

CDE debates

Closure of the RDP office - where does this leave development?

CDE held its third debate on 29 July 1996. The speakers were Gill Marcus, deputy minister of Finance, Thozamile Botha, director general of the Eastern Cape province, and Phiroshaw Camay, director of CORE (Co-operative for Research and Development). Gill Marcus, who joined the ANC in exile in 1970, returned to South Africa in May 1990. She was elected to parliament in the 1994 general election and chaired the Joint Standing Committee on Finance for two years before being appointed deputy minister in April. Thozamile Botha, who previously chaired the Commission on Provincial Government, is now responsible for co-ordinating the activities of all ministries of the Eastern Cape provincial government. Phiroshaw Camay was the first general secretary of the National Council of Trade Unions (NACTU) and now chairs Operation Hunger, the Community Education Computer Society and Network Against Child Labour and is vice-chair of Rand Water.

The concept of the reconstruction and development programme was adopted as a part of the new South Africa's commitment to democracy and as redress for a discriminatory past. It was very difficult, if not impossible, for anyone to question or criticise the proposed approach, assumptions and methods embodied in the official letters - R, D, P - without being accused of supporting apartheid and a concomitant disinterest in the poor. Commitment to the RDP - as an official approach to development - became the mantra of the new democracy. This was the case until 1996 when with little warning the RDP ministry was closed down and the administration of the RDP Fund reallocated to the ministry of Finance.

The closure of the RDP ministry was preceded by little public debate and there has been a striking public silence about the sudden change in approach towards development strategy, policy and funding. Only recently have a few voices started to raise questions.

WHAT ARE THE CDE DEBATES?

During 1996 CDE will run a series of debates on topics of crucial importance to current national policy issues. The intention is to air issues underlying the topic and to raise the challenges that must be met by the players and the policy makers. Following each debate, CDE will publish a pamphlet summarising the event. These will be widely distributed and publicised as CDE's contribution to keeping the debate alive.

How we achieve the desirable goals of development, democracy, reconstruction and economic growth, and why one route is better than another, is what the debate is about. There are no simple answers and there are always going to be trade-offs. Government has emphasised the financial and budgetary reasons for closing the RDP office - many of them persuasive. But there has been little reference to substantive policy issues. Development strategy and policies, we are told, will be handled in the deputy president's office. How exactly will this be done? Where do these important issues fall in his long list of priorities?

The RDP ministry's closure raises questions of accountability. Who will be responsible for the urban development strategy which was published in draft form by government in November 1995? And the rural development strategy? What about an urbanisation strategy? In short, who will be responsible for cross-cutting macro strategies which do not fall neatly into existing ministries?

What the speakers had to say ...

Thozamile Botha opened by saying that the RDP as a policy has not been done away with. It remains a core government commitment. The distinction must be drawn between the dissolution of a ministry and the dissolution of a policy. At provincial level the RDP structures, although in a revised manner, remain in place.

The previous structure which placed the RDP initiative in the office of the President created the perception that there existed a super-ministry supervising all other ministries. It created the impression of a ceremonial co-ordinating function rather than integrating the RDP in to the line functions of other ministries. At provincial level, the feeling emerged that officials from the RDP ministry imposed their ideas for implementation without due consideration being given to the views of provincial councillors. What developed was a two-tier system of delivery: on the one hand the national ministry (say, health, welfare or education) would channel funds directly to a province without the province having any say; on the other, province would co-ordinate a second set of projects in consultation with local authorities. At provincial level there were two sets of programmes - one run at national level co-ordinated at provincial level, the other run by the province co-ordinated by the local authority. This raised the question of accountability and responsibility for funds.

The restructuring of the RDP should be seen as a positive step by government.

The new arrangement says no funds will be channelled into province without that province knowing about them. The new structure empowers the executive councils of the provinces to determine their own priorities, plan their own projects and budget. There should be no more duplication of projects.

Now that existing central ministries have been given the line function of managing RDP funding, the accountability is clear. The previous structure which created a second, parallel budgetary fund outside the exchequer has been done away with. The changes mean that a new social contract be negotiated between partners of the community. This will have to be shaped between the provincial and local governments and the departments concerned. The RDP is about delivery; delivery takes place at local level. It is important that RDP delivery processes are devolved locally.

Gill Marcus pointed out that the RDP had enjoyed great success. What did it achieve? It captured the imagination of the entire country and set the nation thinking positively after decades of internal warring. It was an important initiative in that government reprioritised and reset its focus. The RDP had a number of weak points in its former guise and it was to eliminate these that the shift was made earlier this year.

One weakness was the focus on the RDP's R2,5-billion as if this alone was the entire programme and the national budget of R173-billion would account for everything else. A second weak point was achievement of the RDP goals. What developed was an emphasis on specific projects rather than the larger development picture. The same amount of attention and effort was going into a R100 000 project as a R400-million initiative. A third weakness was the previous method of planning and budgeting.

The closure of the RDP office has not meant the demise of the programme. Within the individual departments' budgets, R7,5-billion will be given to the RDP this year in addition to the R2,5-billion. Notably, South Africa's debt servicing

costs the nation some R36-billion a year, and this will rise to R42-billion next year. Reducing this amount and releasing the resources spent on debt servicing into productive use in the budget is a challenge to government.

What did the closure of the RDP ministry entail? Firstly, the RDP Fund had two parts in that donor aid, concessionary finance and technical aid were channelled into both Finance and the RDP Fund. Now it is with Finance alone and funding is channelled through the departments themselves. The onus is now on the departments to clearly state their requirements and to manage the opportunities presented and the funds spent.

Secondly, the members of the project/programme management team have been shifted into the departments. They work with the directors general to prioritise, plan, budget and co-ordinate. The developmental approach of the RDP must be reflected in the projects which have been brought into the line function of the department's budget as a whole.

Thirdly, the project management team will oversee the cross-cutting, inter-departmental functions which the RDP requires.

The Department of Finance has ordered a complete audit of the RDP Fund which should be complete by the end of August. This will itemise money allocated, promised, and spent, what is available and whether there is any difference between allocation and expenditure. This will reveal discrepancies - not that I expect money to have been misused - where there are differences between unreal expectations and funds actually allocated.

Government's commitment to the RDP remains very strong. It has not diminished. The changes are practical and shift the RDP from an acronym to reality.

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Phiroshaw Camay said the RDP was a difficult proposal made initially by the ANC but adopted by the government of national unity - a move which the country had to respect. However, establishing the RDP ministry was most probably a mistake which had been corrected by closing the office and placing the accountability with the line functions of the various departments.

But where did this leave South Africa's NGOs? Before 1994, the traditional role of NGOs in South Africa was one of opposition to government. Given the political changes, how are the country's NGOs going to re-position themselves? They have been on the cutting edge of change not only in working with beneficiaries but by participating with beneficiaries to find appropriate solutions. NGOs are able to revise their programmes midstream and replicate themselves which has given them an advantage government does not have. Also, the kind of pre-project appraisals conducted by NGOs, followed by monitoring and evaluating the projects, create a special flexibility which government does not have. NGOs are able to sustain themselves and operate more cost effectively than government.

High on the agenda for South African NGOs must remain the issue of human rights protection. NGOs need to ensure participation of people in the political as well as the development process. There remains much scope for their involvement in matters such as legal security (securing equality of all before the law), and in ensuring an independent judiciary, and an open, reliable government. NGOs have a role to play in ensuring that the new economic social order which will replace apartheid is sustained in terms of property and land rights; and that development programmes remain not only the focus of the NGO movement, but also of government.

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The deputy minister referred to an audit of the RDP Fund. NGOs must make sure that they, as agents for development and change, must access all the unobligated money which has been set aside for the RDP.

Donors moved from supporting 'social responsibility' programmes to funding 'reconstruction and development' programmes. How has this benefited the community? Now that the RDP office has closed, are grants to be rescheduled to the NGOs? And what will happen to the 'social responsibility' money?

Many government white, green and draft papers see a role for NGO activity. Most policy documents leave room for NGOs to factor themselves

into implementation of policy. It is for the NGOs themselves to decide how they will co-operate with government and in which areas they will oppose government.

Another issue is the benefit of aid flows to South Africa as a country. Are they made solely to benefit the donor country? NGOs need to question foreign governments on where these aid flows will end up.

Finally, we must ask the NGO community: what is on your agenda? It is a blank slate? If there is an agenda, will the NGO council and others involved with the NGO Council make it public?

Points raised during open discussion...

Central to the ANC election manifesto was the establishment of the reconstruction and development programme. Now the office has been closed and, I understand, the RDP Fund will cease to exist in about 12 months' time now that the funds have been shifted to the Finance ministry. What about the objectives of the RDP? How will the ANC and the provincial governments account to the electorate at the next general election?

Gill Marcus replied that there will be an RDP Fund. It won't be funded from the exchequer, but will continue to exist so long as international grant aid is made to South Africa. The exchequer will not foot the bill for any recurring costs the fund may incur. It should be reasonably substantial; the EU on its own is contributing some R750-million per annum at present. Government is looking at expanding this sort of donor base. The RDP objectives remain. These cover the vital areas of housing, health, education and job creation. Are they measurable? What has been brought home sharply over the past two years is the extent of the legacy this country inherited and how much has to be overcome. The crux is how much the country can afford in any given time span.

The director general raised the question of a social contract between government and the community when identifying RDP projects. In developing these social contracts, tensions between the politicians, the provincial authorities and the beneficiaries are frequently evident. Do we require an act of government to define each player's role?

In answer, Gill Marcus said this was something South Africa has not begun to address in its complexity. It involves addressing ourselves: are we becoming gatekeepers? To what extent are local councillors deciding what is good for everyone else? Elected local government has a role to play, particularly in delivery of services. There is the question of capacity. There are some 930 local authorities in South Africa whereas a sophisticated country like the UK has only 430. When we look at what happens at local government level, we are placing enormous responsibilities on the level of capacity. What resources do local authorities have as ways of redress or in determining their needs? What will the role of provincial government be once the local authorities are on their feet? At national level, there remains a commitment to the infrastructure required. Consultation is essential, but when does one cut it off? Consultation often becomes the mission. Local capacity, co-ordination and planning, too, is an issue. If funds are not going to be released to those involved in the planning, planning is useless. Of concern is the lack of communication between provincial and local governments. The challenge is to deliver efficiently to local, particularly rural, areas.

The deputy minister mentioned the audit currently being conducted of the RDP Fund but stressed that there was no reason to suspect misuse of funds. Rather the audit is to show that the allocated money is

where it is supposed to be. But if you do not know where millions of rands actually are located, it conjures up a frightening image of incompetence and culpability.

The auditor general will monitor the RDP Fund for any misappropriation, said Gill Marcus. As Finance absorbs what has been a R15-billion commitment over three years, the department, through its own audit, is hoping to establish what was promised to whom, what communities expect which may not have been promised, what people thought they could access, what the Finance Department's obligations are for next year. The exchequer expects to carry over R6,5-billion. Provincial RDP plans must be submitted by December.

“The debate on local government resources must be addressed.”

There still seems to be a problem amongst the general public as to the current status of the RDP. It was meant to bring about synergies between departments and levels of government. Are they strategically aligned towards the development issue? It was meant to bring about partnerships between different sectors - government, private sector business, the community, NGOs and international donors. It was also meant to strengthen institutions and their delivery. Perhaps there is still something missing between the macro-economic structure which we need and a more efficient civil service. It has to do with whether our development networks are sufficiently developed, and whether we have the vision and leadership to galvanise institutional energy to fit in with these better financial arrangements and drive development but not lose momentum.

Do the deputy minister and director general feel uneasy about the constitutional clause which says that everyone shall have access to education, housing, clean water and health services? There is a saving clause which says 'within available resources'. What is the DG going to do when the local authorities in his province demand their constitutional rights and accuse him of not allocating sufficient access to health services, clean water, education and housing? How many court cases will arise out of this? Surely the new constitution should have put access to these very important services as an aim of government rather than entrench it.

Thozamile Botha said the new constitution must be seen in its totality. The right of access must be linked to available resources. Some areas may have no revenue base at all. This will lead to clashes between the local authorities and the provincial governments. The debate on local government resources must be addressed. There is another clause of the new constitution which is also concerning. It states that all three tiers of government shall have a 'fair share' of revenue. How is this 'fair share' to be determined?

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The RDP office may have been closed to address criticisms of incompetence and to streamline the management of funds by allocating the responsibility to the separate ministries. Interestingly, shortly after its closure, the Sarafina episode broke within the Health ministry. Will this not create a precedent for other ministers?

Gill Marcus replied that there are two real dangers. Excluding how that money was accounted for, the Sarafina episode raised the issue of the relationship between a minister responsible for policy and a civil service responsible for administration. The ministry must not move away from matters of policy and become involved in areas under the responsibility of the director general. Ministers must play their political role which must include an oversight. The role of the directors general is to administer the detail. Ultimately the buck stops with the minister and there must be no passing of the buck. Whatever happens in the ministry is the minister's responsibility. This episode highlighted the weakness of financial information and management systems which has been exacerbated by the proffered severance packages. This is a major challenge. It reflects on

departments' professional capacity. There must be very clear reporting mechanisms and structures and no ambiguity about responsibility. We must get the skills and capacity necessary within government.

Phiroshaw Camay stressed that a strong civil society exists in South Africa; it will not be diminished. Its far-reaching and deep-rooted role in the local government elections is an example of its effectiveness. It was through the NGOs that government was able to reach, educate and register voters in even the most remote rural areas. This was not achieved by government employing a sophisticated advertising or public relations company. The sooner government realises the potential role that NGOs can play and the sooner it forms partnerships with NGOs, the sooner NGOs will be able to deliver.

NGOs together with government have a responsibility, before December, to ensure that RDP funding is allocated and not returned to the exchequer because it is unspent. This money was set aside for development; it should be spent on development.

Concluding remarks by CDE executive director Ann Bernstein

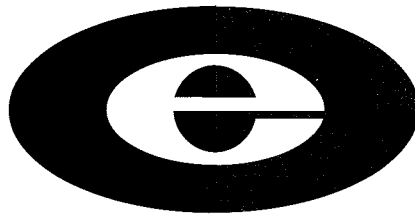
This debate should not be reduced to whether or not we have an RDP ministry; the real issues are much more complex and revolve around finding solutions to several questions. How do we manage our money as a country? How does the country view its development issues? Rural and urban development strategies come to mind. How do we make the choices between local and provincial government, between rural and urban, between this township and that one? Determining solutions and arriving at actual delivery require vision and leadership. Where is the development vision going to come from? Who is responsible for appointing the over-arching task teams, and where does accountability rest? Government's attitude to NGOs remains unclear. Draft papers may well call for NGO participation and delivery, but then the government has assisted with the establishment of the Interim National Development Agency and given it only a very small sum of money. These moves are confusing; what is government's approach?

There are important lessons to be learnt from the RDP experience thus far. The first is that growth and development is a complex business. It is

not self-evident how to achieve these worthy goals even when the majority of those involved have similar intentions. There are many different approaches to achieve success. And it is very easy to make mistakes.

Secondly, it is dangerous when public policies are adopted without public scrutiny and dissent is actively discouraged. Policies adopted without public debate will almost always entail costs. Vigorous debate is necessary before policies are adopted and continuously thereafter. On the other hand, democracy must not be interpreted as endless consultation with self-appointed spokesmen for poorer communities. Rather democracy means decision taking and implementation by elected governments, in consultation with the intended beneficiaries in particular communities with respect to their needs and desires for housing, land or whatever.

CDE hopes this will be the beginning of a great deal more debate and discussion - more publicly and more vigorously - on the 'how' of development and reconstruction.



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