in a LG area are controlled by CG.	CG should consider widening the revenue base of the LGs including effecting ceded revenue as contained in the LG Act. A study should be carried out to suggest the strategies to be adopted to effectively widen the revenue base of the LGs.
Lack of control of human resource management by the LGs: Senior Officers in the District and Municipal Councils are seconded from the civil service, and through MLGRD, CG is free to transfer them from one LG to another, and from the LG to the Ministry and vice versa.). Because of such arrangement, continuity of operations (coupled with the loss of institutional memory in the LGs) becomes very difficult.	As legal entities, LGs should be given the legal mandate to independently manage the human resources.
LGs are not able to attract and retain adequate and qualified human resources to effectively implement fiscal decentralization programmes and ensure professional local financial management. Consequentially, retired civil servants (with experience in financial management) have been re-employed and redeployed to the LGs to work as Directors of Finance.	The Terms and Conditions of Service for the staff working in the LGs should be improved to be able to attract and retain adequate and qualified human resources.
LGs implement by-laws that are not approved as laid down in the 1998 LG Act.	LG employees should be made aware of the legal consequences of implementing by-laws not approved as stipulated in the 1998 LG Act.
Public challenges when trying to enforce by-laws due to lack of shared vision between the LG and the public it serves.	All citizens/residents should be civic-educated so that they should know their roles in exercising LG functions.
Corruption in form of favouritism, bribery, tribalism, fraud, embezzlement and regionalism.	Corruption Prevention Strategies should be developed and implemented by the councils.
Political interference in the control of vendors/traders and misconceptions about multiparty system.	Politicians (councillors and MPs) should be civic-educated so that they should know their roles in carrying out LG functions.
Lack of adequate trained revenue collectors and accounts staff.	LGs should embark on recruitment exercises and capacity building programmes to overcome the staff shortages.
Lack of public facilities such as toilets, market fences and market shelters. The vendors use this anomaly as a scapegoat for failing to pay what is due to the LG.	Councils should provide the market facilities (toilets, fences and shelters); and civic-educate the general public to effectively utilize them.

⁴⁵ Youth, disabled, poor or underserved population

Table 3.11: Challenges and proposed solutions, Malawi

(b) Mozambique

Challenge	Proposed Solution
The State Financial Management System (SISTAFE) is not adjusted to real situation of the municipalities.	The State Financial Management System (SISTAFE) should be adjusted to real situations of the municipalities.
There is no standard financial management system for the LGs.	Government should help the LGs to develop and implement standard financial management system.
The capacity of municipal human resources to manage the funds being transferred from the CG is still insufficient.	Human resource capacity gaps should be identified and addressed to efficiently and effectively manage the funds being transferred from CG. Training in financial management to enable the LGs to efficiently and effectively manage the new taxes transferred from CG.
Failure to maximize revenue from the existing local sources.	Revenue and debt collection campaigns should be intensified to maximize revenue collection from the existing local sources and strategies to be adopted to maximize revenue collection from the existing sources.
Corruption in form of favouritism, bribery, tribalism, fraud, embezzlement and regionalism.	Anti-Corruption Strategy should be developed and operationalized through the Association (ANAM) to eradicate favouritism, bribery, tribalism, fraud and embezzlement.
Lack of adequate trained revenue collectors and accounts staff.	Training programmes for all revenue collectors in the LGs should be designed and implemented to enable them gain knowledge and skills required for them to maximize revenue from the existing local sources.
Lack of public facilities such as toilets, market fences and market shelters. The vendors use this anomaly as a scapegoat for failing to pay what is due to the LG. Additionally, some vendors are able to sell their commodities and successfully escape the payment of fees where there are no market fences.	Councils should provide the market facilities (toilets, fences and shelters); and civic-educate the general public to effectively utilize them.

Table 3.12: Challenges and proposed solutions, Mozambique

(c) Zambia

Challenge	Proposed Solution
Failure to maximize revenue collection from the existing sources.	Civic awareness campaigns should be conducted by the LGs to ensure shared vision and overcome the problem of resistance/non-payment of dues.
Lack of adequate trained revenue collectors and accounts staff.	Training programmes for all revenue collectors in the LGs should be designed and implemented to enable them gain knowledge and skills required for them to maximize revenue from the existing local sources.
Lack of public facilities such as toilets, market fences and market shelters. The vendors use this anomaly as a scapegoat for failing to pay what is due to the LG.	Councils should provide the market facilities (toilets, fences and shelters); and civic-educate the general public to effectively utilize them.
Although the local administrative and political structures exist in Zambia, implementation of the fiscal decentralization has been affected by the de-concentrated CG structures in the LG area that are performing statutory LG functions but are not accountable to the councils.	The rationalization of resources between the CG and LGs is urgently required for the efficient and effective operation of the decentralized system of governance.
Over the years, the financial capacity of councils has been weakened partly due to the loss of revenue sources arising from the decisions of CG. For example, the sale of council houses at uneconomical prices to sitting-in tenants through the policy of housing empowerment of citizens; the repeal of the Beer Surtax Act, which prevents councils from receiving revenue from beer, and the government's failure to share local taxes with councils.	CG should revisit its policies/legal instruments on the sale of houses to sitting-in tenants, beer, and collection and use of local taxes.
The current scenario of LG finance has been affected due to the CG policies which have resulted in the councils' loss of most of their sources of revenue. Both urban and rural councils currently receive an average of between 1% and 2% of their funding from CG. Councils are also burdened with debts and are in severe financial crisis.	There should be a fiscal transfers formula consistently applied to ensure predictability and certainty in the operations of the LGs.
LG revenues have been declining in real terms with the following as the contributing factors: cessation of intergovernmental transfers; withdrawal of the housing unit grant in 1973; amendment of the Rent Act forbidding councils from evicting defaulters in 1974; introduction of the Local Administration Act No.15 of 1980 which increased council functions without accompanying resources; sale of council housing stocks in 1995 at give away amounts; revision of the Rating Act in 1995 which exempted a lot of institutional properties and though this was reviewed in 1999, the damage had already been done; the Personal Levy Act of 1994 which fixed limited minimum and maximum amounts of personal levy on all workers; the mandatory retirement of workers in all the councils in 1992 who had served for 22 years or more which deprived the councils of experienced staff and also forced the councils to look for money to pay them off, funds which were not budgeted for; declaration of land as non-rateable in 1997; withdrawal of other grants such as police grant, health grant, community grant, agricultural extension grant; government inability to pay prescribed amounts of beer surtax to rural councils and the subsequent repealing of the Beer Surtax Act; transfer of electricity undertakings from the councils to ZESCO without compensation to councils; withdrawal of motor vehicle licensing functions; and lack of political will in approving applications for new sources of income or revision of charges.	CG should revise its policies and fiscal decentralization laws to improve the LG revenues and capacity to provide meaningful services. Financial reporting systems should be revisited to bridge the gaps that are prone to corruption

Table 3.13: Challenges and proposed solutions, Zambia

(d) Namibia

Challenge	Proposed Solution
Lack of clear revenue collection methods/strategies.	Association of LGs in Namibia (ALAN) should help the LGs to develop and implement revenue collection strategies.
Heavy reliance on fiscal transfers due to lack of adequate legal backing to own sources of revenue.	It is essential that new legislation currently being proposed should provide for regional and LGs to adequately generate their own sources of revenue.
LGs in Namibia are generally not able to balance their budgets due to insufficient financial transfers from the CG. Their financial autonomy is limited as the intergovernmental transfers are allocated on an ad-hoc basis, and the approval of the Minister responsible for regional and LG is required for expenditures paid from the funds of the intergovernmental transfers.	Fiscal transfers should be timely and in line with the regional and LG budgets. A reliable transfer formula should be developed and implemented.
Collection of local taxes and fees is extremely low, about one third to one half below the potential. Reasons for this are diverse and include the politicization of local taxes, wide reluctance among the population to pay tax due to arbitrary, regressive and sometimes forceful collection practices, lack of awareness of taxpayers, and lack of administrative capacity at local level.	Public campaigns should be conducted to reduce resistance by the public to pay what is due to LGs.
Inadequate human resources to manage the fiscal decentralization process.	The regional and LGs should review their terms and conditions of service to be able to attract adequate human resources to manage the fiscal decentralization process.
Lack of the necessary financial system to enable the country to control and track down all financial transactions.	ALAN and MRLGH should assist the regional and LGs to develop customized financial management systems to enable them to control and track down all financial transactions
Existence of corruption in form of bribery, favouritism, theft, embezzlement and fraud.	Corruption Prevention Strategy should be developed by each LG with technical support by Anti-Corruption Commission.

Table 3.14: Challenges and proposed solutions, Namibia

(e) South Africa

Challenge	Proposed Solution
There is an upward pressure on salaries and the loss of experienced finance personnel (Brain drain).	The terms and conditions of staff working in the sub-national governments should be reviewed to be able to attract and retain well qualified staff capable of carrying out the mandated functions.
Although payment for services is improving, there are still problems related to non-payment.	Civic awareness campaigns should be conducted by the LGs to ensure shared vision and overcome the problem of resistance/non-payment of dues.
The budget process is often not properly linked to municipal planning, and is not always open to community participation. In some cases revenue is overstated, resulting in unrealistic budgets.	The budgeting process should be linked to municipal planning through the development and implementation of Annual Investment Plans. Standard guidelines on participatory budgeting should be developed by SALGA in consultation with Ministry of LG for use by LGs.
Existence of corruption in form of favouritism, bribery, fraud and embezzlement.	Corruption Prevention Strategy should be developed and implemented to ensure integrity in the LG operations.
Failure to maximize revenue collection from the existing local sources. As at 2010, South Africa's six metros are owed R29 billion ¹⁴	Civic awareness campaigns should be conducted by the LGs to ensure shared vision and overcome the problem of resistance/non-payment of dues.

Table 3.15: Challenges and proposed solutions, South Africa

(f) Zimbabwe

Challenge	Proposed Solution
Failure to maximize revenue collection from the existing local sources mainly due to political interference resulting in resistance to pay dues to the council. The revenue collection rate is between 25% and 60% of the budgeted revenue.	Civic awareness campaigns should be conducted by the LGs to ensure shared vision and overcome the problem of resistance/non-payment of dues. By-laws should be enforced.
Apart from circulars (which compel LGs to submit a consultation certificate signed by the residents and rate payers associations), there are no legal provisions for enhancing transparency and accountability of the councils to the electorate.	There should be law reform interventions to enhance accountability regimes between councils and the relevant Minister and Parliament.
Financial reporting by the LGs falls short of the International Financial Reporting Standards/International Public Sector Financial Reporting Standards. Consequentially, most external audits are qualified.	An Accounting Manual which conforms to the International Standards should be developed by the Association of LGs in Zimbabwe for use by all LGs.
While the legislation requires councils to craft a budget at the beginning of each financial year, no penalties are imposed for failure to adhere to the budget or to regularize cost overruns through a supplementary budget. As a result in most instances there is no effort to monitor budgets on a continuous basis and the budgeting process is done only as a statutory requirement.	Penalties should be imposed for late submission of budgets and failure to use the budget as management's assessment tool.
While the Act requires the councils to present audited financial statements to the Minister not more than six months after the end of each financial year, most councils are several years behind with their audits. There is no clear penalty imposed by the Act for failure to present audited financial statements within the prescribed period and more often than not the responsible Minister does not seem to be following up on those councils that fail to have their financials audited on time.	Penalties should be imposed to the LGs for failing to submit audited financial statements to the Parliament through the Minister of LG and National Housing and as prescribed by law. There should also be a requirement for councils to publish their audited financials in a newspaper circulating within their area of jurisdiction. This will encourage better transparency and accountability.
Councils violate the Act by borrowing funds without approval from the Minister of LG, Rural and Urban Development.	Punitive measures should be taken against LG that borrow funds without following the legal provisions.
Brain drain: Loss of skilled personnel due to poor remuneration resulting in poor service delivery and poor financial accounting systems.	Terms and conditions for LGs should be reviewed to make them capable of attracting and retaining staff.
Very often the councils are not audited in time and issues raised by audits are never rectified due to poor accountability regimes.	The national audit office should ensure that councils are audited in line with legal provisions Minister of LG and National Housing should ensure that all audit queries are responded to and rectified accordingly.
General decline in governance (worsened by hyper-inflation) manifesting itself in form of corruption.	Financial reporting systems should be revisited to bridge the gaps that are prone to corruption.
CG transfers are not predictable and not properly accounted for by both CG and LGs.	There should be a fiscal transfers formula consistently applied to ensure predictability and certainty in the operations of the LGs.
Recentralization of other sources of revenue. For example, motor vehicle licensing is now controlled by CG, black granite now falls under Ministry of Mines and electricity is under ESCOM.	CG should revisit its policies (aimed at centralizing the revenue sources) that are placing LGs at a disadvantage financially.

Table 3.16: Challenges and proposed solutions, Zimbabwe

¹⁴ South Africa's Sunday Times, 18 October, 2010

(g) Botswana

Challenge	Proposed Solution
Recentralization of health care which will result in loss revenue (clinical fees).	Botswana LGs Association (BALA) should lobby for the reversal of the decision and adoption of the best practices in the region – especially Malawi.
Delays in releasing grants. Officials regularly report that they spend more time chasing their grants than completing their work in the LG area.	Vertical fiscal transfer formula should be developed and consistently applied to ensure predictability and certainty in the operations of the LGs.
Arbitrary denial of access of the already approved authorized and approved funds by CG.	Grants should be released timely and adequately to ensure adherence to budget implementation.
The grants are not predictable worsened by the fact that their size does not match with the local needs.	The grants from CG to LGs should match with the local needs of the citizens.
Criteria for allocating grants in generally arbitrary, opaque and rigid.	CG should adhere to the transfer formula.
Grants are not performance-based and act as disincentives to local revenue collection.	Strategies should be devised to make grants from CG to LGs performance-based.
Failure to maximize revenue collection from the existing local sources due to weak enforcement mechanisms of the by-laws and political interference (councillors influencing their supporters not to pay).	There should be house-to-house campaigns to reduce resistance to pay; names of those with arrears should be published; and banks should collect revenues on behalf of LGs.
Corruption in form of bribery and nepotism.	Anti-Corruption Strategy should be developed and implemented in the LGs.
Brain drain – in search for greener pastures in the private and NGO sectors/outside the country.	Terms and Conditions of Service for staff working in the LGs should be revisited.
Failure to timely produce final accounts – ready for external auditing.	Ministry of LG should introduce penalties for failure to produce the accounts for external auditing purposes.

Table 3.17: Challenges and proposed solutions, Botswana

3.7 Conclusion and Recommendations

3.7.1 Conclusions

The following conclusions can be drawn:

- LGs in the study countries derive their revenues from “own sources”; intergovernmental fiscal transfers, donations, bank overdrafts and loans from external sources as mandated by the legal provisions. However, the extent of dependence on each source varies from country to country and from LG to LG.
- LGs are failing to maximize revenue collection from the existing local sources. The capacity of LGs to generate substantial revenues from the existing local sources is deteriorating. This is worsened by the re-centralization of some local sources of revenue as evidenced in Botswana, Zambia and Zimbabwe.
- There are unexploited local revenue potentials in the study countries as can be seen from the slight variations in the sources of revenue for LGs in each country. Notably, in Malawi, provisions for ceded revenue in the 1998 LG Act have not been effected. These are motor vehicle registration fees, casino and gambling fees, tolls and industrial registration fees.
- Different intergovernmental fiscal transfer formulae are being applied in the region. However, there are no formulae for intergovernmental fiscal transfers in Namibia, Zambia and Zimbabwe.

- Intergovernmental fiscal transfers are unpredictable and not performance-based in all the study countries
- The extent of citizen participation in fiscal decentralization in the study countries is not clear
- The Terms and Conditions for staff working in the LGs are not attractive resulting in skills drain and consequentially, loss of institutional memory and lack of continuity of operations.
- Corruption exists in LGs in all study countries mainly due to inadequate transparency and accountability mechanisms.

3.7.2 Recommendations

The following are general recommendations made based on the above conclusions and challenges faced in the study countries:

- LGs should focus on identifying and collecting local revenues, which provide a significant potential and reasonable cost-benefit ratio, to supplement CG transfers. In addition to conducting revenue and debt collection campaigns, they should also devise mechanisms for improving collection efficiencies and citizens' compliance. In the case of Malawi, CG (through the Ministry of LG and Rural Development) should hasten the implementation of the provisions in the LG Act on ceded revenues.
- CGs should protect fiscal decentralization in the LG legislation, either by prescribing a percentage of national revenue dedicated to LGs or a distribution formula-based on population, identified needs, poverty indicators, permitted functions, service delivery differentials and regional disparities. Comprehensive fiscal decentralization and local finance management laws should be enforced, in line with the realistic aspirations in respective LGs
- An enabling policy and legal framework for participatory budgeting should be developed and implemented to ensure increased transparency and accountability at the LG level.
- Terms and conditions for staff working in the sub-national governments should be reviewed to attract and retain qualified staff, for sustained service delivery.
- Corruption prevention policies and a code of conduct for leaders and staff. Service charters should be implemented to ensure integrity in the sub-national governments. Privatizing some of the sources of local revenue (such as car parking and markets) could also be a viable response to corrupt and inefficient sub-national structures, but requires a strong and experienced administration, which is able to oversee the process.
- Public-Private Partnerships (PPP) especially the Build, Operate and Transfer (BOT principle) should also be considered as service delivery options. But LGs need to have strong oversight ability and capacity to negotiate effectively for fair and transparent contracts. PPP and BOT arrangements are technical aspects requiring thorough assessment before any deal is concluded.

One can conclude that fiscal decentralization is not only a question of resource mobilization; it is also about the extent to which LGs, communities and other local stakeholders are empowered and how much authority and control they exercise over the use and management of LG financial resources to deliver local services. If LGs are to be effective as agents of local economic development and poverty alleviation, the above recommendations should be taken on board to promote local governance and local development in Southern Africa.



4.1 Introduction and Conceptual Framework

Public institutions are key players in infrastructure development and provision of services. Basic services are delivered using a variety of models with involvement of agencies other than the state (central/local). Despite emergence of various service delivery models, issues of access to quality and adequate services, particularly MDG-related services such as education, maternal health, water and sanitation, remain major challenges for governments. There are significant gaps in terms of service quality and availability; some individual households, whole communities, entire cities and regions are going without adequate services. This prevents segments of given societies an opportunity to live decently. Despite national and sub-national variations, the situation in Southern Africa shows that achievement of some service-related MDGs is under threat as reflected in various government reports¹⁵.

This chapter presents the theory of inclusive service delivery (ISD) as a basis for participatory responses to local service delivery needs. It also highlights barriers to effective, equitable and efficient delivery and maintenance of services and provides country analysis of approaches to service provision.

4.1.1 What are services?

Services are goods created, provided and managed to support productive and reproductive societal activities and to contribute to human dignity, quality of life and sustainable livelihoods (UN-Habitat 2009). Services may be tangible or intangible, material and non-material. Their provision requires capital and frequent investments to establish and run them. Key services include health, and education, energy, water and sanitation, transport and communication, sporting and recreational facilities, information and registration (e.g. of births and deaths, land, vehicles and other assets), housing, public safety and human security. Basic services are critical for the initiation and maintenance of social and economic activities. Provision and continuation of an appropriate standard of services guarantees a certain standard of living. This is why some services are often referred to as basic, recognizing that they are essential for dignified and productive human existence.

Service delivery involves needs assessment, planning, design, execution and post-implementation maintenance. There are many state and non-state establishments involved in the different service delivery activities. Key roles include planning, design, implementation and maintenance of facilities in conjunction with beneficiary communities. Performance of these functions determines whether services are delivered efficiently and equitably.

Services are not exclusively provided by public sector agencies. While relevant regulatory functions are generally performed by central and LGs, actual delivery and maintenance of services involve combinations of public, private and civil society as well as individual efforts. These are guided by relevant policies, legislation, organizational and community traditions.

4.1.2 Access to services

Service costs, gender and power relations largely determine access to services. MacPherson (2008)

¹⁵ Government of Malawi 2009; Government of South Africa 2010; Government of Zimbabwe 2010; Government of Zambia 2008; Government of Mozambique, 2010; Government of Swaziland 2007.

notes that while women are the majority of users, their concerns are often overlooked in service delivery reforms. She notes that the importance of gender and power relations is often glossed over through lack of a differentiated analysis of household needs. Cases where access to water-points is dominated mainly by male water vendors in parts of East Africa¹⁶ reflect such gender and power relations. Cultural and religious beliefs often dictate facility location and use. For instance, introducing cost recovery mechanisms often curtails girls and women's access to services like health and education (MacPherson 2008). As such, ISD needs to address socio-economic and political factors determining access and control of basic services.

4.1.3 Service delivery levels and standards

Services are offered at different levels, global, national, regional, LG, community and household. Understanding the levels at which services are provided and maintained is critical when defining relevance, adequacy, convenience and sustainability. Delivery levels are defined by a combination of service complexity and the competence of institutions operating at different levels. Delivery levels and service types are often defined in national policies, laws, LG by-laws, codes and guidelines.

Service delivery is also guided by minimum standards that specify what the state (or other provider) should guarantee. Service codes and standards therefore form a critical part of tracking and holding service providers accountable. The quality and level varies between and within rural and urban, rich and poor neighbourhoods. For instance, the continuum of water supply systems range from unprotected open source to reticulated (treated water) systems while roads range between footpaths/footbridges to international motorways.

4.2 Inclusive Service Delivery

ISD refers to meeting the special needs of those that may be socially, economically and politically marginalized. This entails easing policy, legal and institutional barriers to service access and broadening delivery to accommodate those previously excluded. ISD resonates with human rights to development and security in as far as it defines minimum development benchmarks. Inclusiveness is also seen in relation to citizen engagement, empowerment, respect for diversity and establishment of partnerships.

The first aspect of ISD entails the *provision of basic services for and with previously disadvantaged groups in society* (Broster, 2007; Wan and Francisco, 2009). This is about working in ways that resonate with the aspirations and capacities of the previously disadvantaged. Key dimensions of inclusion in this case relate to providing services needed by the poor in ways that are socio-economically, technically and politically appropriate. This engenders economic, social, political and cultural equality in service delivery. As Narayan (2005) observes it is about '...expansion of freedom of choice, action, and access to information to shape one's life.

Working in ways that accommodate the preferences of the previously marginalized has foundational implications for policy, law and organizational practice. For instance, South Africa's comprehensive LGTAS is based on a critique of a 'one-size-fits-all' approach (Government of South Africa, 2009), which was partly to blame for past service delivery failures. It is in this dynamic reorientation of relations (Chatiza, 2008) within program/project spaces that empowerment occurs not necessarily in a zero-sum framework but often in a mutually beneficial manner. New capacities are built across the internal-external divide.

¹⁶ UN Habitat supported Lake Victoria Water and Sanitation Initiative for eleven Kenyan, Tanzanian and Ugandan secondary towns. Systemic inquiries undertaken in the towns between September 2009 and March 2010 exposed some of these issues.

The second dimension of ISD relates to *making services more equitable and easily accessible to citizens* (Plummer, 2002). For most of Southern Africa, past exclusion remains, following years of racial segregation and politicized public sectors (Tshandu and Kariuki, 2010). Past service delivery architecture ensured that the rich (mainly white) enjoyed superior services while the poor (mainly black) were under-served communities. The fragility of most governments in Africa negates their ability to address the structural barriers to service delivery and standards.

Likewise, some of the spatial disparities rendered through physical plans of dual cities/settlements remain visible to date. In some jurisdictions accessing housing, market space, a water connection and other services involves completing piles of paperwork and queuing endlessly, partly because of a multiplicity of uncoordinated institutions and opaque rules and requirements.

The third aspect of ISD is about *progressive involvement of more actors in the cycles of planning, actual delivery, managing and overseeing of services*. This compels the state to create appropriate spaces for the participation of different actors and application of different delivery models. Some of the models may be community-based, private sector led, 'improved public sector provision' and partnership-based approaches. For instance, Hagg (2010) argues that the absence of service delivery strikes in parts of rural South Africa in recent times may be an indication of their ability to provide certain (rural) services equitably (Oomen, 2002).

This study observes that classification of institutions responsible for delivering services is very critical for tracking efficiency and effectiveness. This explains the theoretical valuation of decentralization particularly where LGs are empowered to coordinate development actors and actions while also delivering critical services. Effective and empowered LGs are seen as critical in terms of ensuring participation and local development.

ISD is also about provision models, institutional mechanisms and relations (vertical and horizontal). The rationalization of ISD is located in development theory as it relates to conceptions of the role of the state. Post-colonial states in much of Africa and their state-owned enterprises (parastatals) have been associated with grave service delivery failure due to serious institutional weaknesses that have forced a rethink of service delivery structures and policies (Government of South Africa, 2009). Questions have been asked about why service delivery efficiency and effectiveness are low in most developing countries. Responses point to supply mechanisms which are blamed for using inappropriate top-down approaches while on the consumer side, poverty and lack of awareness constrains cost-recovery, informed participation and compliance. As noted by UN-Habitat (2008) income and other inequalities are a drag on development processes (Collier, 2008).

4.2.1 Institutional arrangements and some models for service delivery

The main institutional mechanisms through which services are delivered include:

- state or public sector provision and management; this involves CG agencies including state-owned enterprises and LGs
- community-based provision and management with or without outside assistance
- private sector provision and management; for example in housing, education health sectors, including corporate providing services to their employees and communities as part of corporate social responsibility
- partnerships that often involve combinations of public, private and civil society sector organizations

Provision and maintenance of basic services in Southern Africa is predominantly regulated and directly led by state institutions. However, there is an increase in the use of 'mixed models' in different sectors over time and in different jurisdictions. Some of the models include:

1. **Outsourcing or sub-contracting** by a public agency with a traditional mandate to provide the service. In this arrangement, civil society and private sector groups are sub-contracted to perform specific tasks with fees being paid by the contracting authority. Examples include private sector contracting for solid waste management in Lusaka, Zambia (LGAZ 2007), Manzini, Ezulwini and Mbababne in Swaziland and, among others, engaging civil society groups for street cleaning in Windhoek, Namibia.
2. **Joint venture** between a public agency and a private or civil society provider. Usually a joint venture involves setting up a new company/organization to deliver on a given mandate. Harare and EasiHold Private Limited (South Africa) established a Zimbabwean registered private company (EasiPark Harare Private Limited) on a 40-60 percent (EasiHold and council respectively) share-holding, to address problems associated with the central business district (CBD). Lusaka, Zambia has formed partnerships with different private sector companies to develop market infrastructure at Kamwala and an Industrial Park in the city. Manzini and Mbabane, Swaziland have forged partnerships to manage a shopping mall, bus rank and market.
3. **Management contracting.** This is where a non-state company is given the responsibility to run a service e.g. a hospital, school etc. in this case, the state (local or central) transfers operation and maintenance responsibilities but retains responsibilities for capital investment and expansion. Short-term management contracts cover a specified period within which the contracting authority rebuilds capacity to run the service, while long-term contracts constitute versions of co-production (Ackerman 2004). In a study that compared contractor performance with state provision of primary health services, Loevinsohn and Harding (2005) found that all six reviewed cases were more effective than government-run facilities, based on quality of care and service coverage. They also found that the cases met the inclusion criteria and the scope for contracting was expanding in the case countries¹⁷.
4. **Commercialization** is where the business model for a public enterprise is changed to allow it to run on a commercial basis declaring dividends to the parent institution (local or CG). Citing Zimbabwean examples, Coutinho (2010) argues that most of the enterprises have not been able to run commercially for a number of reasons, thus defeating the intended purpose. Water and sewerage utilities in Zambia also show mixed results of success.
5. **Strategic or long-term partnerships**, usually for infrastructure investments that require complex structuring of financial and implementation arrangements. Roads, bulk-water supply and energy sectors are usually suited to long-term partnerships. Variations of strategic partnerships include the range of 'build-own-operate' with or without 'transfer' (BOO or BOOT) arrangements where the partner recoups their investment over an agreed period and then hand over the running of the facility usually to a state party. South Africa's Toll Road system is a good example, though its implementation has stalled due to opposition from road users. Zimbabwe's Toll system is yet to encompass significant infrastructure rehabilitation and expansion needs but shows signs of addressing resource scarcity for the sector. Zambia recently enacted legislation on private-public partnerships and established a body to govern PPPs under the control of the Ministry of Finance. The Government of Swaziland recently asked the cities of Manzini and Mbabane to use their relevant experience to draft a policy, while in Zimbabwe the office of the Deputy Prime Minister has been working to establish such a policy framework since 2009. In all instances, local capacities to enter win-win partnerships seem

¹⁷ It had doubled in India, rural Bangladesh, Haiti, Pakistan, Cambodia and Guatemala.

low. Zambia's LG Association's 2011-2015 strategy prioritizes plans to address this capacity gap in recognition of potential losses that councils could experience while negotiating. Harare (Zimbabwe) and Manzini (Swaziland) recently experienced lopsided land deals in partnership arrangements. Whereas the PPP law in Zambia sets an upper limit of 35 years, the Lusaka City Council's Kamwala partnership is for 65 years, which may reflect capacity constraints on the part of the council, to effectively negotiate a deal.

6. **Leveraging;** where a public agency cedes/offers rights in return for civil society or private sector financing and implementation of specific services. The rights ceded/offered could be in immovable property like buildings and land. During Zimbabwe's post 2000 crisis, most LGs offered land to some private companies and individuals in return for cash (to pay salaries), utility vehicles and heavy equipment (e.g. refuse trucks). However, as a finite resource, land availability limits use of land-based leveraging for service delivery.
7. **Promoting social entrepreneurship;** this is where competent people in the environment, health, education and other social sectors are encouraged to establish facilities that offer lower order services. Social enterprises are usually more accessible to the poor and marginalized than the other arrangements discussed above. In the UK, health reforms have applied aspects of social entrepreneurship with some retired health professionals taking the opportunity to provide relevant services. HIV and AIDS responses in many developing countries have also seen a surge in social entrepreneurship.
8. **Corporate Social Responsibility (CSR) and beyond;** CSR is where public institutions mobilize the private sector to contribute towards basic services. In Zimbabwe this has usually been more visible around Christmas where companies donate towards the Mayor's Christmas Cheer Fund and other charity concerns. Other private sector companies in the region (e.g. mining companies in Zambia and Zimbabwe) have been involved in setting up infrastructure like schools, health facilities, offering educational bursaries and constructing and maintaining roads for the benefit of their employees and surrounding communities. However, there are extreme cases, where companies may not be forthcoming at all. The Municipality of Matsapha in Swaziland, established as an Industrial Estate in 1969, is an example where established businesses find it difficult to donate land needed for public services like bus stands, public toilets and other social amenities.

South Africa's Royal Bafokeng demonstrates how some communities have moved beyond CSR tokenism to other community/private sector resource sharing arrangements that allow large scale and sustainable service delivery. Communities in areas with wildlife in parts of SADC have received services financed by resources from community-based natural resources management programmes. Zimbabwe's Communal Area Management Programme for Indigenous Resources (CAMPFIRE) and variants of the same programme in South Africa, Namibia, Zambia, Botswana and Mozambique reflect the impact this model has had on rural service delivery and community empowerment. However, CAMPFIRE-type resource models are sensitive to the performance of a country or sub-region's tourism industry and the effectiveness of the resource management regime.

4.3 Determinants of Service Delivery Models

Some of the main factors that enable or hinder flexibility in use of service delivery models are discussed below:

4.3.1 Policy, law and institutional structures

The choice of service delivery model is determined to a large extent, by a country's existing policy, legislation and local traditions. Processes of constitutionalizing LG in Zambia and the draft *Thikhundla* Act in Swaziland have a bearing on the extent to which respective LGs in these countries increasingly

take a central role in service delivery. However, there are certain acts of Parliament seen to deter full-scale devolution of functions not only in Zambia but in most of Southern Africa, where CG is assigned functions (e.g. in water, the roads sector, etc.) and resources that would otherwise be best performed at a local level. The need to protect the interests of national political elites has resulted in a mosaic of national legislation that detracts from bottom-up development in SADC. Deeper public sector reforms and decentralization programs are needed to influence involvement of non-state actors in service delivery. Good reforms often create or strengthen structures responsible for service delivery at all levels, including coordination, planning and implementation processes.

An important question that remains unanswered in most SADC countries relates to the relevance of the structure and purpose of the state to members of household, village and neighbourhood. A relationship of dependence obstructs viability and mutuality. As such, state resources are not deployed free from patronage, for sub-national production. Conversely, community members feel entitled to such support in lieu of, or in return for votes, and not for national growth and development. To the extent that the community is not seen as a production unit in which state resources are invested for a return, service delivery will remain a favour to be whimsically dispensed by corrupt political elites or withdrawn to induce unquestioning loyalty.

4.3.2 Local traditions of participation

Different LGs in SADC have become known for certain ways of conducting their affairs that survive changes in political and technical leaders (Chatiza 2008), the case of Durban/Ethekwini being a good example. In Zimbabwe, the cities of Bulawayo and Masvingo are generally known for stable leadership that allows for council/citizen relations of open engagement.

The municipality of Matsapha (Swaziland) is an example of business-led service delivery model. The population of Matsapha is 95% industrial, and the council has to buy land from industrialists to establish basic services. As such, the council has entered into partnerships with other neighbouring LGs to meet its housing needs. This makes Matsapha perhaps the only municipality that has unique knowledge of dealing with the private sector and Southern Africa LGs can learn from their experiences.

4.4 Funding Mechanisms

Fiscal and monetary frameworks, investment promotion regimes, performance of LG revenue streams and citizen contribution all determine the choice of service delivery model. In a recent interview with Bukoba Municipality's Director (14 February, 2011) he noted that while council collected 93% of its local revenue (from bus parks, markets, loading/offloading, property tax etc) this only contributed 5% of the council budget. The LG's valuation roll was compiled in the 1990s, forcing it to charge flat rates or institute a property-to-property valuation process. In an interview at Chongwe RDC in Zambia, concern was raised that government's 'compensation' for revenue sources withdrawn from LGs such as levies on agricultural produce, were far below the yields that councils previously generated.

It is noted that the global economic and financial crisis curtailed Africa's progress towards attaining the MDGs. As such, agencies with traditional responsibilities to deliver MDG-related services are realizing that they 'cannot do it alone'. A summary of the main technical justifications for model variations include:

- utilizing available infrastructure
- improving efficiency (and reducing losses)
- improving development outcomes
- enhancing the quality and reach of services delivered
- ensuring ownership by stakeholders thus ensuring sustainability
- creating opportunities for capacity development

4.5 Challenges in Service Delivery

Available approaches and models of service delivery show signs of stress and as a result, considerable service delivery failures have become commonplace in Southern Africa. The 2009 street protests in South Africa and the 2008 cholera deaths in Zimbabwe are some of the most dramatic indicators of such failure. Societies are increasingly dissatisfied with the quality and coverage of basic services. This section discusses some of the challenges of service delivery across the region.

4.5.1 *Weak end-user and provider relations*

Interactions between end-users and service providers are strained. Research conducted by the University of Western Cape's Community Law Centre shows a breakdown in communication between citizens and councils as a key source of institutional mistrust and stress²⁰. Inadequate interaction results in an inability by civic leaders and technical staff to anticipate and address dissatisfaction as well as inter-actor collaboration (see also Bose and Hinojosa 2008). This mistrust grossly undermines processes of citizen engagement, institutional collaboration, planning and management of the whole service delivery cycle.

4.5.2 *Inadequate resources*

Resource constraints are also cited as curtailing service delivery in general and ISD in particular. Resource inadequacy is a function of local and CG systemic inefficiencies, including corruption. A member of Nairobi Water Board recently remarked how the Council's water department, used to make only 20%²¹ of what it now makes as a commercialized entity. The Lusaka Water and Sewerage Company was separated from Lusaka City Council with the same technical staff that used to run it and now performs much better. It is credited with sustainably resolving crippling water problems in Kabwe Town. Private sector solid waste management companies in Lusaka and other cities perform better than the Municipal Units previously serving the same neighbourhoods. Windhoek's cleanliness is credited to the use of civil society groups. Service delivery is, to a large extent, dependent on efficient deployment and management of available resources, including human.

External and internal factors also affect resource availability. External factors include weak macroeconomic performance, which results in general resource stress; poor fiscal governance, weak fiscal decentralization and resource misallocation. African governments are compelled to initiate policy reforms that promote sustained economic growth and increase domestic resource mobilization and allocation (UNECA and OECD 2010)²².

Internal factors that impact on to institutional performance include LG failure to mobilize or collect revenue or effectively manage income generating projects (Odhiambo et al 2005, Coutinho 2010, Fjeldstad 2006, Fox and Edmiston 2000, Dirie 2005, Kelly and Musunu 2000). The Government of South Africa's LGTAS notes that some of the internal factors relate to quality of decision making, appointments, procurement systems, as well as levels of financial management and accountability. The strategy also highlights external factors like revenue base and income generation potential, inappropriate legislation and regulation, demographic patterns and trends, macro and micro-economic conditions and weaknesses in national policy, oversight and intergovernmental relations. The net effect of these is ratepayer resistance and a further limitation of available resources for service delivery. Add to this the high levels of poverty and the resourcing of service delivery in Southern Africa becomes a major challenge.

²⁰ Community Law Centre's Volume 9, Issue 4, September/October 2007 was devoted to answering the question 'Crisis or Communication Breakdown? The Role of a Councillor'.

²¹ KSh70 million (versus at least KSh350 million), Njoroge, R (February 2011, pers. comm.)

²² The structure of the African state and its under-performance is a subject that is extensively covered in literature by both African and non-African observers (Moyo 2009, Mbeki 2009, Calderisi 2006, Ayittey 2005)

4.5.3 Rapid urbanization

The rate of urbanization has far outstripped public institutions' ability to provide adequate services or expand existing coverage. Two conceptions of urbanization are used here; one is the evident growth in the proportion of citizens living in areas designated as urban; the other, and perhaps more important is an emphasis on the rising demand for lifestyles, life conditions and facilities traditionally restricted to urban settlements. This demand now transcends the spatial areas designated as either rural or urban. The spatial relation between Chongwe RDC and Lusaka City Council in Zambia is one characterized by the latter exercising land pressure on the former, owing to its rapid growth.

4.5.4 Political and policy interference

LGs face political elite interference at different levels. This relates to 'stuffing' LGs with party cadres, politicization of policy processes, parallel decision making including allocation of resources like land and deliberate incitement of institutional dissonance either within councils (say between executives and politicians) or between councils and residents. Between 2009 and 2010 the city of Manzini experienced budget disruptions following a Ministerial directive that reduced its property rates and other tariffs following citizen complaints. As noted above, the desire to control the national political space on the part of national political elites has tended to create a type of politics that does not regard service delivery as useful beyond rhetoric.

4.5.5 Institutional coordination problems

Often key service delivery institutions have overlapping mandates, wasteful duplication and poor coordination. For instance, in some jurisdictions key services are run by different agencies which may not have synchronized plans. The net result is that where one agency is ready to provide water, the one responsible for roads, sewer or electricity services may not have plans for that particular area, resulting in delays.

4.5.6 Malpractices

Corruption, poor procurement systems and bureaucratic inefficiencies also burden service delivery. When services are of a poor quality, are not supplied on demand or discontinued without credible explanations, a culture of ratepayer resistance creeps in. However, at times ratepayer resistance is at the behest of national politicians, especially in jurisdictions where service providing institutions seek tariff approval from the centre. Voter or vote protection disguised as protecting the poor, while in some cases justifiable, has often led to sub-economic user fees/charges and other levies being imposed from above, leading to budget deficits, poor delivery, lack of service maintenance and expansion.

4.5.7 Weak traditions of participation

A weak tradition of participatory development amongst service regulators and providers often leads to limited citizen consultation. Where initiated, consultations are not followed through or are run by inexperienced staff and policy makers. McGee et al. (2003) explain how legal provisions for participation in the absence of underlying supportive social and political cultures may not be adequate for deepening participation (see also Uphoff et al. 1998, Esman and Uphoff 1984, Chatiza 2008). Conversely, citizen apathy is a major challenge as there is often lack of interest from residents and poor capacity for communities to participate in the planning process (weak/no grassroots structures & lack of relevant knowledge on entitlements, civic planning and processes). The Malawi case presented in this paper shows how organizing by the poor has enabled more innovations in terms of land delivery and overall housing development.

Private sector and civil society participation is often poorly regulated and there are no clear incentives and mutually beneficial partnership frameworks. Existing policies do not provide incentives for participation in service delivery. Data on access and coverage is often not reliable making planning very difficult. Centralized and bureaucratic approval processes, planning and other standards also constrain private sector and civil society participation such as taking part in solid waste management.

The existing regulatory framework in most jurisdictions is steeped in public sector-led service delivery while the rhetoric is for partnerships, resulting in a lack of institutional innovations in the delivery of services (Chatiza 2010). For their part, households, communities, businesses and civil society organizations are not adequately organized to hold service providers to account or to fill gaps left by the public sector.

4.5.8 Research and technological limitations

The extent of service delivery is also depended and application of appropriate technologies that bring efficiency to the process. This limits prospects for interesting local and international investment in service delivery. This is exacerbated by limited research on alternative technologies²³ in all service areas. Where relevant research has been done it is not widely disseminated.

4.5.9 Planning and budget tracking

Participatory long and short-term planning systems present a good opportunity to apply ISD. The case of eThekweni (Durban) shows how long-term planning allowed the LG and the community to own the vision as well as secure broad commitment to pursue its goals.

Through engaging different stakeholders it is possible to share responsibility for building a common future, and this can be translated into practical actions using appropriate institutional mechanisms. The pursuit of an agreed vision requires resources that come from the community through meeting their tax obligations to council as well as the LG meeting its technical and policy obligations in a transparent manner to ensure trust and long-term partnership, with CG and other partners offering strategic support where needed.

The budget is a key instrument for converting plans into financial obligations and commitments, as projects that are reflected in a budget never get implemented. Participatory budgeting and budget tracking allow citizens to determine where resources are spent, which builds their commitment. The Ministry of LG and Housing in Zambia is implementing a monitoring system to reduce diversion of resources allocated to councils, by announcing the approved grants in the relevant media. A similar practice prevails in Kenya.

4.6 Funding Service Delivery

Two principal revenue sources are available for LGs in Africa (see table below). These are own (taxes, levies, user fees/charges and licenses) and transfers (grants and revenue sharing). A third, borrowing, is available in some jurisdictions but usually only for larger LGs on the basis of centrally-assigned or approved 'borrowing powers'. In most jurisdictions LG revenue sources, are defined in relevant legislation. South Africa for instance, has separate LG finance legislation. Besides accountability challenges on their part, LGs often face tax evasion by citizens, thus limiting public resources for service delivery (Fjeldstad et al, 2009).

LGs are increasingly being encouraged to pursue co-production (with local communities and private entrepreneurs) although this remains poorly facilitated, regulated and is often undermined by the lack of LG integrity. Zambian LGs together with their Swaziland counterparts are currently benefiting from formula-based fiscal disbursements²⁴ from respective Ministries of Finance. Zambia's (Mazabuka) in Southern Province had realized an increase in collection of budgeted revenue from 66% in 2006 to 114% in 2008 courtesy of GIZ support.

²³ At the time of field research for this study, Swaziland the city of Manzini were exploring a partnership with a South African company to establish soil stabilized road technology.

²⁴ Population plus % weighted extreme poverty index, % population lacking access to clean water, % population lacking access to sanitation facilities, % population lacking access to input markets and % households lacking access to public transport.

Internal/local sources.			External sources.	
Land-based revenues.	Non-land based revenues.	User charges.	Transfers and grants.	Borrowing.
Property taxes.	Household, vehicle, animal and other taxes,	Service charges (water, parking, sewerage, parks etc).	General purpose grants, formula-based or regular shared taxes.	From governmental sources.
Land fees.	Business licenses.	Admin fees like building permits, market and bus park fees etc.	Earmarked grants.	From private capital markets (local and international).

Table 4.1: Sources of Local Government Revenue for Service Delivery
Source: Adapted from Dirie 2005, Annez 2006, Fjeldstad 2006 and Su and Zhao 2006.

4.7 Country Cases

This section discusses examples of ISD demonstrating citizen engagement in local service delivery. The cases highlight variations of the ISD aspects, leading to a discussion of the strengths and weaknesses of the approaches, their philosophical and practical underpinnings.

Country Case 1: Malawi

4.7.1 Facilitating Poor People's Housing Initiatives in Malawi

The Centre for Community Organization for Development (CCODE) and the Malawian Homeless People's Federation work together to facilitate housing for the poor. The Federation is a group of the urban poor living in different parts of Malawi who have formed savings groups to address their poverty and homelessness, while CCODE is a NGO that supports their activities including negotiating for land from the state (central and local) and supporting housing construction. The Table below shows cumulative progress in terms of access to land.

Town/City	Land Allocated	Plots 'generated'
1. Blantyre.	30ha.	511- Layout approved.
2. Lilongwe.	Not quantified - in four sites ²⁵ .	-
3. Mzuzu.	1.822ha.	56.
4. Salima.	3.476ha - in three different sites.	108.
5. Kasungu.	17.4414ha.	365.
6. Neno.	3 hectares.	Not yet quantified.
7. Mulanje.	Not quantified. Offer not formalized in the form of a council letter.	Not yet quantified.
8. Karonga.	Not quantified. Offer not formalized in the form of a council letter.	Not yet quantified.
9. Mchinji.	Not quantified - in three sites.	No layout & land not yet surveyed.
10.Total	-	1040+.

Table 4.2: Land Access by the Urban Poor in Malawi
Source; Homeless International Mid-Term Evaluation (September 2010)

This alliance has negotiated for land in nine LGs (at least 1000 stands on more than 40 hectares), has mobilized at least 35 000 members, secured funding from a number of organizations including the

²⁵ These are Mchesi (four flats for four Federation households), Area 23 (four flats for junior civil servants), Area 23 and other locations still being acquired (for the Federation) and Area 25 (four flats for junior civil servants). Change of ownership, land verification and other planning approvals by Lilongwe City Assembly taking time and thus delaying implementation.

African Development Bank and engages government on housing policy and practice matters. The alliance has also been 'contracted' by Government to put up double-story houses in Lilongwe starting with 75 houses for junior civil servants. Materials (concrete columns, beams etc) were tested at the Blantyre Polytechnic, an affiliate of the University of Malawi, to ensure that the developments meet required standards.

The alliance worked with Bunda College of Agriculture (another University of Malawi affiliate) resulting in the acceptance of the Ecosan toilets technology. At the time of the evaluation the Malawian alliance had established three public Ecosan toilets in Lilongwe, one in Blantyre and 105 individual toilets since August 2009. A user fee provides income for Federation group members. Additionally, the technology has helped change official mindsets while delivering a needed service. The study observes that:

- the alliance has brought together local/national authorities and the poor for mutually beneficial reasons
- the alliance has demystified complex processes of accessing and developing land, opening up possibilities of participatory and inclusive housing development
- experimenting with and popularizing alternative housing and sanitation technologies
- broadening the knowledge base of public officials by exposing them to alternative service delivery mechanisms

Country Case 2: Zimbabwe

4.7.2 Beyond Paying Rates: Council-Citizen Partnership in Masvingo

The City of Masvingo (formerly Fort Victoria) is the oldest urban settlement in Zimbabwe, with a population of 120,000 and a medium-sized industrial-commercial base. The growth of the city has put a strain on services such as water and sanitation. The city's water is drawn from Lake Mutirikwi, Zimbabwe's largest inland water body, which also supports the country's south-east low-veld sugar estates.

In consultation with residents, the city was able to institute and collect a special water levy to finance Phase 1A of the water supply augmentation project. Interestingly, this was in 2007, a time when the national socio-economic crisis was not conducive to imposing extra levies on residents. Phase 1B of the project in 2008 involved laying a duplicate pipe from the treatment plant to the city's reservoirs some 30km away. Financing of this investment was also based on a special water levy. A third initiative using the same model resulted in the upgrade of the sewage system in 2009.

The Masvingo case reflects the degree to which stakeholder confidence in a LG can deliver positive development results. The case also shows how successful implementation of initiatives builds mutual trust allowing further collaboration. But such cases are rare; Residents' perception is that councils mismanage finances and are therefore not trusted as partners. One of the factors that may have helped in the case of Masvingo is its participation in a UN-Habitat implemented program focusing on improving participatory governance. Like four other cities in the program (Kwekwe, Bulawayo, Gweru and Kadoma), Masvingo has drawn a change plan, whose implementation has improved its local governance regime.

Country Case 3: South Africa

4.7.3 'Imagine Durban'

Durban or Ethekwini (the city by the sea), is one of South Africa's six²⁶ metropolitan municipalities and the largest city in KwaZulu Natal (KZN) Province. It hosts a third of the province's population, controls 60% of KZN's economic activity²⁷, boasts the busiest container port in Africa and is the biggest city on

²⁶ The other five are Johannesburg, Cape Town, Nelson Mandela Bay, Tshwane and Ekurhuleni. Three others (Mangaung/Bloemfontein, Msunduzi/Pietermaritzburg and Buffalo/East London) are expected to become Metros in 2011.

²⁷ National performance is 11% national employment, 15% national output and 14% of household income.

Africa's East Coast. Ethekewini has 200 Councillors (100 directly elected and 100 through proportional representation), employs about 23 000 employees and an annual budget in excess of R20 billion, serving a population estimated at 3.5 million (Moodley 2004).

Durban's 'Imagine Durban' initiative is about participatory long-term planning. This process is anchored on the city's Freedom Charter, which states that 'the people shall govern' and is operationalized through a 'Community Participation Policy' adopted on 29 June 2006. The policy has been institutionalized through the establishment of a dedicated Community Participation and Action Support Unit (CPASU) and involvement of all other units of the Municipality to ensure that communities and stakeholders are involved in council business. Other Municipal Units notify CPASU of issues, projects and programmes where communities and stakeholders have to participate and CPASU partners with relevant units to develop and implement the said plans.

Within the framework of Durban's Community Participation Policy and the broader South African LG policy framework that emphasizes decentralized and cooperative governance, the municipality undertook a participatory strategic planning process dubbed 'Imagine Durban' in which diverse participants took part. The city has set its sights on becoming Africa's most caring and livable city by 2020. In coming up with its long-term plan the municipality built on a tradition of citizen participation, political accountability, service delivery, learning and sharing amongst its staff. Durban Metropolitan has consolidated the roles of service delivery on one hand and growth and development facilitation on the other. An important vehicle to steer the municipal vision has been promotion of best practices amongst Durban practitioners.

The municipality consolidated its knowledge management function by setting up a Municipal Institute of Learning (MILE) in 2009 based on a long tradition of knowledge capture and shared learning by its practitioners. The 'Imagine Durban' initiative was directly managed by a dedicated team (the Imagine Durban Team). A joint publication with MILE (Ethekewini 2010) chronicles 32 real life stories of activists' contributions to the building of a sustainable future. The publication is based on a six-month city-wide research and is designed to enthuse further sustainable-city building locally and globally based on Durban's experiences.

Important lessons for ISD from the 'Imagine Durban' initiative relate to inclusion of citizens in imagining and owning their future, which has built ownership and reinforced identity. Additional lessons relate to the establishment of specific units for steering citizen participation (CPASU), creative facilitation of a city strategy making process (Imagine Durban Team) and institutionalization of municipal innovation, learning and sharing of best practices locally and internationally (MILE). The basic institutional framework that Durban has established creates a learning city that engages citizens beyond service delivery to co-creation of a sustainable future. Many African LGs (rural and urban) struggle to create such a platform for engaged citizenship, which is a basis for local governance and local development.

4.8. Conclusion

From the analysis above, it is clear that ISD is not new as it describes a set of relatively old practices in the region. In practice and as a policy research area, ISD challenges simplistic operationalization of private-public sector partnerships that tend to promote privatization of key services like water, which has invariably made them inaccessible. Conventional private-public sector partnerships tend to exclude non-state service providers that work in ways and advocate for access parameters flexible enough to be pro-poor in their accumulation and context-specificity. Cases of corrupt practices (*'tenderpreneurship'*²⁸) abound at central and LG levels making inclusiveness important. This is why it is

important to address the governance question of who drives service delivery reforms, how and with what objectives.

Those involved in direct provision of services generally feel that national politicians do not sufficiently understand and value LG. Others argue that political elites know and understand the political costs, especially where LG spheres are controlled by opposition political parties. The reality though is that the true non-partisan value of service delivery institutions (state and non-state) is generally underestimated, raising questions about how to depoliticize LG in general and service delivery in particular (Chatiza 2008).

The examples cited above demonstrate the possibilities of changing policy and practice to promote the delivery of inclusive services in creative ways. For Mayor S. Mazibuko, of Mankayane, Swaziland ‘... speed and procedures [in service delivery] are in serious conflict, service user do not need [or respect] bureaucracy. There is need for a model that delivers’, (Interview, January 2011). This shows a general preparedness to work in different ways, which may not necessarily require changing the law. Delivering services in ways that integrate the capacities of users requires institutionalizing new ways of working that broaden models and actors.

The Masvingo case reflects the kind of focus and transparency that promotes citizen contributions. The Durban case demonstrates the power of joint LGs and citizens action in policy formulation and service delivery.. Consequently, there is an inescapable need to dismantle centralist tendencies in favour of innovative mechanisms for service delivery.

²⁸ A term mostly popularized in South Africa in reference to mainly politically-connected business persons specializing in facilitating access to tenders from Councils. In most cases the ‘facilitators’ are not the service providers but realize considerable fortunes in ways that make services expensive and at times the quality is suspect.



5.1 Introduction and conceptual framework

After attaining their independence most of the developing countries have gone through a process of LG reforms in order to enhance LG capacity in the provision of services to constituents. The capacity to implement decentralization policies is still under scrutiny due to the realization that despite perceived huge investments, LG performance in many African countries continues to be a matter of concern, while the achievement of the MDGs in Africa is way off track (Table 4.1).

This chapter analyses the capacities of LGs in the region, and the interventions towards improving the capacity of LGs to provide services. Additionally, the capacity of capacity development service providers is also analyzed. Finally, chapter seeks to establish the links between capacity, financial management and service delivery and how these can contribute to poverty reduction and the attainment of the MDGs.

5.2 What is capacity?

Capacity means having the aptitudes, resources, relationships and facilitating conditions that are necessary to act effectively to achieve some intended purpose. The UNDP defines capacity as “the ability of individuals, institutions and societies to perform functions, solve problems, and set and achieve objectives in a sustainable manner”. The World Bank defines it as the ability to access and use knowledge and skills to perform a task, to act in pursuit of an objective.

Capacity also refers to the existence of appropriate organizational structures, systems and resources to operate effectively and the ability to understand goals and objectives in order to deliver on set goals.

Capacity development is therefore the process through which these structures, processes, resources and abilities are obtained, strengthened, adopted and enhanced over time. In decentralized governance, the process includes the delegation of powers (for example revenue raising powers), the provision of resources (such as finance, manpower, capital assets), the establishment of relevant institutions, professional and technical training, and the promotion of an appropriate mindset and organizational culture through “learning by doing”.

LG capacity can be understood in the context of LG reforms (of which decentralization has been an important feature) that have been adopted by various governments in a bid to address the challenges of providing goods and services to residents.

5.3 Understanding capacity and capacity development

The current attention that Africa is receiving regarding being off track to attain the MDGs and its faltering economic performance, has drawn attention to the capacity gaps and constraints that the continent faces in its development efforts. Development is about people and their societies interfacing and evolving within their environment. For development to take place therefore, people must have the capacity to attain their development goals.

In the context of the MDGs, capacity is the ability of individuals, institutions and societies to meet the essential needs of food, income, education, health, and gender equity while at the same time

managing the environment sustainably. It involves building human, organizational and societal capacities within a broader governance framework to empower people to live better lives. Capacity development is seen as complementary to other concepts that continue to shape the development discourse. These include institution building and development as well as human resource management and development.

Adequate capacity is one of the critical missing factors in current efforts to meet the MDGs and other development goals. Decentralization assumes the transfer of authority and responsibility from central to sub-national levels of government. But sub-national governments more often than not, suffer inadequacies in raising the capacities required to cope with additional responsibilities and meet the ever increasing service needs of residents.

In some cases, inadequate capacity at the local level is often used as an excuse not to decentralize. For example, the Government of Zimbabwe adopted the 13 principles to guide the decentralization process in 1997 but this has not been implemented. In Namibia, LGs are still being prepared to take up their new responsibilities since 1998. Generally the pace of decentralization has been slow throughout the region. Fig 5.1 shows capacity in terms of decentralized responsibilities.

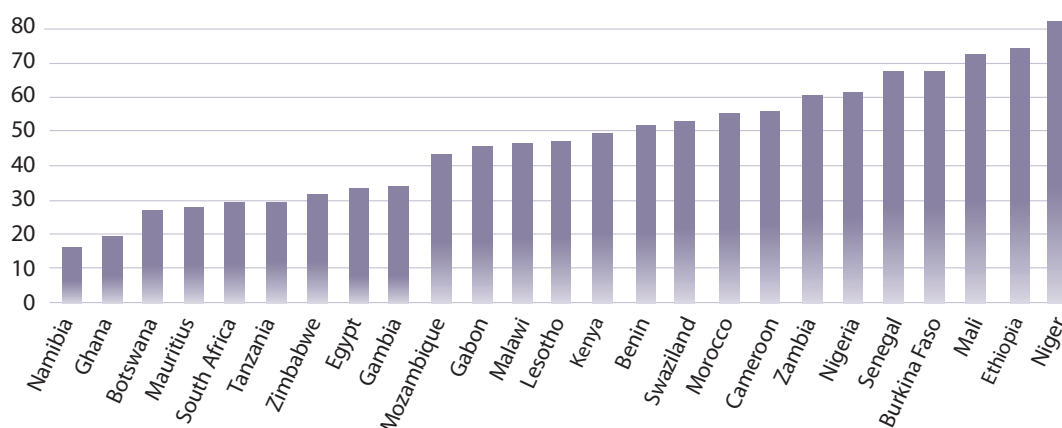


Figure 5.1: Capacity in % terms to implement decentralized responsibilities
Source: Economic Commission for Africa 2005

LGs face various challenges in taking up new decentralized functions. Firstly, they are short of resources, both human and financial. They have not been able to achieve optimal collection from the sources available to them because of poor financial management (such as not using technology in financial management and lack of systems) and to some extent, corruption. This has in turn led to poor delivery of services. Most LGs in Africa cannot afford to offer attractive packages, leading to skills flight and failure to attract qualified and retain staff. This has impacted negatively on service provision.

On the flip side, communities have the capacity if given a chance to utilize the knowledge and experience at hand in responding to the livelihood challenges facing them. However, this capacity goes unnoticed as development initiatives are in most cases supply driven.

Capacity development is much more than training and includes the following:

- a. *Human resource development*: the process of equipping individuals with the understanding, skills and access to information, knowledge and training that enables them to perform effectively.

- b. *Organizational development*: the elaboration of management structures, processes and procedures, not only within organizations but also the management of relationships between the different organizations and sectors (public, private and community).
- c. *Institutional and legal framework* to enable organizations, institutions and agencies at all levels and in all sectors to enhance their capacities. This is about the creation of changing environments in the overall policy of the economic, regulatory and accountability frameworks within which individuals and institutions operate.

The failure to provide services to constituents impacts negatively on the attainment of the MDGs and other national priorities as earlier discussed in Chapter 3. It has been observed that meeting the MDGs cannot be accomplished simply by providing resources to developing countries; but that governments, civil society, and the international community must work together to strengthen countries' abilities to use resources effectively. The importance of capacity development for all stakeholders in achieving the MDGs cannot therefore be overemphasized.

5.4 Capacity Gaps in Service Provision

Countries in the region are facing similar challenges at individual, institutional and systemic levels. The key gaps relate to a) lack of resources both financial (failure to collect and ineffective collection strategies), and human; b) lack of skills for those in posts as the qualified staff members have left for greener pastures; and c) lack of political will to see the decentralization process through.

5.4.1 Individual level

The individual level has been adversely affected by the economic downturn in the region which has resulted in skills flight as people move on in search of greener pastures.

- i. All the countries under study are facing a shortage of skilled manpower. This is exacerbated by the poor conditions of service for staff (poor remuneration, huge workloads). Technical departments have been adversely affected. Qualified personnel have migrated in the face of adverse economic conditions at home. Low levels of remuneration have also contributed to the skills flight. LGs have not been able to provide services let alone salaries. In Zimbabwe there have been instances where the staff has gone without salaries for as long as five consecutive months. This is especially true for the period of high inflationary levels when the Zimbabwe dollar lost its value as well as for the period when the country switched to the multi currency system.
- ii. In addition, the technical personnel are not always equipped with managerial skills. Their technical training does not include training in human resource issues and the general management of the department. For example, an Engineer or Doctor finds him or herself responsible for managing staff and conflicts, strategic planning for the department, financial management, coordination and networking among others.
- iii. In Namibia and South Africa the educational system during apartheid denied the indigenous people the same level of education as their white counterparts. As a result the skills and knowledge levels are limited.
- iv. The dynamic environment under which LGs operates demands staff that can be innovative and creative in dealing with the challenges of service provision such as the management of PPPs.

5.4.2 Institutional level

LGs as institutions are facing various challenges:

- i. *financial challenges*: Lack of resources continues to restrict and undermine LG effectiveness and legitimacy. LGs fail to raise sufficient revenue to provide services and meet their wage bill.

In some cases where LGs depend on disbursements from CG, these have been declining and erratic as in the case of Zambia and Namibia, or dried up, like in Zimbabwe.

- ii. LG planning capacity in most cases fails to be participatory and include all the stakeholders especially the communities. The result is residents are unwilling to pay for services and this has negatively affected the financial position of LG.
- iii. *unfunded mandates*: this refers to decentralized responsibilities without accompanying resources. In Zambia, constituency development funds and youth project funds are coordinated by Members of Parliament, leading to potential conflict of interest.

LG	Town Clerk	Treasurer	Engineer	Town
Ezulwini	Yes	Yes	No	No
Mankayane	Yes	No	No	No
Lavumisa	No	No	No	No
Hlathikhulu	Yes	No	No	No
Ngwenya	Yes	No	No	No
Vuvulane	Yes	No	No	No

Table 5.1: Skills gap in the Swazi Town Boards as at January 2011

Note: CG employs the Treasurer and Engineer who currently are working with Mankayane, Lavumisa, Hlathikhulu, Ngwenya and Vuvulane. Ezulwini uses consultants

The case of Swazi Town depicted above is typical of many LGs in the region. Key post remain vacant for long and staff members sometimes find themselves dealing with issues for which they have not been trained. On Gender, despite the fact that women make up more than 55% of the population, and that all the countries have launched a 50/50 campaign, their participation in LG is minimal, as illustrated below.

Seat	No of positions	Total candidates	Women candidates	% women
Presidency	1	4	0	0
Members of Parliament	210	710	118	16.62
Senators	60	196	61	31.12
Councillors	1959	3431	740	21.57

Table 5.2: Women in Government: Namibia

Source; Veritas 2008: Women's Watch 7/2008, March 2008

It is only South Africa which has over 30% of women in LG. Since 1994, the representation of women has risen from 27.75% to 43% in 2009. This state of affairs creates service delivery gaps and limitations on the extent to which stakeholders can participate in the development process. Again the autonomy of the LGs is undermined.

5.4.3 Systemic level

- i. There has been lack of comprehensive and sustainable capacity building frameworks in most LGs. Current capacity development projections tend to concentrate on conventional skills for councillors and staff, leaving out skills needed to address cross cutting issues. Governance

related skills such as community mobilization, community-based M&E, PPPs, participatory planning and budgeting, are mostly excluded from conventional capacity development initiatives.

- ii. Political will and ownership tends to negatively impact on successful decentralization. The contested political and administrative interface which leads to conflicts in the management of LGs is a challenge. Add to this, the weak oversight and support from CG agencies tasked with supporting LGS.

5.5 Institutional Providers of LG Capacity Building Programmes

Several organizations have been providing LGs capacity development programmes in an effort to ensure that services are provided and that there are more players in the sector. This section gives a broad overview of LG capacity development providers in the region.

5.5.1 LG Associations

LGAs are membership organizations that provide collective interface between LGs and respective governments. They cater for members' common needs and interests and provide platforms for exchange of information amongst them. Specific functions include:

- i. Lobbying and advocacy: The associations lobby for decentralization in those areas where the policy might not be in place, and present members' needs to CG.
- ii. Capacity development: They provide guidelines on various aspects of LG management, and organize capacity development for staff and local leaders.
- iii. Platform for information exchange: They are instrumental in organizing information exchange forums, meetings, annual congresses, and publications.

5.5.2 Central government

Ministries responsible for LG in each country are responsible for providing policy guidance, technical support and capacity development to LGs. This is done in conjunction with other stakeholders and Partners, as the case may be in each country. Development Partners such as UNDP, German Technical Cooperation (GIZ), Department for International Development (DfID), among others, work with LG Associations and Governments in supporting LG capacity initiatives. These can take many forms: workshops, formal skills upgrades, equipment, and technical support.

5.5.3 Tertiary institutions

Tertiary institutions, including universities, run tailor-made programmes that meet the needs of the LGs. These can be in response to topical or specific issues affecting the LGs.

5.6 Country Case Studies on LG Capacity

Country Case 1: Namibia

Namibia's constitution establishes a 3-tier LG system: CG made up of the President and Cabinet; regional government made up of 13 regional councils; and LGs made up of 16 Municipal Councils, 17 Town Councils and 18 Village Councils. The decentralization policy in Namibia was launched in March 1998 to enhance and guarantee participatory democracy; improve rapid sustainable development; and improve the capacity of the government to plan and develop.

Regional councils are the overall coordinators of local development and they see to it that stakeholder and partners contributions are incorporated in local development plans.

Since the inception of this policy, there have been various attempts at strengthening the capacity of regional councils and LGs to prepare them to take over the functions currently performed by the CG Ministries and agencies.

Capacity gaps have been identified as;

- a. Lack of skills and knowledge due to Namibia's history past under apartheid. Critical capacity deficiencies include financial management, budget execution, reporting procedures, operation planning and performance management.
- b. Lack of political will to devolve some of the powers to regions. Some CG Ministries are reluctant to devolve power.
- c. Strategic planning and integrated development planning.

Below is an illustration of the capacity requirements at different levels.

	Level	Competencies required
1	Ministry of Regional LG and Housing (MRLGH)	<ul style="list-style-type: none"> - national policy-making (motivating and preparing CG decision making on matters of decentralization) - leading and assisting (coordinating) CG agencies, ensuring that policy is implemented - at sub-national level – preparing the various levels for decentralization, building their capacity and helping them implement their policies - ability to initiate, develop and make other people in govt understand policies - developing an implementation strategy
2	National Planning Commission	<ul style="list-style-type: none"> - develop and manage the national planning system - coordinate local and regional planning - develop planning guidelines
3	Prime Minister's Office	<ul style="list-style-type: none"> - ensure implementation of the policy - facilitate the co-coordinative role of the MRLGH
4	Ministry of Finance	<ul style="list-style-type: none"> - provide resources - manage the fiscal policies - explore other ways of increasing the revenue of LGs such as taxation powers
5	Regional councils	<ul style="list-style-type: none"> - overall coordination of development in the region - the link between the people and the council - pass legislation in relation to the affairs of the region - receive and execute decentralized functions
6	LGs	<ul style="list-style-type: none"> - provide services for constituents - receive and execute decentralized functions - legislate on matters pertaining to their areas - enforce the laws they enact
7	Associations of Regional Councils and of LGs	<ul style="list-style-type: none"> - advance the cause of members - represents all LG members - assists members to address socio-economic problems
8	Line Ministries	<ul style="list-style-type: none"> - decentralize functions to regional and LGs
9	Communities	<ul style="list-style-type: none"> -- participate in the development processes of the LGs
10	NGOs	<ul style="list-style-type: none"> - build the capacity of all stakeholders to play their role

Table 5.3: Capacity requirements at Different Levels

Table 5.4 lists the capacity providers for LGs.

	Institution	Activities
1	Associations a. Association of LGs b. Association of Regional Councils c. Namibian Association of LGs Officials	<ul style="list-style-type: none"> - capacity building for LGs to take on the new responsibilities - capacity building for communities to support activities of LGs - promotes and encourages studies on LGs for the mutual benefit of all members (Central Govt, local communities, LGs) - represents interests of all regional authorities and liaise with CG on issues of interest - represents interests of officials (conditions of service, staff development)
2	Namibia Institute for Democracy	<ul style="list-style-type: none"> - civic and voter education - civil society development - research - political party training - anti-corruption programmes
3	Red Cross	Welfare services to the community
4	Women Solidarity	Gender issues in governance
5	Institutions of Learning a. University of Namibia b. Centre for Applied Social Sciences c. Namibian College of Open Learning d. Polytechnic of Namibia e. Centre for Public Service Training	<ul style="list-style-type: none"> - Training - Offers Certificate in Local Govt Studies for officers in the municipalities, local and regional government officers - Supports the decentralization and democratization process - Support to Capacity Building initiatives of regional and LGs through a tailor-made academic programme - Training courses for staff of LGs - Training of LG officials - Training of LG officials
6	GTZ	<ul style="list-style-type: none"> - Local economic development - Natural resource and rural development
7	Konrad Adenauer Stiftung	<ul style="list-style-type: none"> - Promotes democratic Constitution - Promotes political, socio-economic participation of disadvantaged groups
8	EURODAD/Ford Foundation	<ul style="list-style-type: none"> - Research, capacity building advocacy activities with respect to global finance
9	UNICEF	<ul style="list-style-type: none"> - Social programs like education, health
10	SKL International	Training of state, regional and local officials and politicians in local democracy and governance to establish a platform for further decentralization

Table 5.4: Capacity LG capacity providers in Namibia

Country Case 2: South Africa

South Africa's The White Paper on LG (9 March 1998), recognizes LG as the sphere of government that interacts closest with communities and is responsible for the services and infrastructure so essential to the people's well being. LG is therefore tasked with ensuring growth and development of communities. Various forums have highlighted challenges facing LG in South Africa, such as:

- collection and management of revenue;
- lack of skills;
- weak oversight, supervision and support from the centre and others;
- poor connection between the LGs and the communities they set up;
- lack of strategic planning and visioning;
- programmes that are not relevant to the people;
- ineffectual civil society.

	Level	Competencies required
1	South Africa LG Association (SALGA)	<ul style="list-style-type: none"> - Advocacy on behalf of members - Raises the profile of LG - Ensures the participation of women in LG
2	Department of LG	<ul style="list-style-type: none"> - capacity building for elected leadership - oversight role over LGs - ensures disbursement of funds from CG - policy formulation to guide LGs
3	LGs	<ul style="list-style-type: none"> - receive and execute functions from sector ministries - provide services to their constituents
4	Min of Finance	<ul style="list-style-type: none"> - ensures provision of adequate funding
5	Tertiary Institutions	<ul style="list-style-type: none"> - Capacity development of LG managers
6	NGOs	<ul style="list-style-type: none"> - Capacity to CSOs
7	Communities	<ul style="list-style-type: none"> - Participate in development of LG

Table 5.5: LG Capacity Requirements at various levels of government: South Africa

Below is a list of LG capacity providers in South Africa:

	Institution	Activities
1	SALGA	<ul style="list-style-type: none"> - training of LGs together with other organizations - councillor improvement of skills in policy formulation, decision making, resource allocation, good governance - staff of LGs orientated in new values, culture, management development organization
2	Institutions of higher learning a. University of Natal & Zululand b. University of Wits c. University of Durban-Westville d. Local Govt and Training Board and Training Board for Local Govt Bodies	<ul style="list-style-type: none"> - Post Graduate Diploma in Public Administration - Professional development of LG managers - Research - PG Diploma in Public Administration(Dev Management) Training a. Councillors – improvement of skills in policy formulation, decision making, resource allocation, good governance, b. Officials – orientate to new values, culture system , role of local govt c. Frontline workers – literacy training, continuous upgrading of skills, on job training, empowerment, improved service delivery
3	Institute of LG Management	<ul style="list-style-type: none"> - training and skills development for LG managers
4	UN-Habitat	<ul style="list-style-type: none"> - training
5	NORAD	<ul style="list-style-type: none"> - support to SALGA - capacity building for women, municipal and traditional autonomy
6	South African NGO Coalition	<ul style="list-style-type: none"> - network of NGOs in support of the decentralization process
7	Department of Local Govt	<ul style="list-style-type: none"> - oversight role over LGs
8	LGs	<ul style="list-style-type: none"> - taking up decentralized roles and functions
9	PLANACT	<ul style="list-style-type: none"> - integrated human settlements - participatory governance - capacity development - research and advocacy

Table 5.6: LG Capacity Providers in South Africa

Country Case 3: Zambia

The Zambian LG is made up of 72 districts/LGs, 4 City Councils, 14 municipal councils and 54 District Councils.

The capacity gaps have been identified as:

- a. failure of LGs to raise sufficient revenue, declining CG transfers, unfunded mandates, poor macroeconomic situation;
- b. lack of skills – financial management and procurement, planning, coordination.

	Level	Competencies required
1	Ministry of LG and Rural Development	<ul style="list-style-type: none"> - championing policies - oversight role over LGs
2	LG Association	<ul style="list-style-type: none"> - development of councils - training - local govt award of excellence to LGs that develop innovative tools and projects to improve service delivery
3	LGs	<ul style="list-style-type: none"> - taking up decentralized roles
4	UN-HABITAT	<ul style="list-style-type: none"> - introduction of the Urban Governance Index to measure conditions for good governance - promotion of well managed cities
5	Institutions of higher learning	<ul style="list-style-type: none"> - develop course to meet needs of LGs - research
6	Private Sector	<ul style="list-style-type: none"> - Support LED (Zambia Dev Agency) - Involved in water and sanitation programs

Table 5.7: LG Capacity Providers in South Africa

Country Case 4: Zimbabwe

Zimbabwe's LG are created through an act of Parliament with the mandate of providing services and infrastructure to the people at grassroots level. LG system in Zimbabwe has three levels: CG, provincial and district levels. The district level is further divided into ward and villages. Despite this statutory provision, LGs face serious challenges in delivering services to their constituents as evidenced by the poor state of the road network, failure to supply clean water and uncollected refuse. The reasons for their failure have been attributed to:

- a. Failure to collect adequate revenue due to poor collection methods, inability to link revenue to service provision and the poor macroeconomic conditions prevailing in the country.
- b. Weak financial and other management systems.
- c. Inappropriate knowledge, skills and attitudes.
- d. Poor connection with communities, resulting in lack of ownership of council programmes and lack of participation.
- e. No strategic and development planning being carried out by LGs.
- f. Unfunded mandates as a result of decentralized services.

	Level	Competencies required
1	Ministry of Local Govt Rural and Urban Development	<ul style="list-style-type: none"> - Oversight role over LGs - Policy formulation - Coordination of sector ministries activities
2	Min of Finance	<ul style="list-style-type: none"> - Provides adequate resources
3	Associations UCAZ, ZILGA	<ul style="list-style-type: none"> - Represent membership - Capacity building of councillors and staff - Promoting research to local governance
4	LGs	<ul style="list-style-type: none"> - Provide services to clients - Absorb new functions
5	Institutions of higher learning	<ul style="list-style-type: none"> - Develop programs that suit needs of LGs
6	NGOs	<ul style="list-style-type: none"> - Support LGs in the development of their areas
7	Communities	<ul style="list-style-type: none"> - Participate in development of LG their areas
8	Provincial Councils	<ul style="list-style-type: none"> - Oversee development of their provinces
9	Private Sector	<ul style="list-style-type: none"> - Private-public partnerships in service delivery

Table 5.8: LG Capacity Requirements at various levels of government, Zimbabwe

	Institution	Activities
1	Associations (UCAZ, ZILGA)	<ul style="list-style-type: none"> - Promote issues of governance - Advice to members - Capacity building programmes for councillors and staff
2	Institutions of higher learning (Midlands State University, Africa university, University of Zimbabwe, National University of Science and Technology, Zimbabwe Institute of Public Admin and Management, Domboshawa Manpower Institute)	<ul style="list-style-type: none"> - skills development - tailor-made courses to suit the needs of LGs such as Degree in Local Governance Studies, and Certificate courses for courses for councillors (MSU), certificate in LG (Domboshawa), Urban and Rural Planning (UZ), on job training (ZIPAM)
3	UNDP	<ul style="list-style-type: none"> - Capacity building for staff and councillors - Support to good governance (Urban Governance Index) - Support to planning processes
4	SKL INTERNATIONAL/ SIDA	<ul style="list-style-type: none"> - Capacity building for councillors and staff of urban councillors
5	MDP-ESA	<ul style="list-style-type: none"> - Municipal improvement
6	SNV	<ul style="list-style-type: none"> - Councillor capacity - Orphans and vulnerable children - Education
7	GTZ	<ul style="list-style-type: none"> - Infrastructure development
8	Ministry of Local Govt Rural & Urban Development	<ul style="list-style-type: none"> - Oversight role over LGs - Policy formulation - Capacity building for councillors and staff
9	Communities	<ul style="list-style-type: none"> - Participation in affairs of LGs - Local level planning and organization for earning livelihoods
10	Private sector	<ul style="list-style-type: none"> - PPPs in service delivery
11	Zimbabwe Women's Resource Centre & Network	<ul style="list-style-type: none"> - Promotes participation of women in the development process - Research on issues affecting women - Looks after the interests of women in the budgetary processes and political participation
12	EU	<ul style="list-style-type: none"> - Capacity building of UCAZ - Enhancing City Diplomacy and Decentralized Cooperation programme
13	DFID	<ul style="list-style-type: none"> - Capacity building of ZILGA - Capacity development for councillors

Table 5.9: LG Capacity Providers in Zimbabwe

5.7 Examples of Capacity Development Programmes

5.7.1 Mpika, Northern Province, Zambia

The overall objective of the District Support Project was to strengthen government institutions at provincial, district and local levels by promoting effective decentralized planning, administration and management. Specific objectives of the project were:

- a. To strengthen the capacity of District Councils to plan, implement, coordinate, fund and maintain their own development programmes, working together with district representatives of CG agencies.
- b. To improve the capacity of provincial level institutions, in particular the planning and coordination structures such as the Provincial Development Committee to promote effective planning, implementation and management systems at district level; and to provide support and supervision to LGs.
- c. To demonstrate the benefits of a decentralized planning, implementation and management system to CG policy makers.

The project followed a flexible learning process through a mix of 'Learning-by-Doing', 'on-the-job' advice and formal training. Its major outcomes comprised:

1. establishment of a capital funds to support locally identified development projects from the annual district development plan
2. material support in the form of vehicles and equipment for LGs and CG departments
3. technical support to Districts and Provinces to address institutional weaknesses and operational challenges
4. support for practical training sessions and need-based short-term technical training courses

5.7.2 Linking Universities and Rural Areas: Masoka, Zimbabwe

Interactions between universities and rural communities build graduates' effectiveness and practical contribution to development. At the same time community engagement with universities provides rural people with knowledge and skills, and enhances their ownership and voice, thereby strengthening local governance.

In Masoka Zimbabwe, the Centre for Applied Social Sciences (CASS) at the University of Zimbabwe worked with the community, national and LG under the CAMPFIRE programme to establish strong institutions for rights to the use of wildlife. The capacity developed through this "learning-by-doing" initiative allowed the community to stand up for their rights under the most difficult circumstances in 2007 when foreign currency constraints saw them almost lose access.

Their stand was unprecedented and showed how linking rural communities with universities can contribute to reducing rural poverty, increasing revenues to LGs and, most importantly, improving governance and empowering rural communities. The case of Masoka demonstrates the links between applied research, capacity development and empowerment.

5.7.3 Involving Communities in Development: Seychelles

Seychelles's Ministry of Community Development, Youth and Sports has created district level structures that encourage community participation in the development process.

The District Social Committee comprises members of the community and is responsible for coordinating the planning and implementation of programmes at district level, facilitating inter-group

dialogue, optimizing the use of local resources, coordinating fund raising activities and ensuring unity in local actions.

The District Community Council is the think-tank through which aspirations, dreams and trends are proposed and discussed. It is made up of community members, The District team consisting of ministry staff and other local development agencies and NGOs. The structure promotes a partnership approach as the team networks and provides information speedily in response to district problems. The concept promotes unity of purpose among members. The team meets with the community once a year and gives an account of development in the district and also responds to queries community members.

5.8 Conclusions, Lessons and Recommendations

The study highlights important lessons from which other countries can draw experience.

1. The problems hampering LGs are the same in the region and they relate to lack of funds, lack of capacity, the poor interface between the political and administrative sides of LG.
2. That decentralization has moved at a slow pace because there has been a lack of political will to see the process through. The situation has been exacerbated by lack of resources, and the poor economic conditions prevalent in the region.
3. All models of decentralization assume the transfer of authority and responsibility from central to local and sub-national levels of governance and these levels need to have appropriate capacities to absorb the transferred responsibilities and to perform the delegated functions more efficiently. This entails the following;
 - a. improvement of management in planning, budgeting, reporting, procurement, etc.
 - b. the centre re-defining its role from implementer to policy formulation, facilitator, and regulator of service standards.
 - c. empowerment of LG, local stakeholders and communities to plan and deliver inclusive services.
4. Capacity development is an essential ingredient that cuts across the decentralization process, LG financing and ISD.
5. Capacity development is a process and not an event. It is a long-term continuous process that goes beyond training to include the creation of an enabling environment with appropriate policy and legal framework. The other elements of capacity development are institutional development, community participation and human resource development.
6. Improving skills and the environment without the requisite resources for service provision (e.g. to enable LGs to acquire machinery and tools to implement the projects) is a futile exercise. A comprehensive program should include all these aspects
7. Providing effective institutional framework for capacity development. Current efforts have been piecemeal and not part of a broader programme for sustainable development

It is recommended that the capacity development initiatives be directed at the individual, organizational and systemic levels. The following are suggested strategies:

Level	Strategy	Responsibility
Individual	<ol style="list-style-type: none"> 1. Develop skills required for the job <ol style="list-style-type: none"> a) On the job training b) Refresher courses c) Coaching d) Mentoring <p>Note: Technical posts to be trained in management</p>	<p>Institutions of Higher learning to develop courses that are tailor-made to meet the needs of LGs</p> <p>LGs/ministry</p>
Institutional LG Level	<ol style="list-style-type: none"> 1. Improve recruitment systems – LGs/ministry to use agreed criteria to build up human capital 2. Improve conditions of service so as to retain staff 3. Develop organizational capacity <p>Review the following</p> <ul style="list-style-type: none"> • Mission , vision and objectives • Systems/procedures for admin, coordination, financial mgt, revenue raising, transport mgt, district planning, prog/project planning & mgt • Structures (organizational) <p>Develop M&E systems</p> <p>Identify and develop other sources of revenue to reduce dependency on one source</p> <p>Fill vacant posts</p> <p>Extend staff development policies and programs in areas such as strategic planning, financial management</p> <p>Institute performance management systems</p> <p>Introduce team building sessions/workshops to eliminate conflict between staff and councillors and also to create the same vision/goals</p> <p>Include communities in programmes to promote good governance</p> 4. Cultivate partnerships for service delivery with the private sector the community and other LGs through <ul style="list-style-type: none"> - Twinning arrangements with other LGs e.g. Kwekwe in Zimbabwe and Mbabane in Swaziland - Learning/exchange visits within the country or region e.g. Tinkundla in Swaziland regional tour of Malawi, Mozambique and Botswana that includes all reps involved in district development 5. Provide funds to LGs in the form of grants for capital development, and for purchase of plant and equipment and training to enable them to provide basic services 	<p>LGs</p> <p>LGs/ministry</p> <p>LGs</p> <p>LGs</p> <p>Ministry and External Support Agencies</p>
Systemic Ministries of Local Govt and LGs	<ol style="list-style-type: none"> 1. Strengthen the oversight role of the ministries responsible for LG through <ul style="list-style-type: none"> - on the job training - coaching - recruiting more people to be able to support LGs more effectively - provide funds, equipment and human capital to LGs 2. Prepare for decentralization – lead process and train staff in preparation of new roles and develop criteria and guidelines as well as timeframes for decentralization 3. Develop guidelines to guide External support agencies in delivering within the accepted frameworks 	<p>Min/ESA</p> <p>Ministry/ESA</p>
Local Govt Associations	<ol style="list-style-type: none"> 1. Strengthen Local Govt Associations to effectively play their role (training the staff of the association, provision of funds to enable them to support members, and for preparation of strategic plans 2. Train Parliamentarians in decision making 	<p>ESA</p>
Communities	<ol style="list-style-type: none"> 1. Work with CSO to enable them to strengthen community participation. Draw from experiences of Namibia and the Shack Dwellers Association, South African activities by Planact 2. Develop capacity of communities to participate in governance issues including participation in service delivery 	<p>LGs/ESA</p> <p>LGs/ESA</p>
Regionally	<ol style="list-style-type: none"> 1. Establish a pool of technical expertise from which countries can draw 2. Set up a regional training institute for Local Govt through identification of existing expertise and what already exists in the region 3. Institutions to link and research on issues on local govt 	<p>Ministries of various countries/SADC</p> <p>ESA</p>

Table 5.10: LG Capacity Requirements at various levels of government

6.1 Key Emerging Issues from the Study

Countries in Southern Africa have recorded marked progress in decentralization, albeit with varying degrees of success. Models of decentralization, LG financing, and service delivery have been adapted to suit local conditions, political aspirations of CGs and to deal with historical injustices, as is the case with South Africa.

The study observes that all countries in the regional have provided legislation in the form of the constitutions, various Acts of Parliament, and regulations to guide the process of decentralization. Legislation provides broad parameters for LG financing and ISD and this is a milestone in itself since it contributes to the enabling framework for local governance and local development.

However, it has been observed that some of the legislative provisions protect the interests of CGs in general and the interests of national political elites in particular, which in most cases has resulted in a mosaic of legislation that does not take into account the interests of the citizens.

LG reforms in Southern Africa are marred with institutional coordination problems. There are many institutions and stakeholders involved in decentralization programmes, service delivery and capacity development initiatives. Often, these institutions have overlapping mandates, leading to duplication of effort, conflicts between policy and implementation and resource waste.

The study reveals that one of the major challenges confronted by LGs in taking up decentralized functions is lack of financial resources. LGs in Southern Africa have two major sources of revenue namely, own sources (taxes, levies, user fees/charges and licenses) and transfers from the CG. LGs are failing to maximize revenue collection from the existing local sources, for service delivery. Transfers from CG are, in some instances, unpredictable, thus jeopardizing timely and adequate service delivery and local development.

The study also notes that there is poor gender responsiveness in Southern Africa leading to the exclusion of women and the other disadvantaged groups and consequently limiting their access to services. In terms of the participation of women in decision making, the representation of women in Cabinet, Parliament and LG is still low in most countries in the region. This is despite the fact that all the SADC countries are signatories to the SADC Protocol on Gender and Development which calls for 50 % representation and participation of women in decision making positions in the public and private sectors by 2015. Only Lesotho, with 58% of women in LG has surpassed this target to date. Madagascar, Mauritius and Zambia still have less than 10% representation in LG.

Capacity development challenges continue to haunt LGs in Southern Africa, exacerbated by additional responsibilities that accompany decentralization. LGs require capacities in areas such as planning, budgeting, reporting, procurement and management, and additional skills to apply participatory planning and development methodologies. CG requires capacities to re-orient to their role as facilitators of decentralized governance and local development. As observed in Chapter 5, collaborations between tertiary institutions and communities are beneficial to local government and local development. Finally, the study affirms that capacity development is a continuous process that goes beyond training and includes the creation of an enabling environment with appropriate

policy, legal and institutional frameworks, not forgetting resource availability for development. In most cases capacity development is not catered for in LG budgets. Institutions involved in capacity building should also coordinate their efforts to maximize the outcome of their investments in capacity development.

6.2 Cross Cutting issues

6.2.1 Short Term

- Governments in the SADC region have facilitated and participated in numerous forums, workshops and conferences to discuss issues pertaining to LG. The most tangible outputs of these meetings have been declarations. The challenge now is to move from declarations to action. The immediate task is to draft a practical action plans to take the agenda forward.
- Strengthen the SADC LG Desk and formalize the SADC Ministers forum to enable them to effectively support a regional LG approach.
- Governments in the SADC region should work together to establish a knowledge centre, whose immediate mandate is to capture and disseminate regional experiences on decentralization, LG finance, ISD and LG capacity for purposes of monitoring and evaluating progress in the region. The knowledge centre could be anchored within the SADC LG Desk.

6.2.2 Medium Term

- Promote training and capacity development. This should target all levels from CG to the communities and other local stakeholders. CG should be capacitated to play its new oversight/supervisory roles whilst LGs need the capacity to implement and manage decentralized functions. Resources for training and capacity building should be made available by CG and also identified from local sources.
- CG needs to adopt a more professional approach to LG and recognize LG as a discipline through supporting professional training opportunities. This could include development of standards for accreditation across the region and beyond. This should be supported by competitive Human resource policies, terms and conditions of service to attract and retain qualified LG staff.
- Strengthen the capacities of LGAs in the region as they play a critical role in lobbying, advocacy and capacity development. Governments in the region should also support the establishment of the regional LGAs in Southern Africa.
- Governments should embrace and develop the use of available ICTs across the region to support ongoing decentralization processes, improved service delivery and capacity building initiatives.
- Governments should formulate and regularly review legislative provisions, policies and regulations relating to decentralization. These should be accompanied by detailed implementation plans with objectives, targets, time frames and monitoring and evaluation mechanisms, as is the case in Zambia and South Africa, which have developed a the Decentralization Implementation Plan (DIP) and the Local Government Turn Around Strategy (LGTAS) respectively.

6.2.3 Long Term

- Governments in the region, working under SADC and with support from development partners, should collectively endeavour to deepen LG reforms, to foster local governance and local development. This should ideally be within the context of shared values and principles on decentralization, local government finance, inclusive service delivery and related LG capacities.

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