National Indaba on Pro-Poor Human Rights Budgeting

Wits School of Governance[1]: 24 - 25 March 2026

Hosted by: WSG, SAHRC[2], CIBA[3]

Delivered by Dr Kevin Naidoo (DDG: Policy, Governance and Administration)

Programme Director, Professor Themba Maseko

Chairperson, Reverend Chris Nissen, and Commissioners of the South African Human Rights Commission,

Distinguished leaders from the Wits School of Governance,

Representatives from National Treasury, SALGA, provincial treasuries, and our sister departments,

Esteemed academics, civil society partners, and colleagues from across all three spheres of government,

Ladies and gentlemen,

Good morning.

I bring warm greetings from the Minister of Cooperative Governance and Traditional Affairs, Honourable Velenkosini Hlabisa. Due to other pressing commitments, the Minister is unable to be here in person and has entrusted me with the responsibility of delivering this keynote address. It is an honour to do so, because the work we gather to undertake today is not only technical or administrative - it is constitutional, but also developmental, it is ethical, and it is **fundamentally about human dignity.**

This Indaba invites us to confront a critical national question:

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[1] Wits School of Governance
[2] South African Human Rights Council
[3] Chartered Institute for Business Accountants

Are our systems of budgeting, financing, and governing truly enabling the progressive realisation of socio-economic rights, especially for the poor?

To answer it **honestly,** we must start with the lived reality behind the question. When a municipality's water pumps fail because maintenance was postponed, taps run dry in a clinic before they run dry in an office park. When a wastewater plant is operating beyond design capacity, it is the **poorest households living closest to the river who first face contamination risks.** When streetlights stay broken for months, it is the working poor who walk home in the dark. And when billing systems do not work, trust collapses – **because people do not and will not pay for a service they do not receive.**

I want to frame this question across four dimensions:

- **Our national fiscal context**
- **The role and state of cooperative governance**
- **The relationship between human rights and budgeting**
- **Government's priorities and the path forward**

But before we explore these themes, allow me to emphasise something that often gets lost in technical debates:

Public finance is not about numbers. It is about people.

It is about children who need clean water to grow.
About women and girls who need safe sanitation to live with dignity.
About communities who need electricity to participate in the economy – and families who need refuse removal to protect their health.
About young people who need municipalities that can sustain the services and infrastructure that enable opportunity.

Pro-poor, rights-based budgeting exists for one purpose:

To ensure that the daily lived experience of every person in South Africa reflects the dignity promised in our Constitution.

Pro-poor human rights budgeting means aligning public finance choices with constitutional obligations, so that limited resources are directed first to those most at risk of exclusion. International practice emphasises transparency, participation, and accountability, with examples from Latin America, Europe, and Africa showing how budgets can be linked to outcomes in rights such as health, education, and housing.

However, we must also note certain challenges & risks that accompany this –

- **Tokenism** - where Governments may label budgets "pro-poor" without measurable rights outcomes.
- **Data Gaps –** where lack of disaggregated data makes it hard to track whether marginalized groups benefit.
- **Fiscal Constraints** – where economic downturns often lead to cuts in social spending, undermining rights.
- **Implementation Gap** – where even progressive policies may fail without strong monitoring and enforcement.

And so, let us begin.

1.   South Africa's National Context: A Fiscal and Governance System Under Strain

South Africa's fiscal environment is marked by complexity and pressure,
Sluggish economic growth,
A constrained revenue envelope,
Escalating debt-service costs,
Increasing demands on the State from households in financial distress,
Persistent inequality - the highest in the world,
And communities whose trust in government is under strain due to service failures, unemployment, and governance shortcomings.

In this environment, budgeting becomes a sequence of difficult trade-offs. **As debt-service costs rise,** there is less flexibility for new spending. **As households struggle,** cost recovery weakens. **And as infrastructure ages,** the cost of simply keeping services stable grows each year. **The effect is that many municipalities face a double squeeze:** higher input costs and higher demand for support, **while** revenue collection is falling and community patience is running out.

This is important context – but, the local government sphere faces a uniquely acute version of these pressures.

The recent Review of the Local Government Fiscal Framework, conducted by SALGA and CoGTA, is in our view, the most comprehensive fiscal analysis since the advent of democratic local government.

Its findings are profound -

- Municipalities require **R679 billion per year** to deliver their full constitutional mandate.
- Currently, they spend **R576 billion** — leaving a **R103 billion structural shortfall** every year.
- Even if municipalities achieved all possible efficiencies and improved their revenue performance, the structural gap remains between **R58 billion and R150 billion** annually.
- Municipalities generate only **48%** of the revenue required to fund their total expenditure.
- In rural municipalities (B4), revenue coverage can drop to as low as **22%**.

These are not just numbers on a page — they are indicators of why so many municipalities struggle to deliver even the most basic services.

In practical terms, a structural gap of this kind is not absorbed by "back-office" savings alone. **It shows up as deferred maintenance,** vacancies that cannot be filled, and capital budgets that are raided to pay for operating pressures. **It shows up as**

emergency repairs replacing planned renewal, where a burst pipe is fixed today but the network continues to leak tomorrow. It shows up in ageing fleets, failing pumps, poor customer response, and rising losses in water and electricity. **And it shows up, ultimately,** in the everyday realities of residents – in queues, outages, unsafe conditions, and growing inequality between places that can self-fund, and places that cannot.

The fiscal framework review confirms what many communities have been saying for years:

Local government is underfunded relative to its constitutional mandate - and has been for many years.

The fiscal framework we built in 1998 assumed that municipalities could raise **90% of their recurrent expenditure** through own revenue. Today, municipalities raise **60% of recurrent expenditure**, and that number is falling.

Economic and demographic realities have shifted dramatically –

- Rapid urbanisation places heavy pressure on metros.
- **Out-migration** and economic stagnation drain smaller towns.
- Poverty and indigence rates stretch the revenue bases of rural municipalities.
- Climate shocks, such as floods, droughts, storms, are increasing costs dramatically.
- Ageing infrastructure absorbs most capital budgets, leaving little room for expansion.

Clearly, under such conditions, a municipal system designed for the assumptions of 1998 can no longer function optimally in 2026.

2.   The Governance–Finance–Service Delivery Nexus

Our second contextual factor is **governance.** The **fiscal story** cannot be understood without the **governance story.**

The Draft 2026 White Paper on Local Government diagnoses a **cycle of reinforcing decline**:

- **Weak governance** leads to weak administration – for example, instability in senior management, blurred roles between politics and administration, and slow decision-making that stalls basic operational performance.
- **Weak administration** leads to poor financial management – vacancies in finance and SCM, late reporting, weak controls, and poor billing and revenue systems that undermine credibility and cash flow.
- **Poor financial management** accelerates infrastructure decay – maintenance is postponed, renewal projects are delayed, and emergency spend grows while asset condition steadily worsens.
- **Infrastructure decay** leads to service failures – interruptions, quality non-compliance, sewer spills, unsafe roads, and unreliable electricity that disrupt households and local economies.
- **Service failures** erode public trust – because people judge government by outcomes, not plans, and repeated failures make engagement feel meaningless.
- **Declining trust** reduces payment compliance – households and businesses withhold payment, disputes grow, and collection costs rise.
- **And reduced revenues deepen** financial decline – less cash means more arrears, more interest, fewer repairs, and a shrinking ability to protect basic rights.

This cycle is visible across many municipalities, **though not all.** Some municipalities have maintained stability despite constrained resources, showing that **governance is as decisive as funding**.

The White Paper identifies several systemic issues –

- **Fragmented national regulation**, with overlapping rules and reporting
- **Weak cooperative governance**, where coordination is consultative rather than binding
- **Unclear and overlapping powers and functions**

- **Late and inconsistent interventions**, often after collapse has set in
- **Political interference** in administration and procurement
- **Weak accountability mechanisms**
- **Eroding administrative professionalism**

These challenges are not only institutional concerns - but they also directly undermine the realisation of socio-economic rights.

When governance fails, services fail.
When services fail, rights fail.

This is why cooperative governance is not a bureaucratic concept - it is a **human rights instrument**.

The draft White Paper makes a strong human rights case for renewing local government because **rights are realised, or denied,** most directly in the places where people live. It argues that democratic local government must move away from an **"accountability inversion",** where accountability flows mainly upwards to political parties, departments and compliance systems, **but back towards the community of the municipality.**

In practical terms, that means **stronger downward accountability,** real citizen oversight, and participation that goes beyond **ritual consultation -** so that communities can shape priorities, monitor delivery, and hold councillors and municipal officials to account.

The White Paper is clear that **symbolic participation and tick-box processes deepen distrust,** while meaningful participation strengthens dignity, voice and democratic citizenship.

The document **also links human rights to ethical political and administrative leadership.** It recognises that **many councillors and officials serve with integrity,** but it is blunt that leadership failures, political interference, patronage and blurred

boundaries between politics and administration have weakened municipalities and undermined the public good.

The White Paper therefore calls for ethical, capable leadership in service of the whole community of the municipality, **not factions, networks or narrow interests.** This is essential to equality before the law, fair access to services, and public trust.

A central human rights message in the draft is that **impunity must end.** It states that weak consequence management has enabled corruption, protected wrongdoing and **punished those who do the right thing.** That culture harms the poorest residents first, especially in informal settlements, rural communities and small towns, where service failure has direct effects on health, safety, livelihoods and dignity. **Restoring consequence management is therefore not only an anti-corruption measure. It is a rights-protection measure.**

The White Paper also advances a **relational model of governance.** It envisages municipalities working in active partnership with communities, civil society, business, traditional leadership and other local actors. At the same time, **it proposes binding intergovernmental compacts** so that municipalities, provinces, national departments and public entities act together on spatial transformation, inclusive economic growth and climate resilience.

In this way, the **advancement of human rights is tied to more just, liveable and climate-resilient cities,** towns and rural areas, where government works with people, and across spheres, to secure real developmental outcomes.

Chapters 8 and 9 of the draft White Paper **advance human rights by treating finance and service delivery as the practical foundation for dignity, equality and inclusion.**

Chapter 8 recognises that the **current affordability crisis harms both households and municipalities, and it proposes a finance system that is more equitable, better targeted and more accountable** to the community of the municipality,

including stronger indigent support, a grant system more responsive to poorer regions, and clearer downward accountability for financial management.

Chapter 9 builds on this by **focusing on reliable, affordable and sustainable services,** stronger complaints responsiveness, proper regulation of tariffs, ring-fenced trading services, and performance-driven investment in infrastructure renewal.

In human rights terms, these reforms matter because they improve fair access to water, sanitation, electricity, waste services and infrastructure, while making councils more answerable for whether people **actually experience** safe, reliable and affordable services in their daily lives.

3. Cooperative Governance: Making the System Work as One

South Africa's unique model of a single state constituted through three spheres is innovative, democratic, and inclusive - **but it requires strong alignment to succeed.**

The White Paper makes it clear:

Our cooperative governance system is not producing cohesive, predictable, or coordinated results.

Key systemic challenges include:

- **Fragmented national oversight**
  - Many departments create parallel systems of reporting, support, and regulation.
  - This overwhelms municipalities and creates contradictory expectations.
- **Weak intergovernmental alignment**
  - Planning, budgeting, and implementation cycles are not synchronised.
  - Infrastructure is sometimes planned without revenue considerations, or budgeted without planning completion.
- **Unclear powers and functions**

- This affects accountability for water, sanitation, roads, housing, and municipal health.
- Communities often do not know which sphere is responsible for what.
- **Late interventions**
  - By the time a municipality is supported or placed under administration, the damage is often deep and complex.
- **Relational governance breakdowns**
  - Accountability tends to flow upwards to political structures instead of downwards to communities.

Now, what are some of the reforms that are in the pipeline?

CoGTA, National Treasury, SALGA, and provincial governments are already moving to address these issues:

- The **District Development Model (DDM)** is strengthening joint planning and implementation.
- CoGTA is designing a **National Coordination Centre** for local government policy and oversight.
- The **Intergovernmental Monitoring, Support and Interventions Bill** is proposing predictable intervention protocols.
- Provinces and CoGTA are collaborating on early warning systems, technical support deployments, and fiscal recovery plans.

But these interventions must now be deepened, formalised, and institutionalised.

We must build a governance system that is:

- rules-based,
- data-driven,
- enforceable, and
- focused on community outcomes.

This, ladies and gentlemen, is the foundation for budgeting that is both pro-poor and anchored in rights.

4. Human Rights & Budgeting: Aligning Resources With Constitutional Imperatives

The South African Constitution enshrines socio-economic rights - to water, sanitation, housing, health, and a safe environment. Budgeting is one of the State's most powerful tools to realise those rights.

A rights-based budgeting framework requires that public resources be –

- **Targeted** to the most vulnerable
- **Sufficient** to fulfil minimum obligations
- **Transparent**, enabling communities to follow the money
- **Equitable**, reducing spatial and historical injustices
- **Responsive**, reflecting real costs and demographic realities

To make this practical, a rights-based budgeting approach can be translated into a simple set of tests and disciplines that every sphere of government can apply.

First, we should test whether basic services meet what human rights practice often calls the "4A" standard:

- **Availability** – are services reliably provided, at the volumes and frequency that people need?
- **Accessibility** – can people physically access the service, and can they afford it, including the poorest households?
- **Acceptability** – is the service delivered in a way that respects dignity and community realities, including gender safety and disability inclusion?
- **Quality** – does the water meet standards, does sanitation protect health, is electricity safe, and is waste removal effective?

Second, "progressive realisation" must be treated as an operational discipline, not a slogan. It requires that we establish a baseline of service backlogs and reliability, set time-bound improvement targets, and then budget against a clear trajectory of improving outcomes year after year – with transparent explanation when setbacks occur.

Third, pro-poor budgeting must be evidence-led. That means using disaggregated data—by ward, settlement type, gender and vulnerability—to ensure that informal settlements, rural villages, and underserviced townships are not averaged out of the budget. It also means enabling communities to help shape priorities and to monitor whether delivery matches what was promised.

Finally, this approach requires measurable indicators that connect money to outcomes. For municipalities, that can include service reliability measures, response times to faults, the share of budgets spent on operations and maintenance versus emergency repairs, indigent coverage and uptake of Free Basic Services, and complaints resolution performance. These measures make accountability concrete, and they help ensure that "pro-poor" is visible in results.

At the heart of our constitutional democracy lies a profound commitment –

Every indigent household in South Africa must have access to basic services; that is, water, sanitation, electricity, and refuse removal—not as a privilege, but as a constitutional right.

Free Basic Services (FBS) are the primary mechanism through which this constitutional promise is delivered. They form part of government's redistributive mandate—ensuring that all households, regardless of economic circumstance, can access a minimum standard of living.

The equitable share provides the fiscal backbone for this system. It is **unconditional**, enabling municipalities to provide basic services while sustaining core institutional functions. Government has allocated **R342.6 billion** to municipalities over the medium term for precisely this purpose. This significant allocation reflects not only the scale of

our developmental priorities, but also our unwavering commitment to equity, redress, and social justice. Importantly, the process to review the equitable share formula has commenced, led by National Treasury, to ensure that it remains responsive, fair, and aligned to evolving service delivery realities.

But the system's legitimacy depends on **accuracy -** accuracy about who is indigent, who receives support, and how municipal allocations align with actual need. This is where the indigent register becomes **pivotal.**

Yet, empirical evidence shows that -

- Only **121 of 234 municipalities** submitted the required indigent data to align with Stats SA numbers.
- Only **43 municipalities** submitted credible activity plans.
- Some provinces had compliance as low as **3%**.

An inaccurate indigent register has profound implications -

- **Eligible** households are excluded from support
- **Ineligible** households may receive benefits
- Municipal finances are distorted
- Equitable share allocations are misdirected
- The redistributive fiscal system loses credibility

The 2025 joint circular from CoGTA and National Treasury signalled a necessary shift:

Municipalities that cannot demonstrate credible indigent management risk having equitable share transfers withheld under Section 216(2) of the Constitution.

This is not punitive –
It is protective.
It is protective of the poor, of the integrity of our budgeting system, and of the constitutional right to basic services.

And the best way for municipalities to do this is to treat indigent management as a core governance function, with clear minimum steps –

- **Clear criteria** that are publicly communicated, consistently applied, and regularly reviewed.
- **Simple registration and renewal processes** that reduce barriers for vulnerable households, including those without formal addresses.
- **Regular verification** using credible data sources and risk-based checks, while protecting legitimate beneficiaries from administrative exclusion.
- **Integration with billing** so that indigent status and Free Basic Services are accurately reflected in accounts and tariff application.
- **Transparent appeals and complaints mechanisms** so households can correct errors and restore support quickly.
- **Routine reporting and audit trails** so councils and communities can see coverage, exclusions, and trends over time.
- **Dedicated accountability** – a named senior manager responsible for indigent governance, supported by clear roles across finance, customer care, and community services.

The Equitable Share: A Practical Correction to Protect the Poor

This part of our discussion is about ensuring that the equitable share design and implementation remain aligned to actual costs and need, so that the most vulnerable communities are protected in practice, not only in policy.

But the fiscal framework Review shows –

- The **Basic Services component** performs well and often exceeds cost.
- The **Public Services component** is significantly underfunded for the poor.
- Municipalities must cross-subsidise public services, reducing funds available for infrastructure renewal.
- Property rates alone cannot close this gap.

This misalignment must be corrected, and I am hopeful that the session dedicated to the equitable share will interrogate this matter and propose practical solutions.

5. **Priorities & Direction: The Path to a Capable, Rights-Centred Local Government System**

Now, I would like to outline priorities for transforming the system, strengthening governance, and ensuring that budgeting is pro-poor and fit for purpose.

These priorities reflect the combined insights of:

- The Local Government Fiscal Framework Review
- The Draft White Paper on Local Government
- The DDM and joint planning platforms
- CoGTA's oversight and support work
- The lived experiences of communities across the country

Let's dive deeper into Priority 1 – that is, Reforming the fiscal framework

A sustainable local government system requires a sustainable fiscal foundation.
We recognise that:

- The local government share of nationally raised revenue, currently around **10%**, must increase.
- The evidence suggests a range of **13.5% to 18.8%**.
- This requires medium-term restructuring and long-term sustainability planning.

We are committed to working with all stakeholders, including National Treasury, and SALGA to ensure that fiscal reform reflects –

- real costs,
- real needs, and
- real demographic patterns.

Priority 2 deals with a differentiated governance and funding model

Not all municipalities are equal in context, capacity, or economic potential.
The White Paper proposes –

- A clear powers-and-functions map
- A shift toward a single-tier system where appropriate
- Differentiated municipal categories
- Tailored support packages
- Clear assignment and devolution pathways

Rural municipalities cannot be expected to self-fund like metros.
Intermediate cities need a more agile system for infrastructure development.
Districts must become clearer in function and more coherent in mandate.
Differentiation is essential for equity and effectiveness.

Professionalising local government is Priority 3.

COGTA has made it clear:

> **A capable developmental state cannot exist without a capable municipal administration.**

This requires –

- Merit-based appointments
- Independent selection panels
- Minimum competency requirements
- Clear political-administrative boundaries
- Strengthened MPACs and audit committees
- Lifestyle audits and anti-corruption enforcement
- A professionalisation pathway for councillors and officials

Professionalising local government is not optional - it is foundational for rights-based service delivery.

Priority 4 deals with Strengthening cooperative governance

Intergovernmental relations must move from consultation to coordination. COGTA is therefore prioritising –

- A **National Local Government Coordination Centre**, as proposed in the White Paper
- A **single, inter-sphere calendar** for planning and budgeting
- Joint infrastructure pipelines
- Early-warning systems and predictable interventions
- Improved alignment between Treasury, CoGTA, line departments, and provinces
- Strengthening DDM's operationalisation at district and metro level

When spheres act together, communities experience better outcomes.

Getting the basics right is Priority 5.

It must be emphasised that rights are realised through execution, **not intention.**

Municipalities must be supported to deliver on the fundamentals -
- Infrastructure maintenance and renewal
- Clean water and reliable sanitation
- Waste management
- Electrification and energy resilience
- Road maintenance and stormwater systems
- Billing and revenue management
- Supply chain integrity
- Responsive community engagement

We have made limited progress, as reported by the Auditor-General, in improving audit outcomes in municipalities. We have deployed technical support teams to

municipalities in financial distress, implemented financial recovery plans in terms of the Municipal Finance Management Act (MFMA), and enhanced in-year financial monitoring. These interventions are designed to improve liquidity management, reduce unauthorised expenditure, and restore financial sustainability.

Furthermore, we have intensified our focus on revenue enhancement strategies. Municipalities are being supported to improve billing systems, strengthen credit control measures, and expand their revenue base. Without sustainable own-revenue streams, municipalities cannot achieve fiscal autonomy or long-term resilience.

Yet, despite these gains, significant challenges persist. Too many municipalities continue to experience weak financial controls, resulting in high levels of irregular, fruitless, and wasteful expenditure. These are not just accounting issues they represent a direct erosion of public trust and a diversion of scarce resources away from critical services such as water, sanitation, electricity, and waste management.

We are also confronted by institutional capacity constraints. The shortage of skilled financial professionals, engineers, and planners compromises both financial management and service delivery execution. Leadership instability in certain municipalities further exacerbates these challenges, weakening governance and accountability.

COGTA will prioritise strengthening the **municipal core** - the set of basic functions necessary for stable governance and capable institutions.

Priority 6 provides for a new social compact for local governance.

COGTA recognises that local government cannot succeed alone. That said, South Africa needs a new social compact involving –

- Government
- Communities
- Business
- Labour

- Civil society

- Academia

- Professional bodies

This compact must be rooted in -

- ethical leadership,

- shared responsibility,

- partnership,

- and transparent use of public resources.

This Indaba is therefore a vital space for building that shared understanding.

6.   Conclusion: Setting the Stage for Deepened Engagement

Colleagues,

We stand at a pivotal moment in our democratic journey.
We have the evidence.
We have the policy direction.
We have the tools.
We have the constitutional imperative.

Now, we must demonstrate the will, discipline, and collective determination to act. This Indaba brings together some of the sharpest minds and most committed practitioners across public finance, governance, human rights, and development.

Your discussions today and tomorrow will help shape the next phase of local government reform, and ultimately, the day-to-day experience of millions of South Africans.

On behalf of the Honourable Minister, allow me to reiterate -

Pro-poor human rights budgeting is not a slogan.

It is a constitutional commitment.

It is a developmental necessity.

And it is a moral obligation.

Let us approach this work with clarity, humility, determination, and a shared purpose -

To build municipalities that deliver,

To strengthen the foundations of our democracy, and

To ensure that every person in South Africa, especially the poor, can live with dignity, safety, and opportunity.

This is our responsibility.

This is our task.

This is our moment.

With this input, I trust that the stage has been set for deeper engagement across government, civil society, academia, and the finance profession.

I wish you well over the next 2 days.

Thank you.