

## **Participatory Budgeting in Buffalo City Municipality (BCM) South Africa**

### **Background**

Buffalo City is the largest local (Category B) municipality in South Africa and is situated in the Eastern Cape Province. It is characterized by the existence of a considerable number of disadvantaged communities including Mdantsane, the second largest township in South Africa. The average monthly household income is just over R2 655 and 71% of the city's population earns less than the household subsistence level of R1 500 per month.

### **Mechanisms for participation**

Public participation began in earnest in Buffalo City with the formation of the Ward Committees in the latter part of 2001. The participation process initially focused on identifying the needs of the community to inform the Integrated Development Plan (IDP).

During the period of November/December 2001, BCM elected ward committees consisting of a Ward Councillor and ten members who are elected by the community. The purpose of the Ward Committees is to provide a link between Council and the community so as to enhance community involvement in the governance processes of the municipality. Ward Committees have received training concerning issues such as understanding local government, understanding the ward and constituency, and basic skills to facilitate participation and consultation.

However, it appears that there has not been adequate training about understanding municipal budgets and the budget process. It is difficult to assess the general effectiveness of Ward Committees as some of them function extremely well while others participate only marginally. The wards that function well tend to have a Ward Committee that is dedicated and hard-working. There are exceptional cases where even if the Ward Committee is inactive, the community has a vibrancy of their own.

The budget is presented to Ward Committees once a year. It is simplified and translated into Xhosa, the local language, but it is still difficult to understand the technical details. Some members of the community felt that they do not have the opportunity to give input into the budget through the Ward Committee. The budget is discussed at larger meetings such as the Budget Road Shows but most of the input is from officials explaining the budget and the budget process rather than getting real participation from the community. Input that does come from ward committees appears to be concerned largely with identifying needs and issues that directly concern a particular community rather than questioning resource allocation per se.

The municipality is thus, in effect, giving the community an opportunity to raise concerns that inform the IDP which may have an influence on the budget, but it does not really allow for effective participation in future resource allocation or income generation decisions.

### **Other participation mechanisms**

The municipality also uses other participation mechanisms to obtain input into the planning and budgeting process as well as to impart information. These include the BCM Representative Forum; Budget Road Shows; the Mayoral Listening Campaign; and informal mechanisms such as notices in the press, at schools and at churches; information dissemination through the Buffalo City newsletter; publishing details of proposed policies in newspapers and in submitting copies to libraries and relevant interest groups; and publishing information on the municipal website with contact details for councillors and officials.

### **Budget Preparation Process**

Prior to the enactment of the MFMA in 2003 it was not mandatory to engage in public participation in the budget process. The MFMA is implemented in a phased approach. In analyzing the budget process in BCM, it appears that currently engagement with the community takes the form of information dissemination and consultation rather than participation. The first time the community is consulted is in the Representative Forum meeting in December to consider the strategic direction of the Municipality. This meeting identifies issues for the IDP and currently the IDP is only aligned with the capital budget and not with the operating budget. It appears that not much time is allocated for discussion of the entire budget in this meeting. The Municipality has a mostly top-down approach with the development of the

budget done by officials and Councilors. The Representative Forum meets again in March once the draft budget has already been drawn up and the final draft is taken to the community in April. This does not allow for enough time for genuine participation and for inputs made by the community to be taken seriously.

### **Impact of participation**

It is difficult to isolate the impact of community participation as there are numerous factors which may influence resource allocation decisions. However, community participation in BCM relates to the capital budget and not to the operating budget. According to an official in the municipality only R35 million of the total capital budget of R328, 8 million is non-assigned capital and thus available for discretionary spending. This implies that the community has the ability to influence only roughly 10.6% of the capital budget (2.1% of the total budget).

The main impact of community participation in the BCM has been on identifying needs and priorities for the IDP process which then influences spending decisions. The municipality is currently shifting resources to the poorer and more marginalized communities. However, this is a slow process and it takes time to redirect funds especially in the short term. Community participation has also influenced municipal policies, for example, the indigent policy and the credit control and debt collection policy.

### **Challenges**

The participatory approach to budgeting is still fairly new in all municipalities. Although a number of lessons have been learnt the following challenges remain:

- Capacity building;
- Further development and support of Ward Committees;
- Dealing with diversity within the community;
- Starting the budget process early enough to get meaningful participation;
- Improving the monitoring and evaluation process; and
- Preventing people from using the Ward system for political gain.