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ORIGINAL ARTICLE

South Africa in the Twenty-First Century: Governance Challenges in the Struggle for Social Equity and Economic Growth

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Abstract Since the advent of democracy in 1994, South Africa has undergone an extensive process of state reform aimed at overcoming the legacy of Apartheid and at building a more egalitarian social and political order. Whilst progress has been made in reforming the state infrastructure, the pursuit of an inconsistent economic growth path has meant that inequality and poverty remain serious challenges to the social order. The inability of oversight institutions to control powerful political interest groups, furthermore, has led to the growth of public sector corruption and to power struggles within the ruling alliance. From a BRICS perspective this suggests that the current governance challenges in South Africa need to be taken into account when factoring in its future role in the partnership.

Keywords South Africa · Administrative reform · Governance systems · New public management · Social inequality

1 Introduction

South Africa is the newest member of BRICS having joined the partnership in 2010, a year after the founding summit. Although it shares some of the same features as its partners, in terms of socio-economic diversity and regional influence in particular, it is distinguished by the size of its economy and population which are significantly smaller than those of the other BRICS countries. Furthermore, barely two decades

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on from the advent of democracy in 1994, it is still struggling to overcome the legacy of more than three centuries of colonial and Apartheid rule, the effects of which continue to have a profound influence on the social and political economy of the country. This has entailed a major reconfiguration of the state and the attempted redesign of the social order. The reform processes, however, has been influenced by the changing geo-political order, the end of the Cold War and the precepts of the Washington Consensus in particular, as well by a range of domestic factors which have served both to slow and distort interventions intended to bring about a more equitable society. Deals brokered during the multi-party negotiations which preceded the ending of Apartheid, for example, entrenched a set of rights protecting the White minority (those related to the ownership of land and resources for example), whilst ideological differences within the incoming African National Congress (ANC) government and its partners in the Tri-partite Alliance[1] have led to inconsistency in the pursuit of key policy directions, and particularly, those relating to economic growth.

Although significant progress has been made in reforming the Apartheid state, it is clear that the processes of reforming a racist authoritarian regime into a democratic one have been more complex and protracted than the new political leadership had anticipated. The pace at which these reforms progress, furthermore, will impact the extent to which South Africa is able to participate more extensively in the broader objectives of the BRICS partnership. The paper which follows looks at the governance[2] framework in place in South Africa two decades into democracy and the influence which this has on efforts to stimulate economic growth and to promote greater social equity.

2 The Political and Administrative Interface

From the outset, the challenges faced by the new government were formidable. These included the need to incorporate ten former ethnic and three racial administrations into one national administration, to reconfigure state departments, redesign all regulatory frameworks, reformulate policy and recruit and reassign staff through a concerted programme of affirmative action. At the same time, the system of intergovernmental relations was reconstituted so as to assign considerably more power and responsibility to provincial and local governments.

The form of the state settled upon, as intimated, is the outcome of agreements brokered in the lead up to democracy. While the ANC and its allies had favoured a unitary state as a means to transform a highly unequal society, the representatives of minority groups (and particularly those of the White population then in power) had argued for a federal system as a way to disperse power, and by implication, retain greater influence in the polity. Thus, although the 1996 Constitution speaks of a

[1] The Tri-partite Alliance consists of the ANC, the Congress of South African Trade Unions (COSATU) and the South African Communist Party.

[2] Definitions of the concept of governance are contentious, but in this paper it is understood to encompass the functionality of the polity and the strength of key state institutions, in addition to the conventional attributes of the rule of law, accountability, transparency, equity etc.

single sovereign state, the three-tiered structure of national, provincial, and local government in place has many of the features of a federal system (Tapscott 2015).

The national parliament is divided into two houses, the National Assembly and the National Council of Provinces (NCOP), in both of which representatives are appointed on a proportional basis. The legislative authority of parliament is vested in the National Assembly, which has authority to elect a president, pass legislation, amend the Constitution and assign any of its legislative powers. The NCOP is intended to ensure that provincial interests are represented in the formulation of national policy and legislation but, due to the dominance of the ruling party, its role has largely been reduced to rubber stamping the National Assembly's decisions. At the local level, the Municipal Structures Act of 1998 provides for three categories of municipality: metropolitan, local municipalities, and district councils.

The division of powers between different levels of government is prescribed by the Constitution, which sets out the responsibilities of the national government, the nine provinces, and 278 municipalities (Steytler 2005) and specifies both exclusive and concurrent responsibilities that the different orders of government must assume. The Constitution, however, provides little guidance as to how national and provincial departments are to co-ordinate and integrate their activities (Tapscott 2000). Despite the fact that the 2005 Intergovernmental Relations Framework Act makes provision for the establishment of various national, provincial, and local forums to facilitate intergovernmental coordination, weak coordination between and within the different tiers of government has been an ongoing challenge for the democratic government and it continues to hinder effective implementation of national policies.

Due to the dominance of the ruling party, the principal challenges that confront intergovernmental relations between the national and provincial governments relate less to party political differences (as is often the case in federal states) and more to problems of administrative coordination and administrative capacity. Ineffectual intergovernmental coordination, nevertheless, has had a major impact on the governance of the state as a whole. From an administrative perspective it has meant that national policy is often not implemented at provincial and local levels as intended. This has led to policy incoherence where the policies of the different strata of government are frequently not aligned.

3 The Role of Government in the Market

As with the configuration of the state and polity, the role of the government in the economy is both a product of, and a reaction to, its past. The South African state which came into being in 1910, as a union[3] forged by the British, had all the hallmarks of a neo-colonial state and an economy built on extractive industries. To that extent, the development of the economy was based primarily on its mineral

[3] The Union of South Africa was made up of two British colonies (Natal and the Cape Colony) and two Boer settler republics (the Transvaal and the Orange Free State). The African population, which made up the bulk of the population, had been largely dispossessed of their land prior to the establishment of the Union and were to suffer further losses thereafter.

wealth, and to a much lesser extent, on agriculture. Over the course of the past century there has been some diversification of the economy and South Africa has amongst the largest industrial and commercial sectors on the continent. Notwithstanding this, the beneficiation of natural resources remains restricted and there is still a heavy reliance on the export of minerals and other primary products to generate foreign revenue.

In the latter stages of Apartheid, the economy went into recession, due to the long term effects of sanctions and the flight of capital, and the incoming ANC government inherited a state that was close to bankruptcy. Although the democratic government quickly negotiated the ending of sanctions and the country's successful re-entry into the global economy, the path to economic recovery has been slow an uneven. According to government estimates the economy would need to grow by at least 6% per annum (The Presidency 2008:4) to address serious backlogs in the delivery of basic service delivery and to reduce the high levels of unemployment (officially determined to be around 25% but believed to be higher by independent research agencies). Although economic growth rates in excess of 4% have periodically been achieved in the past two decades these have never come close to the target set (Trading Economics 2016). Of particular concern is the fact that growth in the economy is currently static and the forecast for the next two to three years' growth suggest rates of no more than 1% per annum. Of equal concern has been the fact that in recent years the risks emanating from low growth, political uncertainty, and low business confidence has prompted threats of a downgrade to junk status by the major international ratings agencies.[4] Whilst the downturn in the national economy may be attributed to a variety of factors, including the depressed global demand for commodities and diminished investor confidence in emerging markets and currencies, it is also evident that the government's indecision over the choice of a growth path has contributed to this uncertainty.

Uncertainties over which economic model to pursue in the post-Apartheid era may be attributed to several factors. The first of these relates to the speed with which the transition to democracy took place, the second to the changing world order, and the third to the fact that the ANC, as a liberation movement, embraced a broad spectrum of political perspectives including those of both socialist and capitalist persuasion. That the pace with which Apartheid rule had unraveled (within just four years) had caught the liberation movement somewhat unprepared has been acknowledge by those in the ruling alliance. As Jeremy Cronin, Deputy Minister of Public Works and Deputy Secretary General of the South African Communist Party (SACP) has conceded, "As a liberation movement, we were not well positioned, intellectually, theoretically in terms of policy formulation, in terms of socio-economic transformation. It was understandable. We had been very focused on the political tasks, democratisation, mobilisation, fighting a guerrilla struggle" (Cronin, quoted in Gumede 2005:71). This state of affairs was aggravated by the fact that many in the ANC and amongst its allies had drawn their inspiration from the Soviet Union and with the collapse of the bipolar world order and the perceived

[4] The country narrowly avoided a down grade to junk status in November 2016 but the threat remains a real one (BizNews.Com 2016).

eclipse of the socialist alternative, the Western, and particularly European model became their default position. According to Mac Maharaj, a former Minister of Transport in the Mandela cabinet, "there were no examples to learn from or use as a guide. We could not go it alone. Countries that did, such as Sweden, had the space to do so with the Cold War still raging and the world being bipolar. The ANC came to power at the end of the Cold War. We had no room to manoeuvre" (Maharaj, quoted in Gumede 2005:76).

This is not to say that there were not early attempts to forge an indigenous vision of economic development in South Africa. In the brave new world of post-Apartheid South Africa, there were attempts to design a home grown model of development, as manifested in the ANC's Reconstruction and Development Programme (RDP) policy document which was the party's lodestar in the lead up to the first democratic elections. Such initiatives, however, were constrained by the political divisions within the broad church of the liberation movement, and the diverse nature of the ruling tri-partite alliance, which included organised labour and the Communist Party together with more conventional nationalists seeking to advance the interests of hitherto disadvantaged black elites. The contradictions to which this gave rise are evident in the RDP, which was the product of extensive discussion and debate amongst political and civil society groupings in the anti-Apartheid movement and which set out a broadly populist approach aimed at empowering the poor to assume greater control over their lives:

> The central objective of our RDP is to improve the quality of life of all South Africans, and in particular the most poor and marginalised sections of our communities. This objective should be realised through a process of empowerment which gives the poor control over their lives and increases their ability to mobilise sufficient development resources, including from the democratic government where necessary. The RDP reflects a commitment to grassroots, bottom-up development which is owned and driven by communities and their representative organisations (ANC 1994:15).

Alongside this commitment to address the needs of the poor, was a less explicit but nevertheless significant commitment to building a black middle class to challenge the hegemony of white capital:

> The domination of business activities by white business and the exclusion of black people and women from the mainstream of economic activity are causes for great concern for the reconstruction and development process. A central objective of the RDP is to de-racialise business ownership and control completely, through focused policies of black economic empowerment. These policies must aim to make it easier for black people to gain access to capital for business development. The democratic government must ensure that no discrimination occurs in financial institutions. State and parastatal institutions will also provide capital for the attainment of black economic empowerment objectives. The democratic government must also introduce tendering-out procedures which facilitate black economic empowerment (ANC 1994:15).

Notwithstanding the all-embracing nature of the RDP, the ANC expressed an early interest in the establishment of an interventionist state, loosely modelled on the East Asian developmental states. Thus, the 1994 White Paper on Reconstruction and Development, which was based on the ANC's RDP policy document, stressed the need for an interventionist state which would play a leading role in steering the economy and in reconstructing South African society:

> Reconstruction and development will be achieved through the leading and enabling role of the State, a thriving private sector and active involvement by all sectors of civil society. The role of the Government and the public sector within the broader economy has to be redefined so that reconstruction and development are facilitated. In a wide range of areas, the GNU will take the lead in reforming and addressing structural conditions. In doing so, its guidelines will remain the basic people-driven principles of the RDP (RSA 1994, Sections. 3.1.2 and 3.1.3).

The RDP, however, was never afforded the opportunity to bed down as a national policy. In the period immediately after the transition to democracy, ANC leaders, anxious to rebuild the economy, were exposed to an array of, often unsolicited, advice from friends and erstwhile foes in the West, and from international financial bodies, who stressed the importance of creating a deregulated economy, receptive to foreign direct investment. (Gumede 2005) For some within the ruling alliance the pursuit of neo-liberalism was viewed as a prerequisite for the development of a modern state. As a consequence, within two years of coming to power, the RDP had been abandoned and the government announced the launch of a new macro-economic framework, the growth, employment and redistribution strategy (GEAR). Implicit in this document was the inescapability of the influences of global market forces and the inevitability of a free market economy, both of which prescribe a non-interventionist state. The influence of IMF and World Bank thinking in the strategy document was pervasive, promoting critics on the left to accuse the ANC of "talking left and acting right" (Bond 2000:361). Somewhat paradoxically, unlike many other developing states, South Africa[5] was at no stage under pressure from donor agencies to effect this change.

What followed was an attempt (albeit unsuccessful) to reduce the size of the public sector, to privatise state owned entities, and to outsource the provision of a range of services to the private sector. Although the markets did indeed respond to these measures in the short run, and annual growth rates for a short period reached as high as 4% per annum, it soon became apparent that this was growth without redistribution. Little headway was made in reducing unemployment rates and there was little evidence that wealth accumulated through preferential access to state tenders, afforded by various black economic empowerment (BEE) programmes, was trickling down to the poor. The ANC's removal of its second president, Thabo Mbeki, in 2007 was, in part, motivated by COSATU and others in the ruling alliance

[5] Foreign aid to South Africa has never exceed 1% of GDP and the bulk of funding received has gone to non-profit organisations.

on the grounds that the neo-liberal course he had chartered had exacerbated rather than reduced poverty.

Following the onset of the global financial crisis in 2008, which exposed the weaknesses of *laissez faire* capitalism and emphasised the need for greater state regulation of the economy, there has been renewed interest in the idea of an interventionist developmental state and a growing conviction in many quarters (amongst academics, the media, policy formulators, social commentators and others) that it is the model most likely to succeed in overcoming South Africa's multiple developmental challenges (Edigheji 2010). What is evident, however, is that the idea of a strongly interventionist developmental state runs counter to the idea of a diminished state which was enunciated so strongly in the GEAR macro-economic framework and which continues to influence the country's economic growth path. This implicit contradiction aside, the conceptualisation of the developmental state in South Africa (to the extent that there is agreement on its core tenets) differs from that of the East Asian model in a number of significant ways.

Unlike the top-down and somewhat authoritarian East Asian model, government leaders envisage a South African developmental state which is strongly driven by democratic principles wherein policy formulation is co-produced in a partnership between the state and a mobilised citizenry. Problematically, however, since it first entered official discourse the concept of a developmental state has never been clearly articulated in policy or in legislation and it is continues to be understood in different ways in the public domain—the National Development Plan (National Planning Commission 2011), which is the government's current long term strategy for economic transformation, for example, fails to define what the essence of an enabling and democratic developmental state might be. More problematically, there is no evidence of the government's long term commitment to a particular economic growth path, and no elaboration of how it might intervene in the markets to stimulate economic growth and to prevent the flight of capital.

4 State-Civil Society Relations

A key focus of the protracted anti-Apartheid struggle was on the right to a universal franchise then restricted to the White minority, and unsurprisingly, voter participation in national elections in the democratic era has been high. In the first election in 1994, 86% of registered voters turned out, but of perhaps greater significance, is the fact that in the fifth election held twenty years later in 2014, participation remained high at 77.4% with comparable returns recorded in the intervening three elections. The ruling ANC has been dominant in all five national elections to date never winning less than 62% of the votes cast. High voter turnout, however, does not necessarily imply high voter satisfaction with the performance of either the government or other political parties.[6] Repeated surveys uncover considerable

[6] Since 1994, there has been a progressive decline in the proportion of potentially eligible voters participating in elections. Thus, while 85.5%t of the population of voting age participated in the 1994 elections this number declined to 57.6% in 2014.

distrust of political leaders, including those of the ruling party (Lekalake and Nkomo 2016). It is clear, furthermore, that many (if not the majority) of ANC supporters have historically aligned themselves to the party on the basis of identity, and hitherto, they have voted in national elections out of loyalty rather because they are satisfied with the performance of the government or are ideological committed to its policies. This was evident in the 2014 elections, where despite high levels of popular dissatisfaction with the perceived corruption of the ANC leadership (and the purported corruption of the President Zuma in particular), the ruling party held its share of the popular vote (Independent Electoral Commission 2014). However, this pattern changed significantly in the 2016 local government elections which saw the ruling party's share of the popular vote drop from 62 to 52%, and the resultant loss of three key metropolitan governments (albeit to multi-party coalitions). In light of ongoing powers struggles within the ANC, and between and within its alliance partners, and the growing influence of opposition parties (the Democratic Alliance and the Economic Freedom Fighters), the ruling party, for the first time, faces the possibility of losing power in the next general election to be held in 2019 (Bendile 2016).

Although the formal dimensions of electoral democracy are in place, state-civil society relations remain less clearly defined, and South Africa is far from establishing a social compact which might harness the collective energies of its population. Much of this has to do with the legacy of Apartheid which served to divide and rule the population and which has left a highly fragmented and unequal civil society divided along racial, ethnic, and class lines. Although the anti-Apartheid struggle united black communities across the country in a common cause, the depth of this cohesion was shallow and the focus of collective action was on political mobilisation rather than social organisation. Furthermore, following the advent of democracy and the opportunities which this opened up, many of the leaders of civil society organisations left in search of work in both the state and the private sectors. As a consequence, the civil society which emerged in the democratic era was weak and this factor, combined with political opposition, reinforced a tendency by some prominent leaders in the ruling alliance to view the state and the party as one. However, as the democratic system has matured there has been a growing separation of state and civil society. This is evident in the growth of both formal and informal civil society organisation as well as in the emergence of social movements which have nationwide reach.

At the grassroots, there are multiple community-based organisations, including savings clubs, religious organisations, street committees, and NGOs that mobilise poorer segments of society. While some of these organisations have managed to extend their influence into the national arena, most are parochial and directly influence events only in the local polity. Among more middle class communities, civil society organisations are more typical of those found in economically advanced Western societies. These include consumer groups, environmental lobbyists, and a variety of special-interest groups. Although these groups are better organised and have more resources (including access to the courts and the media) than organisations in the local sphere, they lack mass support, and the legitimacy of

their demands is often contested or dismissed by the national government on the ground that they represent the interests of minorities.

The trade unions also play an important role is representing the interests of organised labour, and to an extent, the interests of the poor. The fact that COSATU is one of the ANC's alliance partners, moreover, has not restricted unions in pressing their demands for higher wages and better working conditions within both the private and the public sectors, and strikes are common. Through the alliance, furthermore, unions under the umbrella of COSATU can make demands on the ruling party, particularly in the run-up to elections. However, recent splits in COSATU (illustrated by the departure of the powerful union National Union of Metal Workers of South Africa and plans to set up a rival federation) have called into question its future as the overarching representative of organised labour.

At the broad level of state-civil society relations there are measures in place to promote public participation in policy formulation processes in all three tiers of government and at the local level in particular. This is due to the fact that the incoming ANC government placed considerable emphasis on the need for citizen participation, especially at the local level where national legislation and policy set out a broad framework for citizen participation in the affairs of a municipality.[7] Under this mandate, all municipalities are expected to establish structures, systems and practices to advance citizen participation and these include the Integrated Development Planning (IDP) process, the Ward Committee system, and public hearings amongst other mechanisms.

Formalistically these systems hold out the promise that ordinary people will be able to influence decisions which affect their daily lives. However, a significant amount of research conducted over the course of the past decade has pointed to the fact that the participatory systems in many, if not most, municipalities are largely ineffective in meaningfully engaging citizens at the local level. This has, in part, been attributed to the mismatch between the expectations of local communities and the municipalities' capacity to deliver, and in part to the elite capture of the structures themselves (Piper and Deacon 2008; Tapscott and Thompson 2013). As a consequence, frustrated by the state's slow response to demands raised through formal institutional channels, disaffected citizens have increasingly sought alternative means to express their grievances through what have come to be known as service delivery protests (Tapscott 2016). According to a report by the South African Police Service, during the year 2012/13 the police had to respond to a total of 13 575 'crowd-related' incidents, 14% of which were violent and 86% were peaceful, an average of 32 'peaceful' and five 'violent" incidents a day (South African Police Service 2013:26; Burger 2014). The majority of these protests have been directed against local governments and some have resulted in the destruction of public and private property and the loss of life. The triggers for protest are multiple and context specific, nevertheless, a number of trends are discernible. The most often reported reason relates to concerns that municipalities are failing to

[7] Amongst these are the 1998 White Paper on Local Government, the Local Government: Municipal Structures Act of 1998, and the Local Government Municipal Systems Act of 2000.

provide such basic services as public housing, water and sanitation to poor communities and that there is corruption in the allocation of these services.

A further significant factor influencing state-civil society relates to fact that government has had to respond to the demands of a highly diverse population with significantly different needs. As a legacy of Apartheid, which promoted the growth of white wealth as much as it did racial separation, South Africa remains a highly unequal society. The 2009 Gini-coefficient of equality (the most recently computed) was 0.679 and although down from a high of 0.685 in 2003, this reveals South Africa to be one of the world's most unequal countries in the world (The Presidency 2009:24). In 2012, the richest 10% of the population earned 50% of the income. In contrast, the poorest 40% earned just 5% of income. Poverty is also distributed racially; the lowest incidence occurs among the white population whilst the bulk of the poor are to be found among the African population, particularly those living in rural areas. That stated, over the past decade, there has been a progressive increase in the living standards of the very poor albeit from a very low base (The Presidency 2012:26). Poverty is also geographically concentrated, with the highest incidences occurring in those provinces which have sizable rural populations and which encompass former ethnic homelands.

Notwithstanding these historically determined patterns of inequality, since 1994 there has been rapid social mobility among certain segments of the black[8] community, and for the first time, there has been a growth in the size of the black middle class although it remains a small proportion of the total. This growth has accentuated feelings of relative deprivation among the majority of the population as new black elite is seen to have joined the ranks of the entrenched white middle class (SouthAfrica.Info 2013). Collectively, the combined middle class of all races amounts to between 20 and 25% of the total population. Class difference, indeed, has emerged as a new fracture point in society, and in some instances, it is replacing race as the primary determinant of difference between communities.

5 Public Sector Reforms

Since the advent of democracy in 1994, the history of the state in South Africa has been one of constant reform, in the first instance to dismantle the architecture of Apartheid and in the second to build a more equitable society. From the outset, the state faced the challenge of providing social services to a majority who had hitherto been deprived, for stimulating the growth of a stagnant economy, and for developing a public sector which was broadly representative of the population at large. It had to do so with new administrative systems, and for the most part, with officials who had either had no experience of working for a democratic state or who had had little prior administrative experience. A plethora of new legislation and policies was developed in the mid to late 1990s, but with hindsight, many of these interventions were based on aspiration. This was due to the fact that the policies

[8] The term 'black' has been collectively used to described African people, mixed-raced Coloured people, and people of Indian descent.

introduced were incompatible with the administrative capacities of implementing agencies in terms of the knowledge and skills of public officials (particularly at middle management levels), to poorly designed administrative systems, to insufficient financial resources, and to the prevailing institutional culture and ethos of the public sector, which in many sectors still retained the institutional memory of the Apartheid administration. These shortcomings have been experienced in all three tiers of government but they have been most acutely felt at the local level.

Following the transition to democracy, an extensive programme of local government re-delimitation was embarked upon; both to reconfigure the racially segregated constituencies of the past and to extend municipal government to the black population (particularly those in the rural areas) hitherto denied participation in local government. The outcome of this exercise was the establishment of more than eight hundred wall-to-wall municipalities across the country. A substantial proportion of these municipalities, however, existed in little more than name. In attempting to redress these shortcomings, and to establish more operationally functional entities, a further re-delimitation was undertaken in the late 1990s, reducing the number of municipalities to 283.[9] This programme served to aggregate the many small municipalities into a series of larger structures, on the understanding that greater economies of scale (in terms of human resources, revenue and infrastructure) would promote a more effective system of administration. However, the responsibilities assigned to these local authorities were not introduced progressively, and they were expected to fulfil their new obligations with immediate effect. As a consequence, many of the newly constituted municipalities have struggled to provide such basic services as refuse removal, sewerage, and water.

Thus, despite the obvious importance of municipal government in improving the quality of life of the poor, considered in its totality, local government in South Africa is in crisis. According to a recent policy document produced by the Department of Cooperative Government and Traditional Affairs (COGTA), only 7% of municipalities "could be regarded as…doing well" (COGTA 2014:6). The middle range of municipalities are considered to be "almost dysfunctional and need assistance to get the basics right", whilst the remaining third (31% of the total) stated to be "dysfunctional and significant work is required to get them to get the basics right". According to the COGTA report:

> Among others we find in this category endemic corruption, dysfunctional councils, no structured community engagement and participation systems, and poor financial management leading to continuous negative audit outcomes. There is a poor record of service delivery and service management functions, such as fixing potholes, collecting refuse, maintain public places, and fixing street lights. While most of the necessary resources to render the functions or maintain the systems are available, the basics are not in place. It is in these municipalities that we are failing our people dramatically and where we need to be intervening urgently to correct the decay in the system (COGTA 2014: 6).

[9] The number of municipalities has fluctuated over time due a series of amalgamations and in 2016 there were 278.

It is in this context that the growth in protests countrywide can best be understood, particularly as local governments have been presented to the public as the building blocks of the new democracy.

6 Challenges to Public Administration and Governance

Over and above the challenges faced in reforming state institutions, concerns have also been raised about the model of public administration which is currently being pursued and its longer term implications for governance in South Africa. As in so many other of the reform processes pursued since 1994, the model envisaged for the new public administration was intended to represent the antithesis of the Apartheid state, which was seen to be excessively hierarchical, rule bound, secretive, repressive, unrepresentative, and designed to serve the needs of the white minority. In this portrayal, its racial character aside, the Apartheid state was characterised as an overbearing Weberian state which rigorously controlled rather than improved the lives of the majority of the population.

Whilst the initial orientation of the ruling alliance, as discussed above, was towards a social-democratic state which would play an interventionist role in the economy, this was soon replaced by the belief, expressed in GEAR, that the nation would be best served by an enabling state, which would both outsource some of its functions and play a regulatory role in the market (Cameron 2009). Although GEAR did not explicitly discuss the model of public administration to be followed, its introduction is associated with the rise of New Public Management thinking in South Africa. This called for the adoption of market principles in the running of government, the outsourcing of services, privatization of state entities, performance management, and the devolution of managerial responsibility amongst other measures. The idea advanced was that greater efficiency and effectiveness could only be achieved if the public sector was run on more business-like principles, a theme taken up in the 1997 *White Paper on Transforming Public Service Delivery* (Republic of South Africa 1997), which also espoused the notion of the "citizen as customer".

With hindsight, or perhaps as a consequence of a lack of foresight, much of the focus of the New Public Management model was entirely misconstrued. South Africa under the Apartheid government had never been a strong state in a Weberian sense. Although it had maintained a strong military and security capacity to enforce segregationist legislation and sustain white minority rule, its reach across the country in terms of service delivery and its capacity to create employment and to improve welfare was extremely limited. Services in the rural areas inhabited by African people were poor or non-existent and the 13 different racial and ethnic administration set up around the country ensured that there was never any coherency in national policy.

As a consequence, at a time when there should have been concerted efforts to build a stronger, more professional democratic state, there was a progressive move towards the contracting out of state functions, and outsourcing became the order of the day. The consequence of this approach has been a weakening of the state,

particularly at provincial and local levels. Many state departments now lack a compliment of necessary skills and there is a growing reliance on consultants to perform what should be basic administrative functions. In this context, private companies often do work which was previously undertaken by the public sector.

Not only has the human resource capacity of government departments been weakened, it is certain that the policy has created governance challenges of its own. The extensive reliance on tendering and outsourcing to deliver public goods has not demonstrably improved service delivery (as the rise of protest movements attest), but it has created opportunities for fraud and corruption, which had not hitherto existed. As successive reports from the Auditor General's Office and the Public Service Commission reveal, the bulk of fraudulent activity in the public sector is to be found in supply chain management and in the award of state tenders (Auditor-General 2011; Public Service Commission 2015). Corruption, indeed, is seen in the public eye (Wielders 2013) to have infused the public sector up to the highest echelons of government and this has led to charges that various interest groups are trying to effect the capture of the state (Seale and Thakali 2016). Although there is evidence of a push back against corruption in civil society and within the ranks of the ANC itself, it is certain that the problem has not been resolved and that it will continue to inhibit the capacity of the state.[10]

A related challenge is to be found in the poor separation of political and administrative functions which have emerged in a number of sectors of government but particularly at the local level where an abuse of power has been widely documented (De Visser et al. 2009). Reflective of this, COGTA's 2009 State of Local Government report maintains that causal reasons for distress in municipal governance include:

> a) tensions between the political and administrative interface; b) poor ability of many councillors to deal with the demands of local government; c) insufficient separation of powers between political parties and municipal councils; d) lack of clear separation between the legislative and executive; e) inadequate accountability measures and support systems and resources for local democracy; and f) poor compliance with the legislative and regulatory frameworks for municipalities (COGTA 2009:10).

A further problem relates to the ruling party's policy of cadre deployment. This was initially conceived as a measure whereby party loyalists would be deployed to key state positions to ensure that the correct ideological line was being followed and that the transformation of society was being carried out as planned. Over time, however, the objectives of the policy have been widely abused and those deployed are frequently friends or family of the politically influential. The negative effects of the deployment system are evident in the words of a municipal manager who states:

> There has been political interference in the appointment of directors. For example, in this municipality they appointed a lawyer with no financial

[10] President Zuma's close association with the Guptas, a family of wealthy Indian businessmen, has been cited as evidence of the undue influence which private sector interests have been able to exercise over the affairs of the state. BBC (2016) "The Guptas and their links to South Africa's Jacob Zuma".

> competence as a CFO. You can employ a consultant to go through all the competence testing according to the regulations but in the end, the councillors can override any test, any recommendation. The regulations then mean nothing in the end (quoted in De Visser et al. 2009: 38).

Concerns have frequently been raised that those who are deployed often not only lack the necessary skills, but they also intervene in the affairs of a municipality irrespective of their position in the administrative hierarchy. Once appointed, furthermore, it is seldom possible to remove them for poor performance. The net effect of this policy is the demoralisation of committed staff and growing cynicism on the part of the public (De Visser et al.).

7 Conclusion

The focus of this paper has been on public sector governance in South Africa, the manner in which it influences the operations of the state, and the extent to which it shapes relations between the government and civil society. The paper reveals that whilst significant progress has been made in transforming the South African state in the more than two decades since the ending of Apartheid and the institutions necessary to build a modern and more equitable society have been successfully established, considerable challenges remain. Although formalistically, the government is committed to improving service delivery for the majority of citizens and has developed an array of legislation and policy in support of this goal, the results to date have been well below popular expectations. This, as indicated, may be attributed to the government's vacillation in pursuing a consistent economic growth path, and this shortcoming compounded by the vagaries of the global economy has meant that the country has consistently failed to reach the levels of growth necessary to lift the majority of the population out of poverty. This has been aggravated by ineffectual administrative systems, particularly at the local level, and by shortcomings in accountability and oversight mechanisms. Growing dissatisfaction with the performance of the state has led to an upsurge in protest action some of which has become violent.

Tensions within the ANC's ruling alliance have also impacted on governance systems as competing factions seek to control key state institutions (such as the Treasury and the State Prosecutors Office), and this in turn, has led to a level of political uncertainty which has adversely affected markets. In that respect, the trajectory of the reform process in South Africa can be seen to be similar to that in many other transitional societies where the strengthening of governance systems has proven to be a protracted and uneven process. The experience of these states suggests that there can be no quick fix solution to these challenges. This is because governance embraces the totality of the ways in which a state operates, including its regulatory institutions, management and administrative systems, and it also relates to the prevailing political order, to extant power relations, and to prevailing social and cultural norms. Improving governance in transitional societies, such as South Africa, as a consequence, should be viewed as part of a broader process of

transformation which includes democratic, social and economic change (Grindle 2004:525). This does not imply that enhancing governance is path determined, but rather that it has an indeterminate time frame, subject to endogenous factors and that this needs to be factored into thinking about how the performance of the state might be enhanced. From the perspective of BRICS, this also suggests that the limitations of governance systems in South Africa need to be taken into account when factoring in its future role in the partnership.

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