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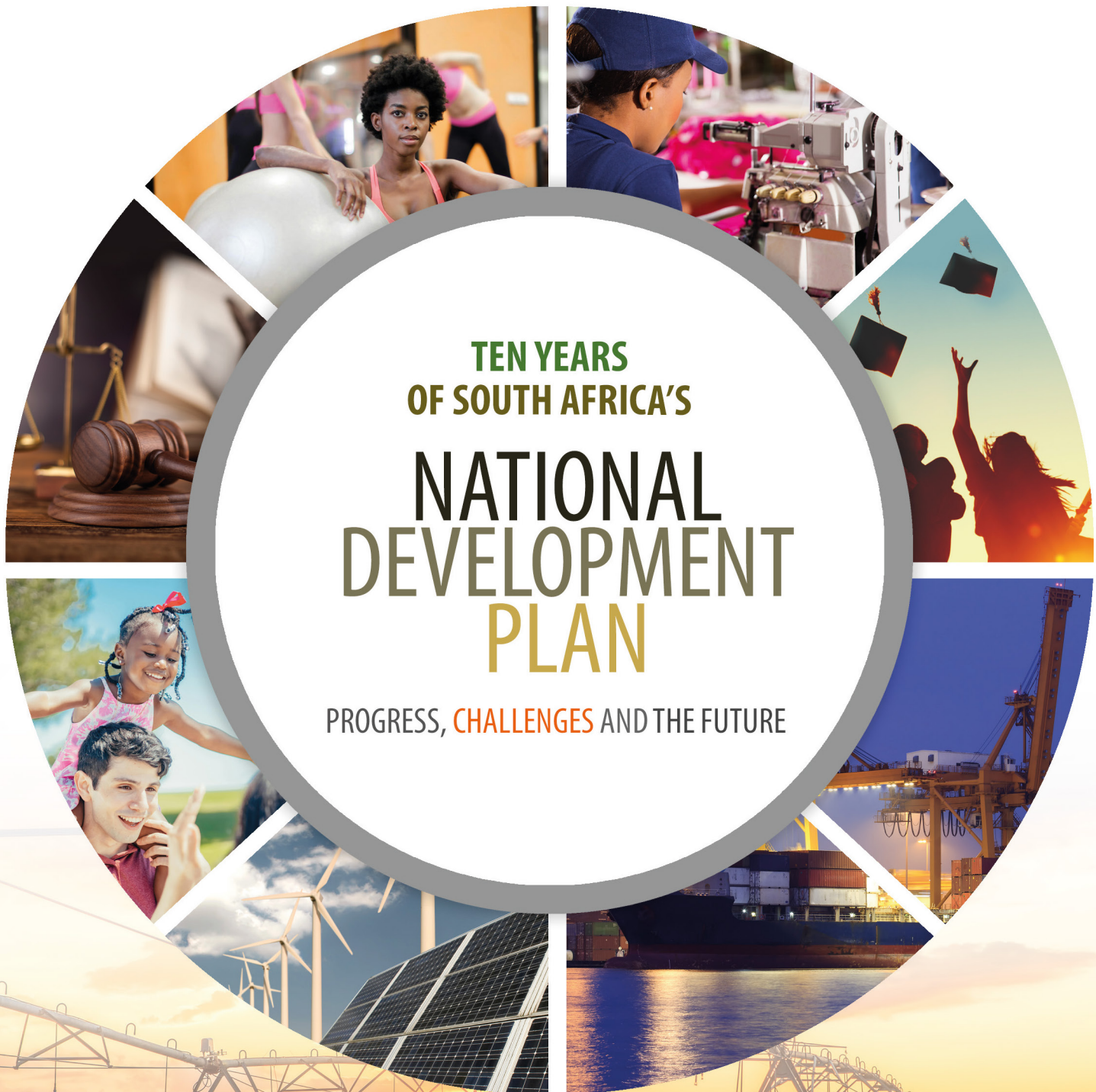

TEN YEARS OF SOUTH AFRICA'S

NATIONAL DEVELOPMENT PLAN

PROGRESS, CHALLENGES AND THE FUTURE

BY ISAAC KHAMBULE AND PAUL KARIUKI


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Ten Years of South Africa's National Development Plan

Progress, Challenges, and the Future

Isaac Khambule and Paul Kariuki

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Foreword

The value of democracy, its institutions, processes, and systems, lies in its capacity to deliver both public goods and services to the citizens. In this regard, the citizens need to experience the functionality of state institutions positively. The appropriate functionality and delivery of democratic institutions is important for South Africa's democratic consolidation.

Democratic consolidation means that concerted efforts are put in place to ensure that the citizens positively experience and appreciate the value of democracy in their lives. For this reason, the National Development Plan emphasises building trust between the state and citizens. This necessary trust in democratic institutions will largely depend on the progressive functionality of state institutions and its underpinning organs.

It is for this reason that the post-apartheid democratic government has prioritised the building of a capable and ethical developmental state. The government considered this a priority to address the triple challenges of poverty, unemployment, and inequality. Efforts have led to the developing and adoption of the National Development Plan (NDP) in September 2012. Chapter 13 of the NDP is committed to building a capable, ethical, and developmental state.

Ten years on, the South African state is challenged in several aspects. These include the growing unemployment, poverty, and inequality. There is an emerging discourse on whether South Africa is a failing, or even a failed, state. This is born out of a series of service delivery challenges in the areas of transportation, municipal services, and electricity supply shortcomings. While South Africa may not be a failed, or a failing state, it does appear to be a fragile state. That is, its capacity does demonstrate the difficulty of meeting the substantive rights of its citizens.

The emergence of the COVID-19 pandemic tested the South African state's capacity to be resilient, adaptive, and responsive to adverse factors to the state's development goal. Beyond this, there has been a series of natural disasters, such as flooding, in areas such as KwaZulu-Natal, the Eastern Cape, and the Western Cape provinces. These, too, keep testing the state's capacity to respond

to disasters and provide timeous relief whilst ensuring transparency and accountability.

Thus, it is important to give a comprehensive review, reflection, and account of the first ten years of the NDP's quest to build and sustain a capable, ethical, and developmental state. The NDP and State Capacity Conference was set against unearthing and delineating progress, challenges, future scenarios, and what may need to be done by both the state and non-state sectors in partnership.

The main topics of the conference were underpinned by the relationship between state capacity, government performance, institutions, civil society, and development. Broken down, the conference's themes were: state capacity, parliamentary oversight, accountability in state-owned enterprises, developmental and institutional roles, performance of the government, and industrialisation within a developmental state framework. This book is, therefore, a culmination of efforts from different academics and practitioners who participated in the conference.

The first three elements covered in this book are significant because the NDP identified them as important components towards building a capable developmental state. These areas have also been contentious over the past decade, as evidenced by the state capture debacle and the Auditor General reports on the state of government entities. The fourth element is important and relevant because developmental states are judged on their ability to deliver social and economic development through industrialisation and structural transformation. These identified areas will determine whether South Africa prospers or stagnates like many other African states struggling to create resilient and capable institutions.

One of the conclusion recommendations, which should partly inform future research for both researchers/academics and public-sector practitioners, is that the state needs to move into an urgent mode of governance. In particular, it strikes a synergy between policy development and managerial bureaucracy. That is, ensuring that there is a reinforcement between policy development and bureaucratic management to ensure effective, timeous delivery and accountability.

The essence of this urgency is that the current socio-economic challenges cannot be tackled in the "business as usual" mode. South Africa's socio-economic challenges require a ratcheting up of state capacity, capability, and performance. This is critical, given the rise

and prospects of coalition governments across levels of government: local, provincial, and national. The challenge, therefore, is to undertake appropriate scenario research and planning. Therefore, as we conclude this first phase of state capacity review, we may have to move into the exploration of the necessary link and constructive collaboration between policy development and managerial bureaucracy paralleled with a heightened sense of transparency and accountability.

Dumisani Hlophe
Deputy Director General
Department of Public Services and Administration

Book Rationale and Summary

The South African government has long understood that to address the triple challenges of poverty, unemployment, and inequality, a democratic developmental state capable of promoting inclusive economic growth is required to achieve the necessary developmental outcomes (ANC 2017). This book provides a comprehensive account of the first decade of South Africa's National Development Plan (NDP) and its developmental state ambition. Academics, students, and policy-makers will benefit from understanding the government's performance since adopting the NDP as the country's development framework.

The book focuses on several key themes, such as parliamentary oversight, the performance and state of local government, state-owned enterprises, state capacity, and industrialisation in South Africa's developmental state ambition. These elements are significant because the NDP identified them as important components towards building a capable developmental state. These areas have also been spaces of contention over the past decade, as evident in the state capture reports and the Auditor General reports on the state of local government and state institutions. The industrialisation element is important and relevant because developmental states are often judged on their ability to deliver social and economic development through industrialisation and structural transformation. These identified areas will determine whether South Africa prospers or stagnates like many African states struggling to create resilient and capable institutions. Secondly, these areas are likely to influence the building of a state capable of alleviating millions of poverty and unemployment that the country has failed to arrest since the aftermath of the 2008 global financial crisis.

While the main problem is set against unearthing and delineating the progress the country has made in its developmental statehood aspirations, the core of the matter is the lack of extensive research on the first ten years of the NDP. Secondly, there has been a dearth of studies that focus on the relationship between the state and development, particularly in the framework of a developmental state as enshrined in the country's NDP. Essentially, the book is preoccupied with the capacity of the state to respond to the country's developmental needs. Hence, this book is aligned with the identification of elements such as parliamentary oversight,

accountability in state-owned enterprises, local government, and industrialisation as core to the country's developmental state-building. Thirdly, the book intends to add to existing literature by providing evidence on the state's overall performance over the last decade, and the production of a new body of knowledge on how to improve institutional effectiveness.

Book Editors and Contributors

Editors

Isaac Khambule is a professor of political economy at the University of Johannesburg, South Africa. He was previously an associate professor of political economy at the Wits School of Governance, University of the Witwatersrand, where he taught decision-making in public institutions and was the academic head of the Executive Education Unit. His research interest is in the relationship between the state, institutions, and development, with a particular focus on the role of the state in economic development and the entrepreneurial state.

Paul Kariuki holds a PhD in administration (public administration) from the University of KwaZulu Natal (UKZN) and post-doctorate training from the University of Airlangga, Indonesia. He is the executive director of the Democracy Development Program (DDP), a national not-for-profit organisation and think tank based in Durban, South Africa. Moreover, he is a senior lecturer at the School of Management, IT, and Governance, UKZN. He is an alumnus of the Centre for Research on Evaluation, Science, and Technology (CREST), Stellenbosch University, where he trained in monitoring and evaluation. His research interests are in governance, digital transformation, public participation, elections, electronic governance, local government, migration, cybersecurity, technology adoption, and monitoring and evaluation in the public sector. He has published research articles in peer-reviewed journals in these areas of interest and co-edited several books on various themes. Furthermore, he is a guest reviewer of several journals in Africa and abroad. Additionally, he is a regular contributor to various social and political issues in the mainstream electronic and print media in South Africa and abroad.

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Nicola de Jager (PhD in political science, University of Pretoria) is an associate professor at the Department of Political Science. From January 2018 until December 2022, she served as co-editor-in-chief of the international journal *Commonwealth and Comparative Politics*. She is a C2-rated researcher with the National Research Foundation (NRF) and was a fellow of the African-Oxford (AfOx) programme at Oxford University. She was formerly a research associate of the Transformation Research Unit (TRU), a research unit focused on projects dealing with transformations from autocracy to democracy and the reverse, conditions for the persistence of democracy, and the quality of government. De Jager has edited two books: *South African Politics,* published by Oxford University Press, and *Friend or Foe? Dominant party systems in Southern Africa* (co-editor Prof Pierre du Toit), published by UCT Press and the UNU Press. She has published in several peer-reviewed journals, including *Democratization*, *Journal of Modern African Studies*, *Third World Quarterly*, *Politikon*, *Taiwan Journal of Democracy*, and the *Journal of Contemporary African Studies* on topics of comparative politics, religion and politics, democratisation, South African politics, and southern African politics.

Vusimuzi Gumbi is a research assistant at the Institute for Pan African Thought and Conversation (IPATC) and an academic tutor at the Department of Politics and International Relations, both at the University of Johannesburg. He recently completed his MA in politics (*cum laude*). His dissertation explored the role of symbolism on voter choice and electoral outcome. He obtained a distinction for his BA (Honours) dissertation, which explored the accountability deficit in the South African parliament. His research interests in elections, political processes, democracy, and the governance of institutions were reinforced when he was deployed by the Electoral Institute for Sustainable Democracy in Africa (EISA) to Lesotho in 2017 and Mozambique in 2019, as part of the election observation missions. He co-authored a chapter for EISA's special volume on

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Rachel Fischer is the parliamentary engagement and research manager at the Organisation Undoing Tax Abuse (OUTA). Here her activities predominantly focus on parliamentary oversight and research in the public governance domain. Her passion at OUTA is to promote accountability and to achieve social justice. As an activist, researcher, and certified ethics officer, Fischer collaborates with academic institutions, civil society organisations, as well as intergovernmental organisations. Her extramural roles include serving on the advisory board of the International Centre for Information Ethics and being an advisory council member of the Library Collective. She is also a member of the UNESCO Information for All Programme's Working Group on Information Accessibility, and UNESCO's Media and Information Literacy Alliance. She has a master's in political philosophy, and is currently completing her PhD in information science, with the specific focus on developing a framework to guide the design of value-pluralistic AI ethics policies.

Thabile Zuma is a regulatory affairs and public policy specialist with almost a decade of experience in regulatory affairs and public policy across Africa. She has a sound understanding of global and regional public policy challenges and political systems. She also has solid relationships with government agencies, civil society organisations, policy-makers, and businesses, where she contributes to debates on

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Chapter 1

A Systematic Review of South Africa's National Development Plan and its Developmental State Ambition

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Abstract

South Africa recently marked ten years since the adoption of the country's National Development Plan (NDP). Among the many objectives of the NDP is creating a capable developmental state to address the country's growing triple challenges of unemployment, poverty, and inequality. The NDP identified three priority areas – parliamentary oversight, accountability in state-owned enterprises, and the performance of the local government – as some of the areas that need improvement to materialise the capable developmental state ambition. This chapter tracks the genesis of developmental state thinking in South Africa and interrogates whether South Africa is on track to materialise the capable developmental state ambition by reviewing progress made in the three stated areas since 2012. The analysis reveals that South Africa has not made significant progress in improving parliamentary oversight because of notable failures in holding executive and state institutions to account, while accountability in state-owned enterprises deteriorated amid the state capture debacle, and local government remains plagued by inefficiencies in delivering basic services.

Keywords: developmental state, National Development Plan, African National Congress, bureaucracy, state institutions

Introduction

In 2012, the South African government, under the leadership of the African National Congress (ANC), set a goal to become a capable developmental state by 2030. Chapter 13 of the South

African National Development Plan (NDP) outlines the country's developmental state ambitions as being driven by the need to address historical socio-economic injustices and to reduce the triple challenges of unemployment, poverty, and inequality (National Planning Commission 2012). South Africa's developmental state ideology is underpinned by evidence of the rapid industrialisation and unprecedented economic growth experienced by East Asian states such as Singapore, Japan, China, and South Korea based on a state-led development model (Khambule 2018). As such, for aspiring developmental states such as South Africa, this ambition has to be understood in terms of its critical developmental ideology and the resultant improved socio-economic conditions the country hopes to generate. However, developmental states are not limited to the developmental goals that the state hopes to achieve, but should be understood as a continuous process that has to be infused with immediate results. In this context, it is important to reflect on what the country achieved in the first six years of the NDP's developmental state ambition.

Although South Africa has recently marked six years since the adoption of the NDP and its vision for a capable developmental state, the country's developmental state ambitions existed long before the adoption of the NDP (Khambule 2021). The ANC has long understood that addressing the triple challenges of poverty, unemployment, and inequality requires a democratic developmental state that can promote inclusive economic growth to achieve necessary developmental outcomes (ANC 2017). The NDP highlighted several accountability flaws as some of the many challenges facing South African public service and its developmental state ambitions. Three important areas of accountability were flagged: a) the failure of parliament to fulfil its oversight obligation; b) a lack of accountability in state-owned enterprises; and c) a rising number of service delivery protests facing local governments (NPC 2012). These three key challenges hamper the country's growth, as do the triple challenges of unemployment, high levels of poverty, and inequalities (Statistics South Africa 2017). This combination of factors has increased the pressure on authorities to find suitable approaches to address these developmental challenges. As the country's national development blueprint, the NDP envisioned a capable developmental state as the only solution to the institutional challenges meant to address the triple challenges. Ten years after the adoption of the NDP, how far has South Africa come in fulfilling its NDP 2030 ambitions of creating a capable developmental state?

The Developmental State

The active role played by governments in addressing the 2008 global financial crisis resurfaced a strong interest in the role of the state in economic development, as it exposed the imperfections of a market-oriented/neoliberal system (Meyns & Musamba 2010). During the 2008 economic crisis, states played a prominent role in developing and implementing policies to minimise the effects of the crisis on the poor by directing state capacity and resources through interventionist policies. An example of a state that took a radical approach to state-led development (through protecting and bailing out certain industries, such as the banking sector) is the United States of America (USA), which acted in accordance with Stiglitz's (1996) understanding of government as a correcting mechanism when the market system has failed. This is in line with Mkandawire's (2001) understanding of a developmental state as one that is driven by a developmental ideology grounded in using the state's administrative power, capacities, and resources for economic growth and development. This undertaking is in line with the *ideological component* of the state, which puts the state at the epicentre of spurring economic development and sustainable growth. On the other hand, the *structural component* of the state argues that the state uses its administrative power, political influence, resources, and capacities to pursue economic development and growth (Berhane 2012).

The performance of select East Asian states (South Korea, Japan, Hong Kong, Taiwan, and others) in the 1980s led to emerging and developing nations, especially in Africa, rekindling their interest in the idea of a developmental state. South Africa, Ethiopia, and Rwanda have unequivocally expressed their ambitions of becoming developmental states. Literature suggests that Johnson (1982) introduced the term 'developmental state' in his book, *MITI and the Japanese Miracle*, when he described the central role played by the Japanese government in influencing that country's economic development trajectory by being directly involved in the development process, rather than relying on the influence of the market system. While the developmental state concept emerged long before the success of East Asian developmental states such as Japan, South Korea, Taiwan, etc., the success of these nations made it a reference point for state-led development. As such, the modern association of developmental states with the ability to acquire rapid, inclusive economic growth and a reduction in poverty is due to the success of these East Asian states. This success is particularly notable because

it was mixed with industrialisation and equitable economic growth (Edigheji 2010).

The role of a development-oriented political leadership driven by a powerful political and economic ideology focused on rapid economic growth and development is key to achieving growth (Meyns & Musamba 2010). In this regard, such a goal-driven political leadership has an essential task of creating resilient and capable institutions that play an essential role in determining the socio-economic outcomes. This is contrary to the political elites and political leadership in some African nations, where political continuity has been mired by conflicts that undermine political stability and economic development, resulting in the impoverishment of the masses. In Africa and Latin America, instead of leaders being representatives who create developmental solutions, they are often an impediment to development prospects as they resort to patrimonialism, corruption, and the use of political and financial resources to buy votes. The inability of the political leadership to allocate resources efficiently because of the various rent-seeking groups and neopatrimonialism has a direct role in perpetuating underdevelopment, while nations that can manage the allocation of resources efficiently tend to experience uninterrupted economic growth and development.

According to Johnson's (1982) analysis of developmental states, Latin American state-led development failed because the states did not guarantee the protection of the bureaucracy from powerful interest groups that posed rent-seeking influence. This argument was proven true by the rise of the East Asian tigers, which prioritised the efficiency and autonomy of their bureaucracy in championing economic development planning. In these countries, the state gave the necessary power to its bureaucrats to develop interventionist policies that promoted the national development agenda. For example, South Korea had a long history of meritocratic and cohesive bureaucracy that was able to materialise the country's developmental state ambitions (Von Holt 2010). Evans (1995; 2010) points out that the state is independent and efficient as long as it is not influenced by rent-seeking interest groups and fulfils the needs of society as a whole. At the opposite end, African and Latin American state-led models were hampered by the predatory nature of the state, through a corruptible bureaucracy and political elite (Meyns & Musamba 2010). The work of the bureaucracy is to guide the economic development trajectory and has to be guarded against

rent-seekers, opportunists, and groups driven by private interests instead of national interests to achieve sustainable growth.

Leftwich (2000) points to the existence of a development-oriented political leadership in successful developmental states such as Japan, China, Singapore, South Korea, and Taiwan. This political leadership is underpinned by the need to use state resources and capacities to attain economic growth. The political leadership relies on its bureaucratic capacity to design and implement policies that have effective developmental outcomes, consequently improving the government's ability to provide public goods to its citizens. The existence of a strong and autonomous bureaucracy thus ensures that the East Asian developmental states have governments that are performance-driven in the delivery of services, with a particular focus on education and health institutions. These successful developmental states also rely on the existence of a production-oriented private sector, which maximises citizens' skills and capabilities (Kim 2010). For example, the government of South Korea invested in education, public infrastructure, and industrial policies, which led to the private sector taking advantage of enabling industrial policies, public infrastructure, and human development (Acemoglu & Robinson 2013). The success of these East Asian states suggests that it is crucial to have strong government leadership that has an efficient bureaucracy and can design innovative development policies.

South Africa's National Developmental Plan and the Developmental State Ambition

Although South Africa adopted the NDP and its vision for a capable developmental state in 2012, the ANC has long understood that in order to attain its objectives of addressing the triple challenges of poverty, unemployment, and inequality, it requires a democratic developmental state that has the necessary capacity to promote inclusive economic growth (ANC 2017). The NDP highlighted several accountability flaws as some of the many challenges that face the South African public service and its developmental state ambitions. Three important areas of accountability that were flagged included the failure of parliament to fulfil its oversight obligation; a lack of accountability in state-owned enterprises; and the rising number of service delivery protests facing local governments (NPC 2012). These three key challenges occurred while South Africa was already facing the adverse effects of the triple challenges, thus increasing

the pressure on the authorities to find suitable approaches to address these developmental challenges.

The South African government has been at the forefront of pronouncing its commitment to the idea of becoming a developmental state, unlike the leading Asian and Scandinavian developmental states, which were instead identified as developmental states by scholars after they had implemented developmental-oriented policies (Edigheji 2010). The Constitution of the Republic of South Africa stipulates the direct involvement of the government in economic development matters in order to improve socio-economic standards, stating that the government must be accountable to the people, promote socio-economic development, and involve communities and community organisations in issues of local government (The Constitution of RSA 1996). At the subnational level, the Constitution instructs municipalities to "promote social and economic development, and structure and manage their administration, budgeting, and planning processes to give priority to the basic needs of the community and to promote the social and economic development" (The Constitution of RSA 1996:87). South Africa's desire to become a capable developmental state should therefore be located within its constitutional framework, its transformative mandate, and its historical legacy.

Despite having some of the best policies in the world, the country has been plagued by its inability to fully implement these policies because of growing state incapacities (NPC 2012). The NDP (2012) recognises the incapacity of the state to implement policies as one of the obstacles to realising the country's developmental agenda, yet developmental states depend on the capacity of the state to implement policies (Berhane 2012; Evans 2010). The developmental state ideology is viewed as an opportunity for South Africa to build the state's capacity to deliver services to citizens and address major service delivery problems that cause thousands of service delivery protests every year (NPC 2012; Edigheji 2010). The state's biggest challenge is designing and setting up capable institutional structures that can formulate and implement policies to realise South Africa's developmental state ambitions (Edigheji 2010). A capable developmental state will be realised by enhancing parliamentary oversight, stabilising political and administrative interdependence, professionalising public services, and improving intergovernmental coordination (NPC 2012), as institutions play an important role in determining the direction that developmental states take.

Integral functions of a developmental state are to nurture the capabilities of its citizens, improve socio-economic conditions, and address historical injustices (NPC 2012; Evans 2010). To draw attention to the importance of capabilities in ensuring a capable developmental state, the NDP asserts that:

> A developmental state needs to be capable, but a capable state does not materialise by decree, nor can it be legislated or waved into existence by declarations. It has to be built, brick by brick, institution by institution, and sustained and rejuvenated over time. It requires leadership, sound policies, skilled managers and workers, clear lines of accountability, appropriate systems, and consistent and fair application of rules (NPC 2012:44).

The government needs to establish an efficient bureaucracy within government; increase the willingness of the political leadership; and improve its capacity to implement policies (Edigheji 2010). Du Bois and Rousseau (2008) demonstrate the link between access to services, higher capabilities, and improved socio-economic conditions, whilst also demonstrating that a lack of capabilities results in vulnerabilities. As with the South African NDP, modern developmental states should draw on the capability approach's assumption that greater capabilities lead to improved functioning and socio-economic conditions (Sen 1987). Sen's argument is thus that access to services improves a person's functioning. In relation to the developmental state, the government needs to ensure that it has sufficient capacity to deliver basic services and enhance the capabilities of its citizens. Capable citizens are likely to not only improve the government's capacity to deliver services, but also increase the country's productivity and socio-economic conditions (Chang 2010).

In fact, the ANC government has seen the exacerbation of inequality and poverty rates because economic growth has not been inclusive and has exposed the failure of trickle-down economics from the mid-2000s. This is evidence of the fallacy of the trickle-down doctrine that if one pursues growth, then the other challenges will be solved. This market-driven development approach has resulted in growing global social and economic inequalities, signalling the imperfections of the neoliberal system. Inclusive economic growth, which refers to an economic growth that does not exclude poor and marginalised people, with substantial socio-economic benefits for

all citizens through social and economic benefits, can be attained through a democratic developmental state (Fourie 2014). The ANC's 53rd National Conference at Mangaung in 2012 echoed the need for a democratic developmental state to pursue economic growth that is accompanied by structural changes to address the country's challenges of unemployment, poverty, and inequality (ANC 2017). The potential for African countries to construct a developmental state is embedded in their ability to correct the institutional reforms that were brought about by neoliberal agendas (Mkandawire 2010).

The NDP has identified corruption as a leading factor that is undermining the country's ability to deliver on its developmental state mandate and the creation of a fair and stable society. The NDP notes that corruption is fuelled by perceptions regarding the country's unjust historical economic structure and empowerment deals that have benefited the politically connected (NPC 2012). South Africa's corruption ranking in the International Global Corruption Survey shows that the levels of corruption have persistently increased over the years (Transparency International 2016). Corruption not only undermines democratic values and economic prospects; it also undermines state capacity, as is evident in the key failings of African and Latin American developmental states. Corruption further affects the credibility of the state's institutions and promotes despotism. At the local level, corruption affects the provision of service delivery through under- and sub-standard performance, leading to inadequate service delivery and service delivery protests. This ends up promoting and propping up the "impossibility thesis", which says that developmental states are impossible in Africa (Mkandawire 2001).

Developmental states are recognised for promoting economic growth and industrialisation that results in improving a country's overall economic competitiveness. Burger (2014) argues that the South African government cannot emulate the East Asian developmental states effectively, because it does not necessarily focus on economic growth, i.e. its main aim is to reduce the triple challenges of unemployment, poverty, and inequality. Burger explains that focusing on addressing the triple challenges means that the state cannot dedicate resources effectively for economic growth. Burger's assertion is open to criticism because it is underpinned by the notion that it is impossible to pursue economic growth while addressing unemployment, poverty, and inequality. The potential for African countries to construct a developmental state is vested in

their ability to correct the institutional reforms that were brought about by the neoliberal agenda (Mkandawire 2010). For African states, the challenges to be overcome on the road to developmental statehood are many, but not insurmountable, as they require strong leadership, focus, patience, and time.

Progress Towards the Developmental State Ambition?

Based on a review of the period from 2012 to 2022, i.e. the first ten years of the NDP, the following discussion analyses whether or not the country is on the right path to achieving its developmental state mandate as set out in the NDP. The discussion focuses on three aspects: parliamentary oversight, accountability in state-owned enterprises, and service delivery failures in local government.

Parliamentary Oversight

Parliamentary oversight refers to the role of the parliament in overseeing the management of state institutions and ensuring the effectiveness of state entities. The South African parliament, through the powers vested in it by Act 108 of 1996 of the Constitution, has the following functions:

- passing legislation or laws;
- scrutinising and overseeing executive action (keeping oversight of the executive and organs of state);
- facilitating public participation and involvement in the legislative and other processes;
- participating in, promoting, and overseeing cooperative government; and
- engaging and participating in international participation (participating in regional, continental, and international bodies) (The Constitution of RSA 1996).

While the most important function of parliament is to pass legislation through the national assembly, its secondary function (to oversee the executive and organs of state) is the primary focus of this review. It is important that the parliament fulfil its role of holding the executive to account through the various mechanisms available to it. Whereas the NDP sees an enhanced oversight role of the parliament as one of the basic tenets of a capable developmental state (NPC 2012), the 5th democratic South Africa parliament (from 2014 to 2018) has proven

itself incapable of scrutinising and holding the executive to account, because the majority party shielded its members in the executive (Munzhedzi 2016). The intention of the Economic Freedom Fighters (EFF) – an opposition party – to ensure that oversight is performed on the executive and organs of state often degenerated into violent scuffles because of the perceived inconsistencies of the speaker.

There are many cases that reflect the failure of the parliament to fulfil its oversight mandate over the first six years of the NDP, with the Nkandla case being the most recognised example. In the infamous case, former President Zuma was accused of improperly benefiting from the misuse of public funds in the upgrade of his private homestead. Despite the Public Protector's State of Capture report (Public Protector of South Africa 2016) and its binding recommendations, the parliament failed to follow due process and hold the executive to account. Nowhere is this failure more evident than in the Constitutional Court judgement (Economic Freedom Fighters v Speaker of the National Assembly and Others; Democratic Alliance v Speaker of the National Assembly and Others [2016] ZACC 11), which declared that:

> [84] The President thus failed to uphold, defend and respect the Constitution as the supreme law of the land. This failure is manifest from the substantial disregard for the remedial action taken against him by the Public Protector in terms of her constitutional powers.

The failure by the president to comply with the remedial action taken against him by the Public Protector in her report of 19 March 2014 is inconsistent with Section 83(b) of the Constitution read with Sections 181(3) and 182(1)(c) of the Constitution, and is invalid.

On the failure of the national assembly to hold the former president to account, the Constitutional Court judgement pronounced that:

> [99] By passing that [to absolve the president of wrongdoing] resolution the National Assembly effectively flouted its obligations … [105] Neither the President nor the National Assembly was entitled to respond to the binding remedial action taken by the Public Protector as if it is of no force or effect or has been set aside through a proper judicial process. The ineluctable conclusion is therefore that the National

> Assembly's resolution based on the Minister's findings exonerating the President from liability is inconsistent with the Constitution and unlawful.
>
> [104] Similarly, the failure by the National Assembly to hold the President accountable by ensuring that he complies with the remedial action taken against him, is inconsistent with its obligations to scrutinise and oversee executive action and to maintain oversight of the exercise of executive powers by the President (Constitutional Court of South Africa, Cases CCT 143/15 and CCT 171/15).

Despite the Constitutional Court's suggestion that the Parliamentary Speaker institute disciplinary action against former President Zuma, none was taken. What transpired was the increasing use of parliament as a manipulation tool for avoiding accountability (Adetiba & Auselime 2018). This prompted the EFF to approach the Constitutional Court to compel the speaker of parliament to discipline the former president. This case indicates that the South African parliament failed to execute its oversight role as mandated by the country's Constitution and the NDP. This failure undermines the country's developmental state mandate, because it shows a lack of strong and autonomous political leadership that is able to put the interests of its people before the ruling party. This was further demonstrated in the Constitutional Court's motion of no confidence when the ruling party (ANC) argued that members of parliament are there to represent the party's interests and not national interests. This is contrary to the constitutional obligation that compels members of parliament to represent the national interests rather than party interests (The Constitution of RSA 1996).

An important function of a parliament in a democratic society, particularly a constitutional democracy in the case of South Africa, is to promote accountable institutions that adhere to their constitutional mandate (Khambule 2021). At the epicentre of vibrant constitutional democracies is the need for democratic parties that put national interests before party interests. The inability of the ANC to separate party lines over state matters led to the parliament's failure to promote accountability and oversight. Adetiba and Auselime (2018) note that the ANC government, as the majority party (62%) in parliament, failed to promote national interests over party interests, thereby weakening the ability of the parliament to hold the executive to account. Contrary to these developments and the developmental

state ambitions, successful developmental states rely on strong state capacity to drive the national development agenda, while ensuring there are consequences for transgressions. Further to this, an inability to promote accountability at the national level undermines the NDP's vision of creating a corruption-free and accountable society. These failings cast doubt on the vision of creating a capable and responsive developmental state despite evidence that creating sound and performance-driven institutions is vital for materialising a capable developmental state.

Within the review period that forms part of this analysis, parliamentary oversight was undermined by the ANC's constant shielding of the executive from accountability to the national assembly and the various committees through majoritarianism (Khambule *et al* 2019). The failure of the parliament to perform its oversight role often led to the courts having to make decisions that were supposed to be taken by the parliament. Further to this, the ANC shielded President Ramaphosa in parliament when faced with the Phala Phala matter, despite a finding by the commission that he may have a case to answer, and the subsequent impeachment threat from opposition parties. The involvement of the judiciary in parliamentary matters, despite the separation of powers, indicates that the parliament is incapable of impartially performing oversight (due to political parties promoting party interests). These problems are largely due to the one-party dominance system that has emerged in the South African political landscape and subsequently resulted in the inability of the opposition parties to hold the governing party effectively to account.

The failure to maintain parliamentary autonomy over party interests is undermining the creation of a capable developmental state that can not only hold the executive accountable (both in the cases of Zuma and Ramaphosa), but also promote the effectiveness of institutions in responding to national developmental challenges and needs. While successful developmental states are led by a development-oriented political leadership driven by the goal of attaining economic development while resisting the abuse of power (Evans 1995), the South African political leadership and its bureaucracy seem incapable of producing the same results that lead to developmental statehood. The abovementioned evidence suggests that parliamentary oversight did not improve in the first six years of the NDP, as shall also be noted in the parliamentary failure to hold SOEs to account in the following section.

Accountability in State-Owned Entities

Institutions such as the IDC, the Development Bank of Southern Africa (DBSA), and other state-owned entities are envisaged in the NDP to play an important role in creating South Africa's capable developmental state and attaining national development goals (Chang 2010). However, the NDP raised various concerns regarding state-owned enterprises, noting that they have been weak and subject to questionable appointment processes and political interference. The NDP recommended that clear guidelines for accountability be created by developing management mandates based on the public interest, transparency, and meritocratic appointments (NPC 2012). Despite these recommendations, the accountability of state-owned entities has deteriorated in the midst of state capture allegations, with vast sums of money being lost through corruption. Eskom, Transnet, and PRASA are some of the many state-owned entities that have seen billions of rands being siphoned off by political elites acting as intermediaries (Bhorat *et al* 2017). Fanon (1961) warns that the political elite would become the intermediary between businesses and national resources, as has been seen in South Africa, where state institutions are gradually becoming extractive institutions used to advance personal rather than national interests. The bureaucracy and political leadership lack the ability to inspire confidence in the citizenry in dedicating the state's capacity for national development outcomes.

Extractive institutions in South Africa can be traced back to the colonial, apartheid, and post-apartheid eras. According to Van de Burg (2010:3)

Racial discrimination under first British colonial rule and then apartheid distributed the spoils of economic growth along racial lines, which laid the foundation for patterns of further development and privilege in a society stratified by race. The post-apartheid government implemented policies that explicitly tried to overturn these patterns of privilege.

Through transformative policies in post-apartheid South Africa, entities such as PRASA, Transnet, Eskom, and SAA have become the centre of economic transformation through preferential procurement with policies such as Black Economic Empowerment (BEE) (Bhorat *et al* 2017). However, BEE has further entrenched extractive institutions as it is mainly the politically connected who benefit from significant BEE deals, as evident in the Bosasa case.

More recently, state-owned enterprises have been used as proxies in a bid to pursue the developmental state's transformative agenda. This suggests that South Africa is failing to repel the capture of state institutions for private gain, as opposed to these institutions being used to accelerate economic development. Successful developmental states such as Japan, South Korea, and Singapore used SOEs to promote unprecedented economic growth and development while also repelling capture by the elite and rent-seekers.

The political economy of SOEs in developmental states such as Singapore, Brazil, and China survived many neoliberal-oriented reforms (Sigh & Chen 2017). Developmental states rely on strong and mutual recognition between the state and business, with modern democratic developmental states also driven by strong relations with civil society. Whereas an incorruptible, strong, and efficient bureaucracy leads institutions in successful developmental states, some South African state-owned enterprises are managed by a corrupt and inefficient bureaucracy. Eskom and PRASA are highlighted as two of the key SOEs involved in the massive corruption that has plagued state-owned entities (Bhorat *et al* 2017; Public Protector of South Africa 2016). This is evident in the State of Capture report, which describes the political elite using their influence on SOEs to benefit their private business interests, i.e. the Gupta case, where the relationship with the country's former president and Eskom's management was used to influence tender processes and outcomes. Further to this, the R3,5 billion PRASA locomotive tender revealed irregularities that include R500 million that landed in private accounts of key individuals in the SOE sector (Myburgh 2020). These examples reveal the lack of an incorruptible bureaucracy that is capable of materialising the capable developmental state ambition. Sigh and Chen (2017) note the need to reconfigure and build competitive SOEs to utilise their developmental capacities and outcomes for national benefits. In the South African context, this can be achieved by ensuring bureaucratic autonomy and developing a consequences framework for corrupt officials to deter any corrupt activities.

The corruption within SOEs undermines the country's developmental state ambition in many ways. For example, given that SOEs are at the epicentre of spurring economic growth and development through mass investment in public infrastructure within developing nations, corruption undermines the creation of public value and delivery of essential services. The Auditor General's (2019:114) report notes that:

> SOEs regressed when compared to the previous year and significantly regressed over the last five years. Confidence in the ability of the executives tasked to manage the affairs of SOEs has similarly regressed over the past years.

These problems imply that the NDP's vision of transforming South Africa into a capable developmental state that can address national developmental challenges (through state-owned enterprises) is failing, because the country has institutions that are inherently extractive, and privileges are still largely being distributed along class and racial lines. In addition, this indicates that the state is failing to use state-owned enterprises to pursue national developmental goals, whereas countries like China have been successful in expropriating and utilising entities to drive development. The Chinese developmental state is managed by a bureaucracy that has promoted the effectiveness of SOEs in developing and implementing industrial policies, as well as maintaining the autonomy of the state (Mabasa & Mqolomba 2016).

SOEs are supposed to be engines of economic growth, however in their current state of dysfunction in South Africa, they are instead an impediment to much-needed economic growth. The lack of accountability in SOEs arises from the fact that they are exempt from tabling their budgets and expenditure plans to parliament (Bhorat *et al* 2017). This has also seen the restructuring of entities such as Eskom, and the partial privatisation of the Durban Port within the Ramaphosa term. The absence of good governance in SOEs harms accountability, as state capture and rent-seeking undermine state-led development by these weakened institutions. The corruption at Eskom undermined the ability of the country to provide uninterrupted electricity, which costs the country billions in losses, and undermines economic growth and investment. While the NDP recommends that the South African developmental state administer and support the development trajectory to ensure that benefits are shared by all, with a particular focus on the poor (NPC 2012), the recent developments are contrary to this, as SOEs have degenerated due to corruption. This is also accompanied by the lack of consequences for the noted transgressions throughout SOEs.

Service Delivery Backlogs and the Performance of Local Government

While the NDP (2012) acknowledged improvements in certain departments such as Home Affairs, Health, Constitutional Justice

and Development, and the South African Revenue Services, local government remained a concern due to the inefficiencies and capacity issues associated with municipalities. The relationship between the different levels of government is key to driving an effective response to developmental challenges and the creation of a capable developmental state. Although the different levels of government are interrelated and interdependent, they all have an important role to play, with the provincial governments supporting and overseeing the local governments (NPC 2012; The Constitution of RSA 1996). This essentially means that no sphere of the government can be left behind in the pursuit of the developmental state ambition. As such, the NDP emphasised the need to improve the institutional capacity of the local government sphere to deliver developmental services. This assertion was in realisation that the local government is at the forefront of service delivery that plays an essential role in improving capabilities.

Neoclassical economists argue that state-oriented reforms are inevitably going to fail because of the weak capacity of government. This argument is self-serving, however, because developmental/transformative institutions are established with the idea of doing away with incapacities, and therefore should be viewed as a motivating factor rather than a barrier (Edigheji 2010). In South Africa, the lack of capacity within the state to deliver basic services to citizens remains a major weakness facing the government. Some of the reforms that the NDP regards as being most important include, but are not limited to, institutional reforms that will address the poor performance of the public sector and local government (NPC 2012). The NDP proposes that the professionalisation of the public sector be carried out as follows:

- Recruit graduates with appropriate skills whilst also improving local government skills and quality.
- Strengthen the role of the Public Service Commission in the recruitment process and in maintaining norms and standards.
- Follow an administrative approach where senior officials appoint staff in their departments.
- Introduce a hybrid system that ensures coordination between the political and administrative elements.
- Install an administrative head who focuses on the management of the careers of heads of departments, recruitment, performance evaluations, and disciplinary procedures (NPC 2012).

Recruiting candidates based on meritocracy is one of the most important basics that successful developmental states such as South Korea, Taiwan, and Singapore have managed to execute (Sandbrook *et al* 2007; Von Holt 2010). Having a skilled and efficient bureaucracy increases the state's capacity to implement policies and achieve its developmental goals. Studies show that municipalities where the municipal managers held postgraduate education (honours, master's, or PhD) tended to perform better than municipalities where municipal managers had no postgraduate education (The Presidency 2015). A problem arises in that the evaluation of the institutional capacity of municipalities is limited to the educational level of technical services managers, municipal managers, and chief financial officers. This understanding of institutional capacity is reductionist and short-sighted, as it ignores the education levels of middle- and lower-level staff. This resonates with the need to professionalise local government to improve the ability of municipalities to plan for development and effectively deliver services.

The NDP proposes that instead of finding alternative structural arrangements (seen as a derailing and disturbing process), the government should focus on addressing the current weaknesses by coordinating capacity for development through eradicating the duplication of tasks and resources between local and district municipalities (NPC 2012). Nowhere is this more evident than in the continual lack of coordination of roles and functions between local and district municipalities, which adds to the many institutional incapacities and socio-economic constraints facing subnational institutions. This is in conjunction with the inability of the national government to promote economic development, as noted in the country's failure to recover from the 2008 global financial crisis. This means that the national government as well as the local government are failing to deliver economic development and employment opportunities to the millions of unemployed South Africans. In the South African context, the inability of the state to bring social and economic changes to the masses undermines the political legitimacy of the developmental state project.

While the NDP emphasises dealing with accountability problems at the national level through parliamentary oversight, accountability has been a big challenge for local government. Booysen (2009) notes that local authorities have not only been failing to perform their duty of ensuring that citizens receive basic services, but they have also failed to be accountable to their respective constituents as the

accountability mechanism is vested in the party rather than the community. The Auditor General (2018) reveals that the financial management of 63 out of 257 municipalities regressed, signalling deterioration in accountability and financial management. In addition to this, "only 18 municipalities managed to produce quality financial statements and performance reports, as well as complied with all key legislation, thereby receiving a clean audit" (Auditor General 2018:14). These audit outcomes suggest that the issue of accountability is not only a problem that faces the national level, but is embedded at the local government level as well. A study by the South African Local Government Association (2015) notes that while most of the service delivery protests are related to basic services such as electricity, water, and housing, there has been a growing number of protests related to the relationship between local authorities and citizens. This relationship can therefore explain the regressing financial management of municipalities and the increasing service delivery protests throughout the country.

Book Structure

In an attempt to understand the last ten years of the NDP, chapters were carefully selected to give account of the progress the country has made in realising the developmental state ambition. In this first chapter by Khambule, a clear overview of why the NDP was adopted and the key priority areas were outlined. The chapter went even further to give an overview of the last ten years concerning the priority areas – parliamentary oversight, accountability in SOEs, and the performance of local government. These three priority areas are also expanded by other chapters.

In Chapter 2, Tshishonga and Sebake explore the relevance of the NDP through the six pillars identified as being core to building a democratic developmental state. The authors argue for a strong relationship between the state, civil society, and the private sector as the core to realising the materialistic gains of the NDP for the entire society. They also emphasise the need for ethical leadership, echoed in the NDP as instrumental in building a values-based society.

In the third chapter, Sibizo interrogates state capacity during the COVID-19 pandemic, with a particular focus on whether the state demonstrated the capacity needed to protect its citizens. The author argues that the pandemic exposed existing socio-economic challenges of unemployment, poverty, and inequality, and it exposed fragilities

and uneven capacities within the state. The chapter cautions on the need to build the required capacity within the urgency shown during the pandemic to arrest growing socio-economic disparities in the post-COVID era.

The importance of the local developmental state, through the local government sphere, has received less attention when the South African developmental state is considered. Hence, in Chapter 4, Khambule explores the significance of local government in South Africa's developmental state ambition. While noting that the Constitution gives the local government an important developmental role, Khambule indicates that the local government does not have sufficient capacity and support to deliver services. He argues that it is impossible to build a capable state without prioritising the local government sphere, as it is at the forefront of service delivery.

In Chapter 5, Gumbi and Tsholo consider the importance of accountability in developmental states, particularly within the parliamentary system. This chapter responds to the core issue of enhanced parliamentary oversight by the NDP. The authors note insufficient effort and commitment to promoting accountability in parliament because political parties protect their members from scrutiny. The authors revisit how the Nkandla matter was handled in the parliament and emphasise the need to review the country's electoral system.

Adding to this insight, Mchunu and De Jager, in Chapter 6, take the discussion further by exploring how dominant-party states compromise accountability. The authors do this through the Public Service Commission case study in KwaZulu-Natal. The authors find that with the dominant-party system in the province of KwaZulu-Natal, the thin line between the party and the state has led to the politicisation of the PSC and compromised its impartiality.

In Chapter 7, Fischer and Zuma take the discussion of accountability further by focusing on oversight performed by portfolio committees in the national assembly. The authors emphasise the need for a robust oversight and accountability model as they observe that the committees do not perform sufficient checks and balances on the reports and performances of the different functions. The authors argue for improved public participation procedures that enable the flow of information between committees and the general public.

In Chapter 8, Lekala and Ndevu revisit state capture in South Africa by focusing on its genesis and the key reasons why

it happened despite robust mechanisms being put in place. This is done comparatively to the case of the Western Balkans. The authors cement that South Africa cannot become a capable developmental state because of the heightened levels of corruption. The authors note the need to limit cadre deployment or perform it in a manner consistent with national interests instead of party interests.

In the last chapter, Ramafalo, Qumbisa, and Awuzie consider the case of housing, which the NDP identifies as being central to becoming a capable developmental state that cares for its citizens through dignified shelter. They note that the persistent dissatisfaction with the country's housing system is because it is based on a product-oriented nature of service delivery. The authors suggest the need for a paradigm shift to a product-service system instead of a system that has failed to improve the supply of decent housing and upgrade informal settlements as per the NDP. The authors argue that transitioning to product- and service-oriented systems will improve the country's housing landscape.

Conclusion

The NDP highlights parliamentary oversight, accountability in state institutions, and the poor performance of local government as some of the areas that South Africa needs to improve to enhance its capable developmental state ambitions. The analysis suggests that South Africa faces an uphill battle in ensuring that the state's capacity meets the demands of its people. Six years after the adoption of the NDP, the parliament has shown itself incapable of holding the executive to account, as seen in the Nkandla matter. Parliament's failure to hold the former president to account has led to the Constitutional Court having to pronounce the failures of the national assembly on its duties. There is also a continual failure to hold state-owned enterprises accountable in the midst of massive corruption and state capture allegations, where billions of taxpayers' money has been stolen through corruption in SOEs such as Eskom and PRASA. The failure of state institutions to account is a major concern, because it shows that parliament is not only failing to hold the executive to account, but that it is also failing to ensure that state entities are managed in a manner that promotes inclusive national development. Lastly, the degeneration of local governments' ability to provide services to those people mired in poverty is further

testament that the country is a long way from meeting objectives set out in the NDP.

The inefficiencies of the current South African government and parliament's failure to increase the state's capacity to respond to national developmental challenges have undermined the creation of a capable developmental state. Strong and capable institutions are vital because of their capacity to drive the development trajectory of policies and their implementation. At the heart of this is the ability of the state to devise long-term plans, mobilise society around the national project or national development plan, be development-oriented, and use state institutions to promote development. The appropriate use of institutions is important in the delegation of developmental goals. South Africa still maintains extractive institutions that have only benefited a small part of the population. In addition, the current socio-political environment does not promote the attainment of the NDP's 2030 goals. This essentially means that South Africa has failed to reconstruct its economy to benefit the larger society. Further to this, the country needs to move towards inclusive institutions that promote sustainable development that is people-oriented. Finally, South Africa needs a political leadership that can create sound institutions as well as institutional reforms, which will play a major role in the facilitation of political stability and the promotion of sustainable economic development.

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Chapter 2

Forging South Africa as a Democratic Developmental State through the National Development Plan: Quo Vadis?

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Abstract

This chapter explores the relevance of the National Development Plan (NDP) by interrogating its six pillars as the building blocks that enhance and consolidate South Africa's quest to be a democratic and developmental state. The authors argue that an intricate link between the NDP and a developmental state is needed as both face common challenges of poverty, unemployment, and inequality. The NDP and the developmental state are interrogated as planning and developmental interventions. A developmental state by its nature and design strives to intervene in the planning of the economy, while the NDP is a South African macro-strategic planning document that projects both challenges and broader mechanisms geared towards addressing the identified challenges. Unlike the development model of state intervention in the Asian nations, the South African version is democratic and underpinned by constitutional democracy. It is an interface between the active and capable state and the active participation of civil society. This chapter posits that the birth of a responsible society emerges out of unity based on active citizenry underpinned by inclusive economic growth, drawing on human and infrastructural capabilities to create a capable and developmental state driven by ethical and responsible leadership. The economic stagnation, the government's incapacity to deliver essential services, and the lack of effective and efficient implementation of the NDP are equated to walking a tightrope. The chapter finds that the political

will of the state, the minds, hands, and hearts of the citizens, and the corporate citizenry are the three imperatives for the rolling out of the NDP to benefit the poor and marginalised.

Keywords: democratic developmental state, National Development Plan, ethical and responsible leadership, active citizenry, inclusive economic growth

Introduction

In developing nations such as South Africa, the developmental progress is measured based on the reduction of poverty, unemployment, and inequality. Seers (1969 in Regan 1996:13) lists three vital aspects of development: (1) what has been happening to poverty in the country; (2) what has been happening to unemployment; and (3) what has been happening to inequality. He argues that if all three had been declining from the high levels, then, beyond doubt, it could be said that development had been taking place. The fundamental arguments raised by Seers reflect the coordinated state organ's response to the triple challenges of inequalities, poverty, and unemployment, which threaten the foregrounding of the state's developmental agenda. Seers adds a fourth factor: self-reliance in economics and technological, social, and cultural affairs. Regan (1996:13) suggests that development is about people making choices based on values about the quality of life. The apartheid regime adopted 'developmentalism' as a development path to pursue its racially discriminatory agenda and policies. This Western development model was based on economic growth through modernisation as prescribed by economist theorists like Rostow (1960). Modernisation is defined by Lerner (1972:386) as a "process of social change whereby less developed societies acquire characteristics common to more developed societies". It is grounded in transforming traditional societies from their dependence on primitive and subsistence agriculture as a means of livelihood to industrialisation. Shareia (2015) suggests that modernisation has been the advancement of social, economic, and political pathways to deliver a developmental and transforming society. Unfortunately, this approach is criticised by neo-Marxists and dependency scholars, especially those from Latin America, who argue that modernisation yields less fruits than expected. Instead, it generates underdevelopment and inequalities, especially in countries of the South (see Seers 1963; Frank 1967; Baran 1973; Dos Santos 1970; etc).

This model had a significant influence on the apartheid government; hence its development was based on the notion of "separate development" (Randal 1988; Tapscott 1995). Schneider (2018:308) notes that a separate development in this context remains a dilemma due to a neoliberal policy of the ANC approach in mitigating the pro-poor and longstanding legacy for a developmental society trapped in apartheid spatial dispensation that has perpetuated inequalities in the post-colonial dispensation. Thus, separate development was not only instrumental in operationalising the apartheid policy of divide and rule, which saw different ethnic groupings being relegated to homelands ('bantustans') or reserves, but it also became a means through which various races were apportioned resources (Taylor 1997:260). In this regard, Patel (2005:70) posits that through the Population Registration Act of 1950, people were classified into four categories, which structured different access to social welfare resources and as such, Africans, Indians, and Coloureds were denied both citizenship and welfare rights. The paradox of this model is that although apartheid was anchored on 'apart-ness' or 'separate development' (Patel 2005:70) between blacks and white people, their lives were interdependent on one another. On the one hand, the proponents of apartheid claimed that the 'separate development' model was relevant to deal with the problems of imbalance of power. Hence, Africans were given political rights in their "own homelands" (Randal 1973:72). On the other hand, Thompson (2001:235) argues that despite the government's segregation dogma and its homelands fantasy, whites and blacks were intrinsically interdependent. According to Thompson, Africans, no longer self-sufficient peasants, were obliged to seek employment, and whites needed African labour.

It is, therefore, not surprising that the democratic government under the ANC leadership adopted a people-centred and human development approach as a developmental framework geared toward the reconstruction and development of South African society. The commitment to uplift the lives of the people, especially the poor and previously disadvantaged, was demonstrated through the enactment of policies such as the Republic of South African Constitution (1996), and the RDP (1994). These frameworks could be used to determine whether development has occurred, including how such interventions have improved quality of life. Despite the inroads made since the democratic dispensation, particularly in laying the democratic foundation through the Constitution and other policies, South Africa, in its 20 years of democracy, is still haunted by the "evil triplets"

poverty, unemployment, and inequality (Zuma 2014). The forging of a non-racist, non-sexist, and democratic society is fundamentally rooted in the strengths and capabilities of the state and its citizens through a social contract. The contract aims to mitigate the side-effects of poverty, unemployment, and inequality. South Africa moved from a vantage point that the birth of a responsible society emerges out of unity based on active citizenry underpinned by inclusive economic growth, drawing on human and infrastructural capabilities to create a capable and developmental state driven by ethical and responsible leadership.

Understanding of a Democratic Developmental State

According to Liou (2002:13), the idea of the developmental state model rests on two assumptions concerning the developments in the Third World. First, most developmental countries are in such a disadvantaged position that market forces preclude substantial economic growth. Secondly, states in some of these countries can overcome the barriers facing late developers (Liou 2002:13). The conceptual understanding of the developmental state represents both administrative and political machinery working in an integrated manner for the greater good of citizens guided by legislative frameworks to meet society's expectations (Sebake 2022). Additionally, the developmental state differs from the neo-liberal state, including the all-encompassing communist state. Importantly, Bagchi (2000) views the developmental state as one that puts economic development as the top priority of governmental policy and can design effective instruments to promote this goal. This is mainly because, at the heart of poverty, unemployment, and inequalities, the political economy must be driven to jostle the frontiers of these triple challenges (Sebake 2022). In this context, the instruments of the developmental state would include the forging of new formal and democratic institutions, the weaving of formal and informal networks of collaboration among the citizens and officials, and the utilisation of new opportunities for trade and profitable production.

Whether the state governs the market or exploits new opportunities thrown up by the market depends on historical conjunctures (Bagchi 2000:398). Additionally, argues Bagchi (2000:399), the developmental state should be able to switch gears

from market-driven to state-driven growth or vice versa. Castells (1992:55) pursued this argument further that:

> The developmental state establishes as its principle of legitimacy its ability to promote sustained development; understanding by development the steady high rates of economic growth and structural change in the productive system, both domestically and in its relationship to the international economy.

Mkandawire (2001) views the developmental state as a democratic organ, emphasising the *capacity* to implement economic policies sagaciously and effectively. Cypher and Dietz (2004:224) add that the essential characteristic of the developmental state is embedded autonomy… and further argue that an embedded state possesses a variety of institutionalised channels where the state apparatus and the private sector continually interact constructively via a 'joint project' of fostering economic development. In this regard, the developmental state provides opportunities for both public and private sectors to be integrated to drive the economy to eliminate the triple challenges through sustainable solutions geared at the pillars of the NDP's 2030 goals.

Marwala (2009) describes the developmental state as different from the hollow state and the model of neo-liberalism, because of its emphasis on market share over profit, economic nationalism over globalism, protection of domestic industry over foreign direct investments, technology transfer instead of capital transfer, a capable state apparatus over privatisation, corporatism instead of the strict divide between public and private sector, output legitimacy (effectiveness) over input legitimacy (efficiency) and economic growth over political reform. In this model, the state has to consider the conditions within which business operates, such as, "(building the necessary infrastructure), there should be state activism in macro-economic stimulation (tax relief, subsidies, and R&D support), industrial and trade policy, the regulation of multinational corporations, state entrepreneurship in key industries" (Marwala, 2009:17). In addition to this, there should be social activism in education, health, nutrition, safety, environmental protection, and protection of the population from the business class, because investment in human capital has an enduring impact on economic development (Marwala 2009:17). The developmental state is

primarily aimed at promoting and succeeding in achieving economic growth by building viable institutions that guarantee such growth.

Unlike the developmental model from the Asian nations, the South African version is democratic, and development is underpinned by constitutional democracy and an interface between the active and capable state and the active participation of the civil society. It is now fashionable for South-based states to aim to be developmental states in their attempts to deal with the socio-economic challenges of poverty, unemployment, inequalities, the spread of HIV/AIDS, and civil wars and conflicts. Within this context, the notion of a developmental state becomes an analytical framework to evaluate the state of development in Africa and the model for state intervention. Within the South African model, a developmental state works with citizens and provisions for a participatory democracy in which citizens embody the state (Sebake 2016). In this instance, Seers (1969 in Regan 1996) identifies three main aspects of development as poverty, unemployment, and inequality, which, when reduced, could lead a nation to think about development. In the context of Botswana, Edge (1998:333) defines a developmental state as

> the primary agent of socio-economic change and actively organises and directs it by promoting national development through institutionalised patterns of policy interventions, guided by a national development plan that places it central to the development process.

A developmental state is also defined by Turok (2007) as one that has a primary objective to serve the needs of the people, especially the most disadvantaged. In this context, the NDP 2030 targets are at stake if democratic institutions do not work in partnership with citizens and the civil society to shape the trajectory of a developmental state.

Socio-economic and Political Challenges Facing South Africa

Considering the high unemployment rate in South Africa, Gumede (2014:21) argues that overcoming unemployment will take a package of integrated structural reform. Considering the "massive crisis of delivery" (Zulu 2013:70), it is suggested that the implementation of the NDP is imperative, especially in mitigating the side-effects of poverty, unemployment, and gross inequality. In the context of

prevailing socio-economic challenges, communities are poor and fragmented due to the lack of human and financial resources. On the other hand, their poverty is aggravated by the fact that most of the resources and assets are not utilised for their development and empowerment. According to Zulu (2013:65), the unresolved service delivery crises have not only led to mounting dissatisfaction, anger, and frustrations as the population feels cheated from realising the fruits of the long-cherished liberation. Additionally, the widening gap in service delivery in rural and urban areas provides no confidence in uprooting inequalities by a democratic state, and this is a surmountable challenge for a developmental state guided by democratic principles (Sebake 2021).

For Zulu (2013:65), the big hope was that:

> liberation would bring with it freedom from political oppression inflicted by racism with its attendant ills – poverty, hunger, homelessness, ignorance, and diseases.

The failure to meet these challenges has triggered nationwide strikes and demonstrations. For instance, during former President Zuma's State of the Nation Address, he dismissed the link between strikes and poor service delivery. President Zuma (2014:14) said in an analysis of the situation:

> The right to protest, peacefully and unarmed, is enshrined in the Constitution. However, when protests threaten lives and property and destroy valuable infrastructure intended to serve the community, they undermine the very democracy that upholds the right to protest. The dominant narrative in the case of the protests in South Africa has been to attribute them to alleged failures of government.

He went on to argue that:

> However, the protests are not simply the result of 'failures' of government, but also of the success in delivering basic services. When 95% of households have access to water, the 5% who still need to be provided for, feel they cannot wait a moment longer.

According to President Zuma (2014), success is also the breeding ground of rising expectations, and the implementation of the NDP through the convergence of capable state and an active and responsible citizenry. This would require South Africa to revisit the commitment the government made in the Reconstruction and Development Programme in 1994. However, South Africa still faces the triple challenges of poverty, inequality, and unemployment, which we continue to grapple with. Dealing with these challenges has become a central focus of all democratic administrations. The Zuma administration focused on five priorities: education, health, the fight against crime and corruption, rural development and land reform, as well as creating decent work (Zuma 2014:3). In his address, Zuma acknowledges that the government cannot work in silos, but must work together as government, business, and labour to grow the South African economy at rates that are above 5% to be able to create the jobs we need.

A State Intervention through the National Development Plan

National development plans are common to both developed and developing nations. As macro strategies, national plans are adopted to tackle national and inter-sectoral issues and challenges confronting nation states. In South Africa, the National Development Plan is the introspection of the challenges and capabilities to transform the lives of the poor and marginalised for the better. NDP is a comprehensive plan which Manuel (2012:44) "associates with measuring improvements in the quality of life … it is about understanding the difference between a static democracy that will die and one that is energised". On the one hand, Manuel (2012:45) views static "democracy as democratic, requiring politicians to visit our constituencies and do some political work three months before the election". An energised democracy is one which is measured in the improvements in the quality of life. Therefore, it is a macro framework that postures a developmental state contribution and targets sustainable development goals through global competitiveness (Sambumbu & Okanga 2016).

Six Pillars Underpinning the National Development Plan

Unity of all South Africans

South Africa went through the colonial era under both Dutch rule and British subjugation, down from the Union (1910), right through apartheid since 1948, and the 1990s negotiated settlement proved that there is light at the end of the tunnel. On the positive side, the country hosted a successful World Summit on Sustainable Development in 2002 (Johannesburg), the World Cup in 2010, and the Climate Change Conference in 2011 (Durban). All these are indications that if South Africans are united, there is a potential to outperform any challenging circumstances. During his address in the policy conference, President Zuma (2012) said that:

> There was apartheid, we negotiated, and we got freedom. There was a transition from apartheid – we navigated that very well. But poverty, unemployment, and inequality were staring us on the eyes (in Davis 2012:2).

The above was achieved through resilience and solidarity. Unity among South Africans has been a pillar of strength, particularly during the struggle against the apartheid regime. It resonates with slogans such as "unity in diversity", "rainbow nation", and "united we stand and divided we fall". For South Africa to consolidate its democratic transition, critical dialogue should be encouraged whereby some sensitive issues such as land, labour, and economic policies could be revisited with sober minds. Additionally, the democratic developmental state is required to be accountable for the socio-political and economic imbalances and shape the governance trajectory to transition out of colonial bondage for the greater good of its citizens (Sebake 2015).

The creation of such a forum could help widen spaces and environments for political debates, especially in searching for alternative policies that all citizens can benefit from. Habib (2013:35) alludes:

> There was little that united South Africans at the dawn of their democratic transition, but if there was anything – other than the desire to avert a civil war – it would have been a yearning for political accountability and service delivery.

Forging unity in the context of post-apartheid South Africa is a democratic desire which requires concerted efforts from South Africans. According to Habib (2013), such unity should be cut across racial, class, and gender divides for a political elite and a state that would be responsive to the needs of its citizens. In this regard, Mandela, the founding father of South African democracy, once said:

> During my lifetime, I have dedicated myself to this struggle of the African people. I have fought against white domination, and I have fought against black domination. I have cherished the ideal of a democratic and free society in which all persons live together in harmony and with equal opportunities. It is an ideal which I have to live for and to achieve. But if needs be, it is an ideal for which I am prepared to die (in Taylor 1997:184).

Unity in South Africa was forged through people's struggle and the negotiated settlement known as the Convention for a Democratic South Africa CODESA. However, Smith (2011:80) acknowledges that South Africans lived through one of the most dramatic political changes of the 20th century, and our biggest challenge is bridging the gap between people of different races, cultures, and backgrounds. Unity is fundamental in building a democratic society.

The late President Nelson Mandela said:

> We enter into a covenant that we shall build a society in which all South Africans, both black and white, will be able to walk tall, without any fear in their hearts, assured of their inalienable right to human dignity, a rainbow nation at peace with itself and the world.

In evaluating the political and economic gains since 1994, Terreblanche (2013:5) paints a bleak picture that South Africa failed to successfully replace the deeply rooted society of the apartheid period with a society of social solidarity and proud South Africanism. Consequently, Terreblanche (2012) further alludes to the fact that South Africa did not succeed in creating the "people-centred society" envisaged by President Mandela in May 1994, and neither did it succeed in creating the "rainbow nation" of Archbishop Tutu. In this context, Sebake (2017) argues that for more than two decades, South Africans have continued to languish in poverty, unemployment, and

inequalities, given the neo-liberal policy of the ANC-led government, whose targets of NDP and developmental state remain constrained.

Need for active citizenry

Central to building national unity are the active and responsible citizens who are the backbone of a healthy democracy. South Africa aspires to be a developmental state and producing a macro National Development Plan and its implementation would demand skilled, competent, and active citizenry. During the apartheid era, race was the basis on which citizenship was categorised, with whites being regarded as first-class citizens and blacks (Africans, Coloureds, and Indians) relegated as second-class citizens (West 1988). Ferguson (2020) notes that the categorisation of citizenship in the colonial era indicated a separate development strategy of empowerment to establish an inferior and fragmented society with no essence of national unity. It could be argued that the apartheid regime was unresponsive, absent, ineffective, or distant and such a stance engenders not only the sense of not belonging, but also inculcates passive and inactive citizenship. Considering South Africa's protracted and arduous struggle for political liberation, the concept of citizenship is not separated from the notion of democracy. Since the multi-party, non-racial elections in 1994, Von Lieres and Robbins (2008:47) indicate that the term citizenship has slowly emerged as an important cornerstone of democracy discourses in post-apartheid South Africa. In this regard, active citizens and democracy are conceptually inseparable in building a democratic state guided by the objectives of the NDP 2030 for the South African context.

Similarly to the apartheid era, citizens in post-apartheid South Africa are disgruntled, discouraged, and disempowered. Some of the reasons attributed to this situation are, *inter alia*: the failure of the state to transform political freedom into economic freedom and emancipation. Consequently, this has led to the prevalence of poverty, unemployment, and inequities, as acknowledged by the National Development Plan (2012). For Foxton (2013:6), three ingredients led to citizen disempowerment in South Africa. The first ingredient has to do with the lack of knowledge … and "knowledge is associated with power, with its citizens feeling disempowered. The second ingredient contributing to disempowerment is overexposure to stories of abuse of power and underexposure to the many examples where citizens' rights have been upheld and their lives have improved".

Third, Foxton (2013:6) posits that feelings of "disempowerment are complete as citizens begin to sense that nothing that they do will ever help to close the gap between the 'grand theories' of South Africa's constitutional democracy and the sense of seemingly doom-ridden reality".

The Centre for Development Enterprises (2009 in Habib 2013:62) states that "poor service delivery is due to government incapability emanating from the lack of capacity among civil servants … a consequence of affirmative action or the state's misguided cadre-deployment policy". Additionally, Sebake (2021) posits that lack of trust in the political system disempowers citizens as an embodiment of the state, given the political manifestation of promising people-centred service delivery that "hit the snag" between elections of public representatives. Therefore, it is not surprising that Pithouse (2007 in Cebekhulu 2013:139) dismisses the assertion that social protests are aimed at the quality of service delivery as an end in itself but says rather that they should be understood as about citizenship. Similarly to most South-based nations, many South Africans are disillusioned with the government and democracy, including corruption and state failures to respond to poor people's needs and a lack of connection between citizens and elected representatives (ID21 Focus 2007:1). In this sense, democratic state and developmental state are valued on how they approach the country's national development plans.

Inclusive economic growth

Departing from an apartheid system before 1994, the new democratic state of South Africa inherited a regime based on neo-liberal principles with regard to socio-economic development, with consequently a minimalist role of the state in terms of its intervention in the economic arena (Tshishonga & De Vries 2011). Thus, the adoption of neo-liberal policies has resulted in a minimalist role of the government as dictated by the neo-liberal capitalist system of economy, which has devastating effects as it undermines the potential of the state to grow the economy and cater for the needs and demands of the public (citizens). The state's failure to reach 6% economic growth annually means that the government has to look outside for the revenue it needs. Regarding government reliance on taxes, due to poor economic performance, the unemployed people outnumber the employed population, hence there is a limited number of taxable citizens. Tshishonga and De Vries (2011:67) argue

that trade liberation and privatisation become part and parcel of the GEAR policy (1996) package, particularly in creating a friendly investor climate to attract foreign direct investment. It further argues that higher growth without redistribution of such growth is flawed, hence its devastating effect on job losses and undermining solidarity. Cebekhulu (2013:43) highlights that since 1994, the performance of the South African economy has been disappointing. This poor performance of the economy manifests in various aspects, such as infrastructure to support economic initiatives and a lack of catalytic thinking to innovate for economic sustainability (Udeagha & Muchapondwa 2022). One explanation is that the government's economic policy stresses the investment through deregulation, privatisation, and fiscal restraint. We argue that this system of the former legacy does not empower to inculcate democratic citizen participation and render government as a regulator of open-ended market strategy for the private sector that attracts fragmentation in exchange controls.

Poor economic performance often results in high poverty, unemployment, and gross inequality, calling for economic reform. Unemployment is explicitly linked to poverty and inequality. Mangena (2012:10) adds that South Africa is a society of gross inequalities and distortions, all based on income levels. Nwosu and Oyenubi (2021) note that income levels are at the centre of inequalities, and access to employment remains the catalyst to end poverty that still reflects the ownership of means of production and exclusions. On the one hand, they argue that there is a situation whereby, for instance, some of those in executive management earn more than the president of the country, while on the other hand, some personal assistants are being paid more than professionals such as doctors and teachers. This is aggravated by the gulf between the two economies (1st and 2nd economies), conflated by class differentiation with the few stinking affluent and those who are relegated to abject poverty. When the wealthy elite can afford to buy their way into political influence, Zuma (2012:12) opines that the majority of citizens with limited means stand by the constitutional promises of "full and equal enjoyment of all rights and freedom" is undermined (in Dimba 2012:12).

With jobless economic growth, strict labour laws, global economic meltdown, and a lack of sound fiscal policy, economists have warned that South Africa will lose more jobs than ever. The government is under enormous pressure to deliver jobs and provide services without them, so it is no surprise that some people are

reported to survive on 'crumbs' to take their ARVs. This picture positions a fragmented society with hopelessness towards democratic institutions and systems that fail to comprehend the demands of a developmental state. Additionally, the approach to foreign direct investment in Korea's development is an important feature of the government's directive and is driven through 'illiberal' policies central to the political-economic machinery that benefits citizens (Luedde-Neurath 1984). On the other hand, state intervention in Korea is an important driver of the domestic economy through case studies of industrial policy, financial and market price intervention (Luedde-Neurath 1988). In this regard, creating an environment for foreign investment towards domestic economy reflects the gap in which the NDP from the South African context must draw, and this could strengthen the outstanding strategy in approaching beneficiation.

Makgetla (2004:263) argues that the failure of the economic strategy to promote growth and create jobs points to the need for a more interventionist strategy, one in which government has to do more to stimulate economic growth. Manuel (2012:42) regards "inclusive economic growth as an important pillar in both consolidating South Africa as a developmental state and implementing the National Development Plan (NDP)". He argues that no nation would raise living standards unless its economy rises. For South Africa to rise economically, Manuel (2012) claims that the focus should be on exports and creating more employment. Additionally, the NDP indicates that South Africa must recognise that farming constitutes sustainable development and a long-term strategy for massive employment and uprooting poverty where it emerges (Muzekenyi, Nyika & Hoque 2023).

Need to improve human capability

Although the ANC-led government aspires to be a developmental state, the authors are sceptical to engage South Africa as a developmental state. The engagement about a developmental state and South Africa might be premature, considering that in South Africa, neither the institutions of government nor the majority party have established the tendrils in society that would provide the state with the capacity to play that role. Neocosmos (2006:80) observes that one of the obstacles to development is the failure to create specific mechanisms for participation, in addition to capacity and

financial constraints at local government level, which negatively impact the pace and prospects of change. Habib (2008) concurs with Neocosmos that institutional constraints impede development in South Africa. Habib identifies three institutional constraints – the state's fiscal foundation, public service capacity, and international environment – as the significant challenges to the development state in South Africa. In essence, a developmental state requires human capabilities in active sectors of the economy and subsequently responds to the sector-skills development required by the National Development Plan (Landsberg & Georghiou 2015). In this regard, demands and expectations to deliver basic services are enormous, but with limitless resources. Nengwekhulu (2009:351) blames public service delivery failure on skills deficiencies. The authors further argue that the shortage of skills is not the only factor contributing to the non-delivery of services and the delivery of poor services. Nengwekhulu (2009:351) highlights that:

> No doubt that the shortage of skills has a critical impact on the capacity and capability of the public service to provide excellent services to the public.

Despite the skills deficiencies, Nengwekhulu (2009:352) alludes to the reality that there is a problem of poor quality of skills being produced in South Africa today. Thus, the quality of academic qualifications being produced today leaves much to be desired. Hence, the need to improve human capability is not negotiable if South Africa wishes to be a developmental state and advance the dream as outlined in the National Development Plan. Improving human capability rests on the government and its citizens to embrace a human development framework as propounded by the United Nations Development Programme. According to the UNDP (1997:15), "human development is framed as the process of enlarging people's choices and raising levels of wellbeing … it is a holistic, integrated process in which economic and political forces continually interact with one another in dynamic and diverse ways to improve the lives of and opportunities available to the poorest". To advance the South African National Development Plan, the UNDP (2000) postulates that sustainable human development implies a rapid process of redress, social reconciliation, nation-building, and economic growth with equality, alongside the sustainable utilisation of natural resources. Considering that poverty is closely related to unequal development in terms of infrastructural and administrative capacity, assets, access

to information, knowledge, and opportunities, the authors argue that human capital development should go beyond human resources development to embrace the broader notion of educating the nation through capacity-building programmes.

Capable and Developmental State

Cebekhulu (2013:129) highlights that the South African government is one of the few governments in the world that has committed itself to constructing a developmental state. Despite this commitment, Edigheji (2010:4) argues that the overall test of a developmental state is the desire and ability on the part of the government to create a competent administrative apparatus within the state and the political desire to ensure that necessary resources are deployed and that policy and programmes are developed, aligned, and implemented.

The government has been harshly criticised for lacking the capacity to fulfil its democratic and developmental duties of delivering services to its citizens. The state is called upon to enhance its institutional and human capability to forge unity based on active and responsible citizenry. Thus, a capable and developmental state has the ability to manage its resources in a manner that will open up opportunities for citizens, especially the poor. Khambule (2018:288) suggests that Chapter 13 of the NDP guided that the capable developmental state remains a panacea for the South African economy to provide pathways for self-regeneration. Central to the delivery of development and delivery of basic services, government should play a pivotal role. In this regard, Narayan, Pate, Schafft, Rademacher and Koch-Schulte (2002:282) argue that governments have important roles to play by adopting economic and social policies that open economic opportunities for people with low incomes, provide basic infrastructure, and protect citizenship rights. Through good governance, the government is enabled to harness the energies of its citizens together with people's organisations in the form of organs of civil society. According to Bank (2001), good governance is participatory, transparent, and accountable, and African development should also be effective and equitable. The African Development Bank (2001) further alludes that good governance is capable of promoting the rule of law, while ensuring that political, social, and economic priorities are based on broad consensus in society and that the voices

of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources.

At the state level, the issue of state capacity, as advocated by Levin (2007:55), is imperative as it includes financial capacity, adoption of technological infrastructure, well-coordinated intergovernmental policies and systems, and capable human resources. He further argues that for the state to stimulate economic growth, it requires financial resources to implement its developmental programmes, the technological infrastructure to make efficient use of its resources, policy frameworks to inform its activities, and competent people to drive the processes. For a developmental state to have roots, the government should create a working environment that makes the best use of available human resources (Levin, 2007:55). In turn, Mc Lennan (2007) posits that such an enabling environment could become a foundation through which the economy could be built, anchored on administrative machinery capable of delivering to the poorest of the poor.

Ethical and responsible leadership

Some political and economic commentators like Sebake (2022) regard South Africa as having a leadership crisis where those in power have tendencies to abuse power entrusted to them by citizens. During the dark times of apartheid, the ANC was grounded in visionary leadership. According to Gumede (2014:14), this vision strove to be racially, ethnically, and class-inclusive, being accountable to its members, inclusive of democracy and the exemplary personal behaviour of its leaders. For South Africa to transcend its socio-economic and political challenges, citizens call for a moral, ethical, and accountable government, a responsible and incorruptible state. This is why the State Capture Commission revealed that the abuse of office aligned with political meddling by the ANC-led government is an indictment of a democratic state expected to serve South Africans with dignity and protect their civil rights (February 2019).

According to Cabrera (see Gumede 2014:15), the demand for moral and ethical leadership should start from the personal leaders who lead from their values and their lives. According to Gumede (2014:16), the paradox (crisis) is that the leadership in South Africa manifests itself through poor governance and the inability of the government to redress poverty, while leaders enjoy extravagant lifestyles funded by public money and corruption, and the dishonesty

of leaders that are the biggest threats to stability of South Africa. Thus, the greatest challenge facing the ANC-led government, as Cebekhulu (2013:142) points out, is that transforming ideas into practices requires leadership that transcends corruption and petty party conflicts. In this context, the Zondo Commission revealed that grand corruption enabled by the Zuma presidency is shocking to the developing national agenda of a democratic state (Venter 2022).

The people demand ethical and responsible leadership based on the assertion that such leadership can navigate limited financial resources toward strategic investment not only in education but also in stimulating the economy to grow (Thorgren & Omorede 2018:485). Good, effective, and collective leadership is interlocked in the service of the public, especially those dislocated and disadvantaged by the system. In line with collective leadership qualities, Cabral (1979:247) says:

> In the framework of collective leadership, we must respect the opinion of more experienced people, who for their part must help others with less experience to learn and to improve their work. Combat the spirit of the 'big man', the traditional chief, boss or foreman among responsible workers … combat the spirit of closed circles, an obsession with secrecy among some persons, personal questions and the ambition to give orders.

Importantly, Cabral claims that collective leadership must strengthen the leadership capability of all and create specific circumstances where full use is made of all members. Leadership in this context is linked to good governance. Balkaran (2013:124) posits that good governance is one in which leaders rise to the challenges of modern governance. The Institute of Democracy (2009:6) highlights that the ethical values of responsibility should characterise leadership, accountability, fairness, and transparency and be based on moral duties that find expression in the ubuntu concept. Beyond all these challenges, South Africa deserves practical and good leadership to implement high-performing public services and NDP, thus leaders with vision, commitment, inspiration, and the ability to facilitate change.

According to Popovich (1998:33), leaders must:

> have a vision of the organization's future and communicate it effectively. They must be committed to make wholesale changes in the culture and processes of the organisation and to sticking with those changes. With effective leadership, good ideas can penetrate; established government processes and transform them.

Jordan (2012:9) alludes that the art of effective, good leadership entails successfully managing the tension between continuity and change; mismanagement of this causes movements to collapse. Farouk (2013:8) traces the crisis of leadership in South Africa to political leaders being out of touch because many of South Africa's political leaders today are not people who were historically born into privilege. However, it is evident that they have adjusted to the culture of the privileged and lost touch with those who are left behind. Ramphele (2013:12) adds her voice by claiming that South Africa desperately needs leaders of integrity in public life. Leadership with integrity and moral duty bound to respond to the plight of citizens is required to build a developmental state guided by democratic pathways to attain the targets of the NDP's Vision 2030.

The Implementation of a Democratic Developmental State through NDP: Walking a Tightrope?

Considering the government challenges relating to incapacity, the effective implementation of the NDP would be similar to walking a tightrope. More than 20 years into democracy, South Africa is still deeply divided by class and race, whereby identical to the apartheid era, the white population is still enjoying the economic benefits. At the same time, the majority of blacks languish at the periphery. Considering the democratic gains made since 1994, Ratshitanga (2013:14) laments by highlighting the unfairness that whites continue to prosper economically, being the largest beneficiaries of freedom, while their fellow black citizens drown in poverty and disease. This sentiment was further advanced by the RDP (1994:76), which states that the South African economy is still characterised by excessive concentration of economic power in the hands of a tiny minority of the population. The authors argue that a responsible society emerges out of unity based on active citizenry underpinned by inclusive

economic growth, drawing on human and infrastructural capabilities to create a capable and developmental state driven by ethical and responsible leadership. Randal (1973:9) defines a responsible society as one in which all members can share fully in the common responsibility for the decisions affecting the common life. The NDP could be realised provided citizens themselves accept individual and collective responsibility for the wellbeing of their fellow citizens.

The NDP has to be implemented by applying a developmental state capable of closing the gulf between the rich and the poor. South African academics such as Freund (2007), Gumede (2009), Mc Lennan (2007), and Naidoo (2006) have their reservations regarding the status and potential of South Africa as a developmental state within the context of the global era and economic recession. In South Africa, Mzelemu (2009) writes, the state is failing to change the socio-economic structures that perpetuate racial injustice against black people. Even after more than two decades of democracy, we posit that South Africa is still haunted by the political and economic miscalculation that despite renowned policies, poverty, unemployment, and inequalities are still aggravated by poor or lack of a viable developmental structure. The developmental path chosen by South Africa, the National Development Plan, must embrace the view that postulates that development is a process and must enable human beings to realise their potential, build self-confidence, and lead lives of dignity and fulfilment (Giddens 2016:48). According to The South Report (1990:10), the radical implementation of the NDP should be anchored on a nation's development resources, thus both human and material, fully used to meet its own needs. The bottom line is that development must be people-centred and must be underpinned by democratic institutions and popular participation in decision-making.

Concluding remarks

This chapter argues that the South African developmental trajectory and its potential to implement the National Development Plan (NDP) was adopted by the South African government in 2012 to improve people's lives. The authors argue that despite South Africa's aspiration to be a developmental state, its incapacity, poor economic performance, and lack of strategic investments in job-creating sectors serve as stumbling blocks to realising this vision. The developmental state model favours a strong role for a strong state in

steering development by providing the conditions for development. Such conditions are health, education, and infrastructure, and taking adequate measures to protect national industry in the globalising economy, not to maximise profits, but to promote the development of its people and achieve sustainable national economic growth. It is conclusive that South Africans have lived through one of the most dramatic political changes of the 20th century, and its biggest challenge is bridging the gap between people of different colours, cultures, and backgrounds. The chapter revealed that the triple challenges of poverty, unemployment, and inequality can be overcome through the NDP only if there is a political desire to meet the expectation of a macro-strategic framework and ethical leadership inspired by accountability and working in partnership with citizens through democratic pathways. Due to the deliberated governance pitfall, the NDP portrays a gloomy outlook, given the lack of skills that lead to poor service delivery. Under these circumstances, South Africa finds it challenging to attain the objectives of a democratic developmental state by 2030.

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Chapter 3

The COVID-19 Pandemic in South Africa: Implications for Building a Capable State

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Abstract

The South African government seeks to become a capable state to deal with its historic, social, and economic problems, while creating equal opportunities for its citizens. The NDP 2030 aimed to overcome the root causes of inequality and build a capable state through a transformative role by 2030. This chapter employs a data triangulation approach by using a desktop study to consider the impact of COVID-19 on South Africa's state capacity. The educational, healthcare, social security, and economic performance were affected unequally by the pandemic. Overall, it is observed that the government's response to the COVID-19 pandemic exposed the existing socio-economic problems and negatively impacted the building of a capable state. The difficulties include high unemployment, weak educational systems, limited access to public services, poverty, and inequality.

Keywords: COVID-19, National Development Plan, capable state, socio-economic indicators

Introduction

South Africa is a developing country with significant socio-economic issues that hinder its social and economic development. The main socio-economic problems include unemployment, a weak education system, inequality, and poverty. The statistics are as follows: SA had an unemployment rate of 32.5% in 2020 (Statssa 2021); there were 925,014 children out of school in 2020 (Statista 2023); it is leading in the world with inequality being 40% higher than the averages for Sub-Saharan Africa and upper-middle-income countries and had a poverty rate of 60% in 2020 (World Bank 2022). The leading socio-economic indicators in South Africa include education, healthcare,

social security, and economic performance (employment and economic growth). These socio-economic indicators are deemed to be critical throughout the world, not just in SA (Willis 2011). These socio-economic indicators assist in analysing the performance of the country. Therefore, to assess the performance of these socio-economic indicators, the Human Development Index (HDI) can be the primary tool used, thus assisting the country in assessing its progress in reaching the National Development Plan 2030 (NDP 2030) goals.

In response to its socio-economic challenges, South Africa developed the NDP 2030, which guides the country in resolving these social ills. However, this guiding plan was disturbed by the coronavirus-19 (COVID-19), which was officially declared a pandemic by the World Health Organisation on 11 March 2020 (Hiscott, Alexandridi, Muscolini, Tassone, Palermo, Soultsioti & Zevini 2020:1). In South Africa, the first case was reported on 5 March 2020 (Sekyere, Bohler-Muller, Hongoro & Makoae 2020:2), which posed a challenge to the achievement of some of the NDP 2030 goals. The pandemic was not anticipated and there were no provisions for it in the NDP 2030. The pandemic offered an opportunity to test the effectiveness of the country's state institutions by responding to immediate developmental challenges it had long struggled to deal with (Khambule 2021:386). According to the Medium-Term Strategic Framework (2019:30), the NDP can help achieve a capable state through two central attempts: building a strong leadership whereby the government ensures robust macro policy planning, and coordinated implementation as well as a focus on people whereby the government's decisions value human life and dignity. In addition, the National Planning Commission (2011) states that a capable state can only be achieved through the collaboration of all sections of society and strong leadership by the government.

In a country with deep social and economic divisions, there is a need for an effective state to bring about the social and economic transformation required. According to Qobo (2020), poor political management, a shortage of human capabilities, and institutional inactivity restrict the country's ability to build a capable state. Additionally, Mle and Ngambela (2020:1) state that the build-up towards a capable state in the country appears to fail because of public service inequality within the local, provincial, and national government capacity challenges. Therefore, the two attempts to achieve a capable state through building strong leadership and

ensuring a focus on people are failing, meaning the country's attempt and ability to create a capable state were considered to be failing before the advent of COVID-19 in South Africa.

In response to COVID-19, the SA government implemented a lockdown with stages ranging from level 1 to level 5, whereby level 5 had stricter regulations as the pandemic was at its peak. The lockdown negatively affected the country's education, healthcare, social security, and economic performance. According to the National Treasury (2020:2), "the COVID-19 pandemic is both a health and an economic crisis". However, the government prioritised the health and lives of all South Africans while neglecting the economy, which was already weak before the emergence of the pandemic. According to Ratau, Monyela and Mofokeng (2021:2), "with most sectors of the economy forced to close to mitigate the risk of the disease spreading, people have been forced to choose between their lives and their livelihoods". Khambule (2021:386) further asserts that as much as the success of the lockdown in managing the spread of COVID-19 was lauded by the World Health Organisation (WHO), the economic impacts that left many jobless cannot be ignored. This indicates that as much as health was prioritised, many lives and livelihoods were lost in the process. This chapter employs a data triangulation approach, using a desktop study that considers both qualitative and quantitative studies on the impact of COVID-19 in South Africa.

This chapter analyses the government's response to the pandemic and its impact on education, healthcare, social security, and economic performance. First, the chapter provides insights into SA's prospects of building a capable state and achieving the NDP goals, using the HDI as a tool to assess SA's development and background on the COVID-19 pandemic. Second, it evaluates how the state performed in mitigating the impact of COVID-19 on education, social security, healthcare, and economic performance (employment and economic growth). Thirdly, it analyses the role of the consultative process around the COVID-19 response. Finally, it provides recommendations for building the state's capacity to meet the goals set out in the NDP.

South Africa's Prospects for Building a Capable State and Achieving the National Development Plan (NDP) Goals

A state needs to be able to provide for the needs of its citizens, and building a capable state is outlined in Chapter 13 of the NDP 2030. This chapter adopts Qobo's (2020) conceptualisation of a capable state to explore how South Africa navigated the COVID-19 pandemic, showing the impacts of the government's decisions on SA's prospects of becoming a capable state per Qobo's conceptualisation. Qobo (2020) defines a capable state as using its resources effectively to meet its developmental challenges, while managing long-term social and economic changes. Thus, the shortage of capabilities in a country is a significant contributor that hinders social and economic progress, which is the case in South Africa (Qobo 2020). According to the National Planning Commission (2021:26), "the capabilities of a country include skills, infrastructure, social security, strong institutions, and partnerships both within a country and with key international partners". According to Qobo (2020), the National Planning Commission discovered the gap years ago in its diagnostic report in 2011 and in 2012, when the final National Development Plan was adopted.

The NDP 2030 is a new approach in the sense of a long-term vision aimed at addressing challenges that have long been identified in South Africa. Legislative and policy approaches were created internally through the SA Constitution and the Reconstruction and Development Programme (RDP) and externally, as shown by the Millennium Development Goals (MDGs) and African Union (AU) Agenda 2063, amongst others. The South African Constitution is aimed at ensuring human dignity, equality, and freedom for all people in the country (The Constitution of RSA 1996:3). The RDP is a framework for united and consistent socio-economic progress aimed at mobilising the people and country's resources to finally eradicate the results of apartheid (Parliament of the Republic of South Africa 1994:7). The MDGs obligate world leaders to fight poverty, hunger, disease, illiteracy, environmental degradation, and discrimination against women (World Health Organisation 2018). In addition, the AU Agenda 2063 is a shared framework that plans to ensure growth and sustainable development for Africa in 50 years (African Union Commission 2015). Therefore, NDP 2030 is a build-up on some of these blueprints to ensure the social and economic development of the country by fighting poverty and inequality and building a capable state.

South Africa does not show signs of being a capable state, and it is unclear if it will reach the required capabilities by 2030 if one is to judge it by its inability to deliver socio-economic services. The state's failure to manage the social and economic changes that were a result of the pandemic signals the state's incapabilities in the present, which has resulted in its prospects being affected negatively as well. Due to the country's inability to mobilise its resources and manage change, the social and economic challenges have worsened. Qobo (2020) explains: "A capable state, with autonomy from political factions, is best placed to respond to changes and harness opportunities for development. Such states emphasise economic performance, education, healthcare, and infrastructure".

The Medium-Term Strategic Framework (2019:29) holds that "a capable state has the required human capabilities, institutional capacity, service processes, and technological platforms to deliver on the NDP through a social contract with the people". It is further emphasised that a capable state has effective state institutions with skilled public servants who are fully committed to the public good and consistently deliver quality services while prioritising the citizens in achieving the nation's development objectives. Thus, SA cannot be considered one, as it cannot deliver on its social and economic obligations due to poor political choices and management (Qobo 2020). This means that SA is not yet capable and is far from being a capable state due to its poor leadership, which fails to deliver basic social and economic services. The failure to deliver services is mostly based on inequality, which angers citizens and leads to protests. Khambule (2021:385) states that the country's inability to improve the economy and deliver basic services to its citizens has led to protests.

State capacity is the government's capability to achieve its policy objectives. Currently, South Africa's capability to execute its proposed policies, public services, and programmes has been challenged by systematic corruption, poor skills at critical levels, and lack of accountability for wrongdoing (Gumede 2017). The World Bank development indicators identified that SA is one of the countries globally where state capacity has gone backwards. An example of a state capacity deficiency is the imbalance between increasing public services and state policy goals, laws, and government statements (Gumede 2017). Fiscal consolidation reduced headcounts and decreased budgets for goods and services, undermining state capacity and capability (Public Service Commission 2022). Therefore, the

country's state capacity is declining and a lot of work is required to end corruption, hold state workers accountable, and upskill individuals at critical levels.

The three core priorities of the plan are as follows: "raising employment through faster economic growth; improving the quality of education, skills development, and innovation; and building the capability of the state to play a developmental and transformative role" (National Planning Commission 2021:27). Ten years into the NDP, little has changed due to significant challenges such as the history of apartheid, high levels of corruption, poor service delivery, a lack of work prospects, and low quality of education in the country. The Medium-Term Strategic Framework (2019:31) states that the public sector faces major challenges, such as skill gaps, weak accountability, uneven service delivery, persistent corruption, and a decline in public trust and confidence, which affects its development. The plan was to raise living standards to a minimum level by increasing employment, increasing income through productivity, the social wage, and providing good quality public services (National Planning Commission 2021:25).

The practical implementation of the NDP can be achieved through unity and the NDP implementation plans are outlined by the Department of Cooperative Governance and Traditional Affairs (2018) as follows:

- Broad ownership enables engagement at every level and the ability of different sectors and individuals to contribute their skills and resources for development.
- Continuous capacity-building will ensure that all sectors are constantly striving to improve their performance.
- Policy consistency will ensure that the changing of policies is based on experience and evidence, ensuring that the country does not lose sight of its long-term goals.
- Prioritisation and sequencing outline that not all proposals can be implemented at the same time, therefore the significant ones should be prioritised.
- Clarity of responsibility and accountability will ensure that departments are held accountable when they do not play their role.
- Continuous learning and improvement clarify that implementation is a learning process and therefore plans need to align with the experiences of the departments.

Coordinated action will clarify that the NDP will bring greater coherence among government departments. This will assist in identifying coordination problems and issues that need to be resolved daily.

Human Development Index (HDI) as a Tool to Assess SA's Development

The HDI was designed by the United Nations (UN) in the 1990s to assess the social and economic development of different countries using four leading indicators: mean years of schooling, expected years of schooling, life expectancy from birth, and gross national income (GNI) per capita (Rasure 2022). These can be summarised into education, healthcare, and employment. In addition, the HDI highlights that people and their capabilities should be prioritised when assessing the country's development, and not only the economic growth (Rasure 2022). This indicates that all sectors should be prioritised and balanced out when creating policies to ensure the efficient assessment of the country's development.

Therefore, the HDI assists the government when creating policies and highlights issues that could be slowing down the development of a country, such as poverty and inequality. The HDI uses a scale that ranges from 0 to 1 to measure the development of the country. A good HDI score is closer to 1, whereas a bad one is far from 1 (Makombo 2022). This means the higher the HDI, the higher the standard of living, and the lower the HDI, the lower the standard of living. The SA HDI score increased between 1990 and 2019 (from 0.627 to 0.709), meaning it had a 13.1% improvement; in 2020, it grew to 0.73. However, the country's HDI ranking declined to 114 globally (Makombo 2022). The decline was due to SA's socio-economic issues, such as poverty, low-quality education, low-quality healthcare, and unemployment, which affect the country's development.

Background of Coronavirus (COVID-19) in SA

The coronavirus (COVID-19) is a disease that hit the world unexpectedly, causing significant disruptions to the economy and multiple sectors (Ratau *et al* 2021). According to Maluleke (2020), the COVID-19 pandemic is one of the biggest disruptors to hit the world since the First and Second World Wars. The health systems were

strained and under pressure to solve the medical problems emanating from COVID-19. However, the pandemic affected the country for more than two years; therefore, it is safe to say the health system did its level best to mitigate the spread of COVID-19, but the number of infections and deaths was high regardless. The disease originated in China and was declared a pandemic by the World Health Organization (WHO) on 11 March 2020 (Maluleke 2020). In SA, the first case was recorded on 5 March 2020, and by the end of the month, the first death was recorded, as the lockdown began (Sekyere *et al* 2020:2). It is also stated that by 22 April 2020, the recorded cases rose to 3,635 while deaths recorded were 65. Furthermore, the pandemic is said to have had several impacts on the social, economic, health, environmental, and technological sectors (Sekyere *et al* 2020:2). These sectors were already suffering in SA; the pandemic exposed the gaps and made these gaps worse.

Lockdown Regulations and Guidelines to Manage the Spread of COVID-19 in SA

South Africa initiated a lockdown with five levels of differing severity to manage the pandemic internally. The different levels outlined different rules that the society had to follow to ensure their safety. The country was informed every time a level changed so everyone could keep up and follow the rules. The first (and most severe) lockdown, beginning in late March 2020, was implemented as an emergency to protect the citizens. The lockdown paused education and employment as individuals were not allowed to go to school or work, especially during the high levels of the lockdown. According to Khambule (2021:386), the government put in place regulations to trace positive cases, close borders, and limit social and economic activities. The limitation of these activities left those in the informal economy with no form of income or social security, while threatening their livelihoods.

Mitigating the Socio-economic Impact of COVID-19 in SA

Healthcare, education, economic performance, and social security are interlinked and are most important when evaluating the development of a country, as indicated by the HDI. Therefore, these need to be prioritised regardless of the country's state, to ensure effective development, improved standard of living, and building of a

capable state. Once the performance and functioning of these sectors are affected negatively, the overall economic and social development will be affected. As stated, the pandemic negatively impacted the main sectors of development. Therefore, it is of utmost importance that the government create effective measures to mitigate the socio-economic impacts of COVID-19.

Impact of COVID-19 on Economic Performance, Education, Social Security, and Healthcare

The impact of COVID-19 on people's lives and livelihoods in SA was severe. Social grants are used to ensure social security and to reduce extreme poverty, lift 7.9% headcount above the poverty line, and reduce the poverty gap by 29.5% (Blecher, Daven, Meyer-Rath, Silal, Makrelov & Niekerk 2021:7). This is one of the programmes designed by the government to reach the NDP 2030 goal of reducing poverty. However, it was impacted by the pandemic, and the social grants were not enough to mitigate the economic effects due to the lockdown, with the number of households with adults and children experiencing hunger rising to 24% and 18% by April and May 2020, from 8% at baseline in 2018 (Blecher *et al* 2021:7). In terms of the economic performance, lockdown levels were arranged differently in 2020, which caused a decline in GDP in the range of 5.4-16.1% and it was estimated that there were 2.2 million job losses in the 2nd quarter. However, 900,000 jobs were recovered in the 4th quarter, meaning 1.4 million jobs were lost, and economic activity remained below the 2019 level (Blecher *et al* 2021:7). This is evident in statistics from the 1st quarter of 2021, which showed that unemployment increased to 32.6% (Stats SA 2021), from 23.3% of the 2nd quarter in 2020 (Stats SA 2020).

The education sector was severely affected by the pandemic, and this exposed the inequality and poverty that is still evident in South Africa. According to Shepherd and Mohohlwane (2021:2-4), the following were evident impacts of COVID-19 on education:

- 10% of adults reported that one learner in their households did not return to school in 2021. The out-of-school rate increased from 250,000 to 750,000 yearly (Ndebele 2022).
- 650,000-750,000 learners aged 7-17 years old were not attending school by May 2021. This represents an increase in

non-attendance by 400,000-500,000 when compared to normal times, because of the lockdown.
- Parent and caregiver worry (parental stress associated with worrying about the child's health, wellbeing, performance at school, and social life) is estimated to increase under conditions of poverty and changes to individual-level perceptions of the risk of contracting COVID-19.

As part of limiting the spread of COVID-19, schools were officially closed as of 18 March 2020 (Shepherd & Mohohlwane 2021:6). Later in the year, schools opened on a part-time, rotational basis whereby grades 7 and 12 opened on 8 June 2020, followed by grades R, 6, and 11 from 6 July 2020. Then, learners from all grades could go to school from 31 August 2020 (Shepherd & Mohohlwane 2021:6). The official opening of schools was adjusted depending on the different levels of the lockdown. In addition, the official reopening was said to be on 27 January 2021. However, this was pushed back by level 3 lockdown. Therefore, the public schools reopened on 15 February 2021, whereas the private schools reopened two weeks earlier, on 1 February 2021.

It is estimated that about two-thirds of children from poor households had no communication from schools; the difference in social capital meant a different set of learning experiences at home – African language mother-tongue learners had no help in understanding the English used for most online learning, and learners who depended on the schools for meals were left without any and the estimation for this was about 9 million learners in public schools (Soudien, Reddy & Harvey 2021:313). The pandemic exposed and deepened the inequalities within the education sector, whereby the learners from low levels of socio-economic status (SES) lost 65% of contact learning and this loss meant the curriculum had to be reorganised for the 2020 learners returning to school (Soudien *et al* 2021:314). Furthermore, regarding health, by August 2021, 77,141 COVID-19 deaths were reported, and 229,850 excess deaths had been recorded (Blecher *et al* 2021:7).

Mitigation of the Impacts on the Economic Performance and the Social Security

The government adopted a set of measures to mitigate the social and economic impacts of COVID-19. These measures included tax relief, the release of disaster relief funds, emergency procurement,

wage support through the Unemployment Insurance Fund (UIF), and funding of small businesses which were negatively affected by COVID-19 (The Presidency 2020a). The commencement of the second phase of the country's economic response was to ensure the stabilising of the economy by tackling the extreme decline in the supply and demand of economic activities to ensure protection against job losses. This was managed through a R500 billion social relief and economic support package, which amounted to 10% of the country's gross domestic product (GDP) (The Presidency 2020a). This was distributed between the social and economic activities in the following manner:

- R20 billion was used to fund the health response to COVID-19.
- R20 billion was used for municipalities to address the emergency of water supply, increase sanitation for public transport and facilities, and provide food and shelter for the homeless.
- R50 billion went towards social grants, whereby child support grants increased by R300 in May then R500 from June to October. A Social Relief Distress Grant of R350 was introduced for unemployed individuals.
- R100 billion was put aside for the creation and protection of jobs.
- R200 billion was allocated, in partnership with major banks, the National Treasury, and the South African Reserve Bank (SARB), for a loan guarantee scheme with an estimation of 700,000 firms and 3 million employees expected to benefit.
- R70 billion went towards tax relief.
- R40 billion went towards the Unemployment Insurance Fund.

The creation and protection of jobs were crucial aspects that the social relief and economic support package had to prioritise as there was a massive decline in economic activity, which threatened millions of jobs. According to Khambule (2021:388), the government used the UIF to ensure the security of workers and businesses that were highly affected by COVID-19 and could not pay salaries due to the loss of income. It is stated that the UIF special COVID-19 benefit paid out R34 billion, which has assisted over 7.5 million workers from retrenchments. In addition to these measures, the Industrial Development Corporation (IDC) ensured that its qualifying clients and new clients negatively affected by COVID-19 were taken care of as it established a R300 million Small Industrial Finance Distress Fund (Industrial Development Corporation, 2020). SA also received a US$1 billion loan from the New Development Bank (NDB) to manage the economic fallout and start economic recovery. The loan supported

and created about 700,000 job opportunities in the public sector while ensuring social protection for those who had lost their jobs (New Development Bank 2021). In addition, the government sourced financial assistance via a loan from the International Monetary Fund (IMF). "The IMF approved US$4.3 billion in emergency financial assistance under the Rapid Financing Instrument to support the authorities' efforts in addressing the challenging health situation and severe economic impact of the COVID-19 shock" (IMF 2020). However, the conditionalities that are linked to IMF loans are unbearable and the interest rates are often high, which negatively affects the entire economy.

The economic inequalities were exposed as unemployment was already high, and it further escalated and is still evident among races, genders, and ages in South Africa. The inequality among races pre-COVID indicated that 69% of white adults were employed, whereas 40% of black adults were employed, which declined post-COVID to 67% and 36%, respectively (Altman 2022:3). The NDP goals cannot be achieved as long as the unemployment rate keeps on increasing as unemployment is one of the indicators used to measure the number of people living in poverty. Most people in SA live below the poverty line, and due to their socio-economic status, most were employed in informal sectors, meaning employment was not secured when the pandemic hit. According to Khambule (2021:391), the high number of job losses in the informal sector is promoted by the lack of social security and workers not qualifying for UIF as they were not contributing towards it. Therefore, the dependence on the government for social security increased, and the R350 social relief grant was established, but this was not enough as the prices of basic resources were high. Food prices are said to have increased by 30% amid the pandemic (Pietermaritzburg Economic Justice and Dignity Group, 2020). Khambule (2021:392) highlights that the R350 Social Relief Grant falls below the international standards of US$1,90 (R34,53), US$3.20 (R58,15) and US$5.50 (R99,95) per day.

Willis, Patel, Van Der Berg and Mpeta (2020) presented a study that presented the consequences of food insecurity and household hunger: "Among interviewed adults, 47% reported that their household ran out of money to buy food in April. Between May and June 2020, 21% reported that someone in the household went hungry in the last seven days, and 15% reported that a child went hungry in the last seven days". Due to high unemployment levels and an insufficient Social Relief Grant, individuals resorted to looting for

basic resources (Warah 2020). This indicated the frustration and desperation that come with poverty. Khambule (2021:393) states that effective mitigation does not depend on the funds spent; instead, it depends on the structuring of the measures to make an impactful change on existing poverty, unemployment, and inequalities. Therefore, an effective response from the government will mean social security measures are effective in ensuring that unemployed and low-income households are provided for.

Mitigation of the Impacts on the Education Sector

Two main emergency plans were put in place to mitigate the impact of COVID-19 on education. Firstly, the emergency plan was created by the Department of Basic Education (DBE) in collaboration with the National Education Collaboration Trust (NECT). This plan was most effective for the lockdown level 5, as learning and teaching were expected to take place online. The important elements of the plan, according to Soudien *et al* (2021:309), were as follows:

- Multi-media learner support programmes were launched in collaboration with national radio and television.
- Curriculum support lessons were placed online for Early Childhood Development and the most important subjects were prioritised for grade 10, 11, and 12 learners (mathematics, physical science, accounting, life sciences, and English – first addition language).
- Study materials were uploaded to the DBE website.
- Email and WhatsApp feeds were used to assist teachers who were responsible for teaching to adapt to changes and manage challenges.
- National consultations were hosted by the DBE to create more measures and to analyse if the current ones were effective.
- Advice on how to manage feeding schemes was provided.

Secondly, according to Soudien *et al* (2021:310), the medium-term plan entitled School Recovery Plan in Response to COVID-19 (SRPRC) was created. This plan was effective as of June 2020, as this was the estimated month to reopen schools, however, the dates were pushed back to August 2020. The plan was centred around the phasing-in and rotational school attendance approach. The plan mainly focused on the safety of learners and mitigating the pandemic's effects without causing severe disturbance to school progress. Soudien *et al* (2021:310) state that the plan had three main priorities:

- creation of a strong curriculum recovery plan to recover teaching and learning time lost due to the lockdown;
- management of examinations and related activities (June examinations were cut out, however, the exit-level examinations were only moved to November and early December); and
- developing common operating measures to manage and contain the spread of COVID-19 by ensuring equity, inclusion, and management of school population size.

Furthermore, according to UNICEF (2020), "basic and higher education were given an additional R12.5 billion to fund COVID-19-related spending and catchup programmes in the basic and higher education and training sectors".

The pandemic and the government's performance in mitigating the impact of COVID-19 exposed and worsened the inequality in the SA education system. Due to the differentiating socio-economic statuses, not every household in SA could afford the required resources to ensure effective participation in the new way of teaching during the lockdown. Moreover, not every household has literate individuals to assist children in online learning, as most teaching is in English and requires technological literacy. According to Naidoo (2022), the adult literacy rate in SA is 87%, which is lower than in other developing countries. Children's literacy is way lower, with one-third of children in SA being illiterate. People experiencing poverty were neglected from education during the extension of school closures as only 10% of the households are estimated to have access to the internet, and only 22% have computers (Amnesty International 2021). Therefore, most learners were left behind because of their household status.

In addition, most schools in townships and rural areas lack proper infrastructure, do not have proper water services, and classes are overcrowded, meaning the reopening of schools was challenged and certain students had to be prioritised while others were left behind. It is highlighted that most schools could not provide a safer learning environment during the pandemic due to historical underinvestment and governments' failure to address inequalities, which led to schools lacking running water and proper toilets and having overcrowded classrooms (Amnesty International 2021). McDonald (2020) believes that the pandemic might be the catalyst action to deal with the inequalities in the SA education system as the measure to mitigate it exposed the challenges faced by schools such as water shortages, bad sanitation, and overcrowding. Moreover,

according to Amnesty International (2021), Shenilla Mohamed stated, "A child's experience of education in South Africa is still dependent on where they are born, how wealthy they are, and the colour of their skin. The COVID-19 pandemic has made a broken and unequal system even worse, putting students from poorer communities at a huge disadvantage. Remote learning is not an option for the vast majority".

The measures put in place by the government to mitigate the impacts of COVID-19 were partly effective. The government created a one-sided lockdown that prioritised health while neglecting other sectors; this decreased the HDI ranking as all sectors are important for development and improved standard of living. This exposed and deepened the country's socio-economic challenges and neglected the NDP 2030 goals as the measures did not consider the different socio-economic statuses of the citizens. The government needs to understand that the sectors are interlinked, and one sector cannot be prioritised at the expense of other sectors. The gap in one sector will affect the entire development cycle. For example, low-quality education will lead to low chances of acquiring employment, which will negatively affect the delivery of health and educational services, as these depend on the taxes generated.

The sectors perform well when equally prioritised and this will improve the HDI ranking, thus achieving the NDP 2030 goals. Therefore, improved quality of education means increased employment, which will lead to the proper delivery of health and educational services. The performance of sectors can be improved by ensuring social and economic development once the government deals with the root causes of socio-economic challenges (corruption, inequality, and poverty) as well as the socio-economic challenges.

Poverty, corruption, and inequality affect access to education, healthcare, and social protection services, which has major effects on vulnerable communities and leads to an increase in socio-economic inequalities (United Nations Office on Drugs and Crime 2020). Corruption leads to low-quality education, poor infrastructure, poor service delivery, lack of employment opportunities, and poor health conditions. In addition, the inequality among sectors increased as the private and formal sectors were prioritised over the public and informal sectors in terms of healthcare, education, and employment. The difference in access to resources and information among sectors influenced inequality.

The mitigation measures may have been adequate to a certain extent; however, this exposed the pre-existing poverty and inequality that must be dealt with in eight years. These exposed that the inequality and poverty among sectors are deep and scratch back to apartheid, meaning the government has not done much since the implementation of NDP 2030 and the frameworks that came before it. The challenges expose how far SA is from reaching and fulfilling the NDP 2030 goals and indicate that the government will need to put in more work, especially in the remaining eight years, to try to eradicate some, if not all, of these pre-COVID and post-COVID challenges. If these are not resolved, the NDP 2030 goals will not be achieved.

The implementation of NDP 2030 has been negatively affected by the pandemic in the following terms:

- Broad ownership: the decision-making to mitigate the pandemic lacked full engagement.
- Continuous capacity-building: the main sectors are suffering due to SA's socio-economic issues and the pandemic.
- Policy consistency: the government, when implementing policies to mitigate the pandemic, lost sight of the NDP goals, meaning the overall achievement of the framework was neglected.
- Prioritisation and sequencing: the government did not prioritise the NDP objectives when implementing COVID-19 mitigation measures.
- Clarity of responsibility and accountability: the pandemic tested the capabilities of state institutions and a lot of work needs to be done to ensure accountability.
- Continuous learning and improvement: the lockdown did not consider the different experiences of different departments affecting their learning, thus improving their inputs on mitigating the pandemic.
- Coordinated action: the lockdown was not coordinated as the impacts and adaptation by different sectors were not coherent.

The information has been obtained by reviewing academic and grey literature (non-academic but still important literature like the IMF, UNICEF, etc.). According to Paez (2017:233), grey literature is evidence not published in commercial publications. These include academic papers, government reports, and conference papers, among others.

Role of Consultative Process around the COVID-19 Response

Consultative processes are significant when making decisions that concern the public, and these processes involve the inputs of ministers, subject/sector experts, researchers, the public, and civil society. This is important to ensure all inputs are reviewed before deciding to deal with significant issues. It ensures that those who will be affected are involved in coming up with valuable and effective measures to deal with the issues that threaten a country's social and economic development. Public participation was first introduced in the Constitution of 1996, and it was divided into two categories: representative, whereby the members of parliament were consulted, and participatory, whereby the public was consulted when making decisions (Parliament of the Republic of South Africa 2019). In addition, public consultation is a tool used to ensure transparency, efficiency, and effectiveness of regulation, and it is important for improving the quality of rules and increasing the information available and significant to consider when making decisions (Rodrigo & Amo 2020).

The government consulted with scientists, medical experts, medical researchers, ministers, and the private sector when establishing entities such as the Solidarity Fund to respond to COVID-19 (Department of Planning, Monitoring and Evaluation 2021:636). However, the public/civil society was partly consulted. This exposes the inequality as the government considered the inputs of the private sector as more important than those of civil society. Furthermore, civil society that was excluded consists of the individuals that were severely impacted by the pandemic in terms of the work they do, accessing the material resources they need, and the high demand for PPE, psychosocial services, and education (Department of Planning, Monitoring and Evaluation 2021:636). The inputs of the public are always considered after the finalisation of decisions. This indicates that their consultation is just a standard procedure followed in a democratic country and is not entirely important. The government held consultations with various groups between 17 March 2020 and 23 March 2020 to manage the pandemic and create effective measures. According to Sobikwa and Phooko (2021), the meetings were divided as follows:

- On 17 March 2020, the government held a meeting with the National Council Command to create ways to manage and mitigate the spread of COVID-19.

- On 18 March 2020, the government held a meeting with political parties that have parliamentary representation to analyse the impact of COVID-19 on the SA population.
- On 19 March 2020, the government held a meeting with religious leaders so that they could use their role in society to assist in the mitigation and management of the COVID-19 outbreak.

The other meetings were held with trade unions and business sectors to gain support for the mechanisms and plans to address COVID-19.

However, the public was only consulted after all these meetings, on 25 April 2020, and their consultation was through emails from noon on 25 April 2020 to 27 April 2020 and only 70 000 submissions were received (Sobikwa & Phooko 2021). This was merely to gather comments and submissions on the "draft framework for sectors" drafted by the Department of Cooperative Governance and Traditional Affairs to obtain the public views on the proposed list of activities set to be permitted during lockdown level 4.

The full involvement of civil society during the consultative process around the COVID-19 response would have helped the government design measures that fully considered the different socio-economic statuses. This would have helped individuals plan and manage the impact better than they did (avoiding public aggression such as looting, as outlined by Warah 2020). The consultation of the public in decision-making will ensure transparency, trust, and buy-in. This will, in turn, increase the success of COVID-19 mitigation measures, manage public expectations, and ensure understanding of various issues among the public (Tugendhaft, Hofman & Twine 2020).

Recommendations for State Capacity

The government attempted to mitigate the impact of COVID-19 on the economy. However, the mitigation measures did not include impoverished citizens most impacted by the pandemic. The lockdown, as stated, prioritised health over other sectors. There was a lack of consultation with the public. Therefore, the government should consider the impact on every sector when creating policies to deal with issues; public consultative teams should consist of members or stakeholders that will communicate directly with the community (this can be through council meetings that are usually held in communities to address issues), and consider and deal with the root

causes of socio-economic issues such as corruption, inequality, and poverty. In addition, the government should consider the impact on frameworks created to improve the country like the NDP 2030 when implementing policies, find effective ways to achieve some – if not all – of the NDP 2030 goals, and do more research about post-COVID-19 effects. Finally, the involvement of the youth must be considered, as they are the most affected, especially by unemployment. Therefore, their involvement should be sought, especially those in the social science field, in dealing with the root causes of socio-economic issues, and eventually finding ways to reach the NDP goals and build a capable state by 2030.

Conclusion

COVID-19 has exposed and deepened the existing socio-economic issues and their root causes in South Africa. However, it is not only the pandemic that exposed and worsened these but also the lockdown measures that the government created. The lockdown as the core measure to mitigate COVID-19 only prioritised health over other sectors. This had an overall negative impact on health, education, and economic performance. This made individuals choose their lives over their livelihoods, which was unfair and inconsiderate of the post-COVID-19 impacts. The education measure of pausing schools excluded the disadvantaged individuals as they lacked the required resources, increased unemployment affected the informal sector more, and increased deaths and infections affected the performance of the health sector. This decreased SA's HDI ranking, which declined. The chance to build a capable state, meaning the NDP 2030 goals, was undermined.

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Chapter 4

The Significance of Local Government in South Africa's Developmental State Ambition

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Abstract

The South African National Development Plan (NDP) identified the mission of becoming a capable, ethical, and developmental state as the leading solution to addressing the country's developmental challenges. The local government's developmental service delivery role, connectedness, and proximity to South Africa's unemployment and poverty put the local government at the epicentre of addressing these developmental challenges. However, despite the country's objective of creating a capable, ethical, and developmental state, the local government sphere has been criticised for being riddled with institutional incapacities in delivering social and economic services to citizens. This chapter reflects on the significance of the local government sphere in South Africa's developmental state ambition, based on the constitutionally bestowed developmental mandate. The reflection suggests that South Africa cannot become a capable developmental state, nor realise its objective of addressing poverty and unemployment, without prioritising the local government's institutional capacity to plan and deliver developmental outcomes. The chapter argues that through enhanced institutional capacity, coordination with other government spheres, and good governance, local government could become the engine towards the capable developmental state ambition.

Keywords: developmental state, local government, National Development Plan, poverty, unemployment

Introduction

Becoming a capable developmental state is the cornerstone of the South African government's bid to address its poor socio-economic conditions. The country faces a 34% unemployment rate (recently driven by the scourge of the coronavirus pandemic), an extremely high poverty rate, and sluggish economic growth that continues to put millions of South Africans in deplorable conditions (Statistics South Africa 2021). The National Development Plan (NDP) identifies building a capable developmental state as the ultimate task to improve people's socio-economic conditions (National Planning Commission 2012). Evidence from leading developmental states such as China, South Korea, and other East Asian countries points to developmental statehood being the most efficient mechanism for alleviating people from poverty and creating globally competitive economies (Ricz 2021; Wade 2018). The East Asian countries managed to move hundreds of millions out of poverty from 1990 to 2013, more than halving the global poverty rates. Despite the success in halving global poverty rates, Sub-Saharan Africa raises concerns because it saw an increase in the number of people who live in extreme poverty (less than $1.90 a day), from 276 million (in 1990) to 389 million in 2013 (World Bank 2015). This suggests that African countries, particularly South Africa, must strengthen the government's capacity to drive state-led development to address the high poverty rates.

In the South African context, several government policies, such as the National Development Plan (2012) and the Medium-Term Strategic Framework (Department of Communication 2014), prioritise strengthening the state's developmental capacity to improve the quality and consistency of service delivery of government institutions. This mission responds to the service delivery backlogs that face the country's bid to undo the spatial inequalities inherited from the apartheid government. The MSTF (2014:11–12) adopted key measures of improving the government's appetite for developmental capacity by "institutionalising long-term planning; forging a disciplined, people-centred and professional public service; empowering citizens to play a greater role in development; and building an ethical public service". The professionalisation of public services through meritocratic recruitment is one of the defining characteristics that led to the success of East Asia (Evans 2010). The NDP identified corruption as a leading factor undermining the country's ability to deliver on its developmental state mandate and create a fair and stable society. The building of ethical public service responds to

the rampant corruption that faces all spheres of the South African government, with billions earmarked for developmental outcomes lost in the process (NPC 2012). The NDP further noted that corruption is fuelled by perceptions regarding the country's unjust historical economic structure and empowerment deals that have benefited the politically connected (NPC 2012).

The local government sphere in South Africa has an important developmental role provided by the Constitution. The Constitution (1996) instructs municipalities to promote social and economic development, and to structure and manage their administration, budgeting, and planning processes to prioritise the community's basic needs. This suggests that local government has an essential role in South Africa's developmental state as it is at the forefront of delivering developmental services and deepening South Africa's participatory democracy (Khambule 2020; Khambule 2018). Against this backdrop, this article reflects on the significance of the local government in South Africa's developmental state ambition by reviewing the performance of the local government against the set developmental objectives. The MTSF (Department of Communication, 2014) argues that a degree of stability in the highest level of bureaucracy is the foundation of a capable developmental state. This chapter argues that the emphasis on building a capable developmental state from above has led to the lack of prioritisation of the local government's bureaucratic capacity and political leadership despite it being at the forefront of delivering developmental services. Based on this observation, this chapter further argues that South Africa cannot become a capable developmental state, nor realise its objective of addressing abject poverty and unemployment, without prioritising the institutional capacity of the local government.

Building Developmental States: A Road to the Democratic Developmental State

The developmental state refers to a distinctive state-led development model based on interventionist policies in the economy. Mkandawire (2001) defines a developmental state as one that is driven by a developmental ideology grounded in using the state's administrative power, capacities, and resources to pursue economic growth and development. This development theory is antagonistic to the free-market theory based on the assumption that markets can self-regulate while restricting the role of the state. Tapscott *et al*

(2018) note that developmental states direct market activities and coordinate development planning towards economic growth. Johnson (1982) used the term developmental state to explain Japan's rapid economic growth and development in the 1970s and 1980s, while the performance of East Asian nations in the 1980s led to developmental states being associated with the East Asian development model. Kuhnle and Hort (2004) assert that Scandinavian countries also utilised the strong role of the state in the economy to advance themselves to developmental welfare states. This shows that the state has a vital role in socio-economic development due to the inherent developmental role bequeathed to it by societies, representing the (un)written social contract of the state.

The ideological shifts in the global political economy resulted in many changes and the restructuring of the state's role over the past decades (Jessop 2016). Many post-World War II countries utilised state-led economic development models to reconstruct through increased public investment through counter-cyclical responses (Khambule 2021a). Within this period, many East Asian developmental states were led by authoritarian regimes, which mainly led to developmental states being associated with authoritarianism. The success of these states is attributed to the role of political leadership in facilitating economic development opportunities and promoting a development-oriented culture in institutions (Wade 2018). During this era, state activism was high throughout the globe, even in Western nations, particularly in the era of welfare states in Europe (Thatcher 2017). However, the increased fiscal pressure faced by many states in the late 1980s and the democratisation wave gradually resulted in the adoption of neoliberal policies that reduced the role of the state (Khambule 2021a).

While the misfortunes of state-led development in Africa, Eastern Europe, and Latin America led to the markets being the leading player in the economy, the 2007/8 global financial meltdown led to refocusing on the role of the state in the economy (Meyns & Musamba 2010). For Stiglitz (2018), addressing the consequences of globalisation and the Washington Consensus that caused slower growth and instability is imperative. Based on these facts, the state's current role is fixated on correcting the misadventures of globalisation as it is perceived "as leading to an ever-decreasing capacity of the nation state to govern within its territorial boundaries" (Dolowitz 2007:263). This role has promoted several states within emerging and developing nations, especially in Africa, to pursue the idea of

being developmental states to address the various developmental challenges they face. These states want to emulate the successes of East Asian states such as Singapore, China, Indonesia, and South Korea through state-led development. However, the failure of state-led development in most Sub-Saharan African states has promoted hostility against an enhanced role of the state (Green 2012).

Evans (1995) highlights the notion of embedded autonomy as the defining characteristic of a developmental state. The prospects of a developmental state rely heavily on how it is organised through sound bureaucratic elements and its relationship with private interests (Evans 2005; 1995). An important observation is that successful developmental states managed to ensure private-sector interests are consistent with national developmental interests (Ng 2008). Furthermore, bureaucratic autonomy must be maintained to effectively develop policies and implement programmes that will have a socio-economic development impact on citizens' lives. One of the fundamental principles is that such a bureaucracy must pursue institutional goals and not be captured by rent-seekers (Evans 1995). However, the history of some failed developmental state aspirations in Africa, including South Africa, has been caused by the capture of the bureaucracy and neopatrimonialism. These failures are documented in state-led development shortcomings in the early post-independent African and Latin American states (Fritz & Menoceal 2007). Contrary to these failures, East Asian states were able to institutionalise the bureaucracy's autonomy while also ensuring the pursuit of institutional goals (Mkandawire 2010). Thus, South Africa and many other countries need to change the institutional failures to build capable and resilient developmental states.

Kim (1999) notes that some internal problems within East Asian developmental states caused their decline in the global political economy landscape. Two components are noted as being enough to cause a decline, the first of which is that the ability of developmental states to provide economic services undermines its own developmental role when institutions become capable and no longer need the services of the state (Mollaer 2016). Secondly, rapid industrialisation strengthens the working class, causing an uprising in labour movements that were previously suppressed by the authoritarian regime (Mollaer 2016). This argument adopts a reductionist view of the developmental state as it fails to understand that the state's role goes beyond providing economic services. Modern developmental states are human development-oriented and

provide social welfare services (Evans & Heller 2015). Thus, as soon as institutions can finance their development, developmental states can shift their focus to other priority areas, such as the growing welfare needs. History also shows that even within leading economies such as the United States of America, the state still has an important role in addressing some developmental challenges that emerge from the capitalist system and support innovation-led development.

Debates continue whether political regimes determine the success of developmental states, with the latest evidence from countries such as Botswana, South Africa, Costa Rica, and Brazil being used to refute the claim that political regimes matter in developmental states (Evans & Heller 2015). An important concept that has captured much of the 21st-century literature on developmental states is the idea of a democratic developmental state. Many of the success stories of East Asian developmental states were under authoritarian regimes and explicitly had poor human rights (Edigheji 2010). In the bid to create developmental states based on the mass participation of citizens, the "challenge has been to create a state that retains the state-led features of the original East Asian model but yet one that is underpinned by democratic principles. The quest of this model gives rise to the idea of a democratic developmental state" (Tapscott *et al* 2018). In this context, democratic developmental states are built on human rights, and they promote socio-economic development for all and inclusive institutions instead of only prioritising the close state-business relationship. This is a move away from traditional developmental states compounded by weak civil society because of the repressive nature of the political regime, as noted by Leftwich (2002).

The National Development Plan and the Developmental State Ambition

The transition from an oppressive regime to a democratic dispensation was complemented by replacing exclusionary policies with redistributive policies in the form of the Reconstruction and Development Programme (RDP). The RDP policy was explicitly aimed at reconstructing and building an inclusive economy to change the socio-economic conditions of the majority of South Africans living in poverty and unemployment (Bond 2000). It argued that "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 which in combination will lead to sustainable growth" (RDP 1994:Section 4.2.1). This reflects a similar statist approach to the one adopted post-World War II throughout the globe, where the state plays an active role in directing economic developmental outcomes. Penderis (2012) observes that the RDP could be linked with the developmental state theory because it called for the state to play a strong role in the economy to address developmental challenges. For the governing ANC, this could be argued to be the birth of a developmental state ideology in South Africa, particularly a democratic developmental state through promoting inclusive embeddedness by involving civil society.

The new democratic dispensation that emerged in 1994 placed South Africa within a changing global development landscape, shifting towards neoliberal policies in the early and mid-1990s. As such, the ANC's state-centred RDP policies struggled within a global economy, moving away from the state to the free-market policies. The absence of sustained growth in the economy, the growing volatility of the Rand, and high unemployment led to the replacement of the RDP in favour of a pro-market policy, i.e. the GEAR macro-economic policy (Bond 2000). While GEAR's main focus was on economic stability and attracting foreign direct investment (FDI), it simultaneously undermined redistributive policies by entrenching property rights that cemented the legacy of dispossession. Bond (2000) notes that GEAR led to 100,000 job cuts in the public service between 1996 and 1999. In addition to this, GEAR's neoliberal policies came at the expense of the RDP's social welfare posture and marginalised people's developmental needs (Penderis 2012). GEAR was replaced by the Accelerated and Shared Growth Initiative for South Africa (ASGISA) in 2005. ASGISA's main objectives were to improve the country's economic performance, create jobs, and substantially decrease unemployment and poverty by 2014.

ASGISA did not last more than five years before being replaced by the New Growth Path (NGP) in 2010. The NGP adopted a more transformative approach as its main aim was to stimulate economic growth to expedite job creation and create an inclusive society (The Presidency 2010). The NGP was a mechanism for advancing the developmental state ambition long sought by the ANC (Nattrass 2011). Importantly, this developmental statist framework emphasised the creation of an inclusive society, thereby giving new meaning to a democratic developmental state. Notably, the NGP signalled a

slight shift to the centre, broadening the mixture of the state and the market in economic thinking. The NGP took a developmental approach by prioritising infrastructure investment (particularly water and housing), with communication and energy being identified as catalysts for job creation by 2020 (The Presidency 2010). An important observation is that this policy shift emphasised the transition from developmental states focusing solely on economic growth to including participatory human development. The entrenchment of a democratic-based developmental state model through the NGP is outlined in that the state sought to create a conducive environment to generate employment prospects through state-led policies in conjunction with close cooperation with labour and business.

The ANC has long understood that to attain its objectives of addressing the triple challenges of poverty, unemployment, and inequality, a democratic developmental state that has the necessary capacity to promote inclusive economic growth is required (ANC 2017). However, the NDP noted that despite having some of the best policies in the world, the country had been unable to implement these policies (NPC 2012). Further to this, it recognised the incapacity of the state to enforce policies as one of the obstacles to realising the country's developmental agenda. Yet, developmental states depend on the capacity of the state to implement policies. For Mkandawire (2010:17), the potential for African countries to construct a developmental state is vested in "their ability to correct the institutional reforms that led to what was at best an 'anaemic regulatory state', designed merely for restraining social actors, especially the state". While the developmental state ideology is viewed as an opportunity for South Africa to build the state's capacity (Edigheji 2010), the state's biggest challenge is designing and setting up capable institutional structures that can formulate and implement policies to realise South Africa's developmental state ambitions. Improving the performance of the local government sphere and intergovernmental coordination is necessary for building a capable developmental state (NPC 2012).

The Role of Local Government in South Africa's Developmental State Ambition

Traditional developmental state literature focuses on the central role of the state in economic development, particularly the national government (Khambule 2020; 2021b). In the context of this chapter,

the developmental state is extended to include the role of local government in social and economic development and the making of democratic developmental states because of the decentralised nature of local governance in South Africa. Within the decentralisation theory, subnational structures are uniquely placed to respond to the service needs of communities because local authorities are embedded in communities. These assumptions are underpinned by the notion that central governments are out of touch with the daily needs of citizens and are unable to respond appropriately because of a lack of localised information (Faguet 2014). Decentralisation is integral to improving governance and service delivery because the central government has limited knowledge of local needs (Matsumoto 2019). The roles and functions of the local government sphere are instrumental features in building democratic developmental states from below through public participation, thereby addressing the negative aspects of developmental states being undemocratic (Khambule 2020).

Given that South Africa is a constitutional democratic state, the local government sphere derives its developmental mandate from the South African Constitution. Section 152 (1) stipulates that local government must provide a democratic and accountable government for local communities; ensure the provision of services to communities in a sustainable manner; promote social and economic development; promote a safe and healthy environment; and encourage the importance of communities and organisations in matters of importance to local government (The Constitution of RSA 1996). Cooperative governance of all spheres of government is a fundamental tenet as the Constitution asserts that, although the different government levels are interrelated and interdependent, they all have an important role to play, with the provincial governments supporting and overseeing the local governments (The Constitution of RSA 1996). Following this constitutional proclamation, the NDP points out that South Africa's capable developmental state will only be realised if all government spheres actively work together to coordinate development planning (NPC 2012). This means all spheres of government have an essential role in addressing the country's developmental challenges. Still, lesser attention is given to local governments because of the centralised nature of developmental states.

The ANC's (2007) position is that whilst the private sector plays a vital role in development, the masses of the people in

a democratic and developmental state must decide on policy direction, not the markets. This view cements new meaning to developmental states by not centralising the power in the state, but dispersing it to civil society to influence developmental outcomes through a participatory approach. However, the MTSF (Department of Communication 2014) noted that the uneven capacities within the local government sphere, particularly between metropolitan and small-town and rural municipalities, constrain the ability to effectively and consistently deliver services. These challenges led to adoption of the District Development Model (DDM), which seeks to improve intergovernmental relations and strengthen coordination for better service delivery (Department of Planning, Monitoring and Evaluation 2019). The DDM can be argued to be a strategic initiative to improve the levels of coordination between the various spheres of government because it aims to address the culture of alienation in the different spheres of government. The intended outcome is to ensure coherence in development planning and improved implementation processes and service delivery (Department of Planning, Monitoring and Evaluation 2019). This can be read under the proclamation that in areas where municipalities cannot deliver, "regional utilities or alternative institutional mechanisms should be used so that basic services are not compromised" (Department of Communication 2014: 28).

The White Paper on Local Government aligns the South African local government sphere with that of the developmental state by providing a developmental local government (Khambule 2018). The developmental local government is defined as a local government centred on working with the citizens to craft sustainable developmental solutions to meet South Africans' immediate social, political, and economic needs (Department of Provincial and Local Government 1998). Following the constitutional mandate of the local government and the country's developmental state ambition, the local government sphere is tasked with defining the features of a developmental government. The features are to: maximise social development and economic growth; integrate and coordinate development planning; promote democratic development; and to build social capital at the local level to enable local solutions to development challenges (Department of Provincial and Local Government 1998). It is upon such defining characteristics that Schoburgh (2016) identifies the developmental local government as the micro-institutional developmental state, while Khambule (2020; 2018) refers to it as the local developmental state. Fundamentally,

the local developmental state is the decentralised version of a developmental state, thereby signalling the importance of local government in a modern developmental state, particularly in birthing democratic developmental states.

Two essential features of building a democratic developmental state from below appear in South Africa. The first relates to the NDP's (NPC 2012) recommendations to professionalise local government to address the capacity constraints in delivering social and economic development outcomes. Meritocratic recruitment has been at the epicentre of successful developmental states such as Japan and South Korea (Public Service Commission 2016). The second feature is based on a hybrid system that ensures coordination between the political and administrative elements (NPC 2012). Together, these features promote the building of capable and ethical democratic developmental states by emphasising meritocratic recruitment and improved political and administrative interface. Improving political and administrative interface can ensure the use of institutions to allocate resources efficiently to promote service delivery and birth industries and companies that would foster productivity.

Current Trends in the South African Local Government Sphere

Various elements, such as parliamentary oversight, accountability in state institutions, and the poor performance of the local government, are highlighted as key focus areas for South Africa to materialise the capable developmental state ambition (NPC 2012). While these areas are key priorities, this chapter is concerned with the local government's performance and role in the country's developmental state-building since adopting the NDP in 2012. The developmental state model has predominantly been applied based on a top-down approach throughout the world, and there is a need to rethink it based on enhanced coordination between all the spheres of government.

It is important to link the local government's inability to deliver social and economic services with South Africa's Multidimensional Poverty Index (SAMPI), as presented in Figure 1. From the figure, we can deduce that some of the reasons behind service delivery protests are the foremost drivers of poverty (Statistics South Africa 2016).

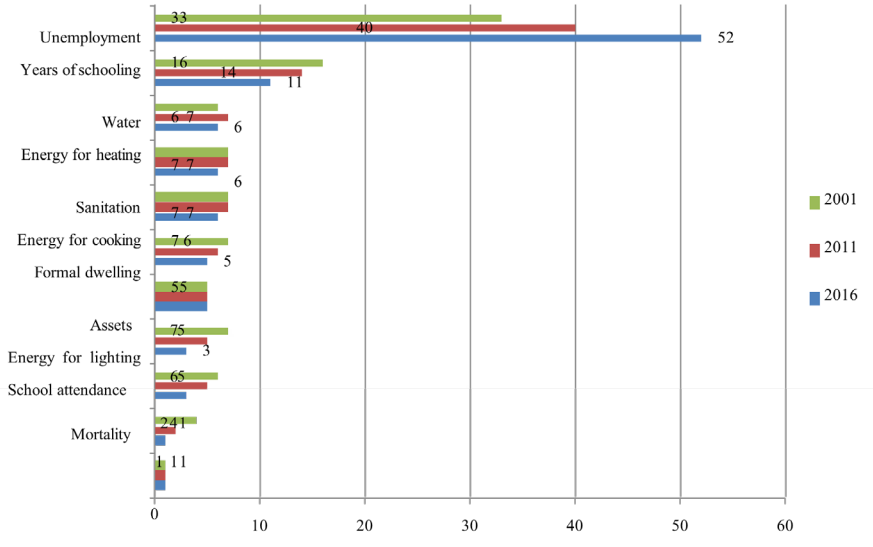

Fig. 1: Drivers of South African Multidimensional Poverty Index (SAMPI). Source: Statistics South Africa (2016)

As noted, issues such as unemployment reflect the inability of the local government sphere to rejuvenate the local economy while also reflecting policy uncertainty at the national level. Some of the drivers of multidimensional poverty in South Africa also provide a motive for service delivery protests. SALGA (2015) observes that a lack of housing opportunities, water, electricity, and institutional factors such as corruption and capacity in many municipalities are the main drivers of protests. Although having adopted the NDP and its developmental state ambitions, South Africa's local government sphere faces endless social and service delivery protests due to the inability of the local government to provide services. As of 2014, most service delivery protests have turned violent and are accompanied by the destruction of public infrastructure. This indicates the growing disgruntlement from the majority of South Africans stuck in poverty and unemployment for more than two decades of unfulfilled promises.

Below are some targets set out in the MTSF and an indication of whether the local government has met the expectations.

The provision of water and sanitation is one of the most critical constitutional obligations of the local government, particularly in bringing dignity to the previously disadvantaged. As evident from

Figure 1, the lack of access to water is one of the drivers of poverty in South Africa. The NDP acknowledges the importance of secure and equitable access to water and sanitation as a key aspect of socio-economic development (NPC 2012). Increasing the percentage of households with access to functional water service from 85% in 2013 to 90% by 2019 was the main target for the country, a target that the government achieved based on the data from Statistics South Africa's General Household Survey (GHS) of 2018. However, it should be noted that there are spatial inequalities in access to water, with 97.7% households in metros having access to tap water, whereas 25.8% of non-urban dwellers accessed water on site, 13.3% using communal taps, 1.9% relying on neighbour's taps, and 2.7% having to fetch water from rivers, streams, dams etc (Statistics South Africa 2018). These disparities signal the growing gap between metropolitan (urban) and small-town and rural municipalities, and the varying capacities being to blame for this skewed social and economic development.

Sanitation is another important component in preventing many diseases, eradicating the bucket system, and eliminating deaths in the case of pit toilets in schools. This is evident in the unprecedented rate of water and sanitation provision embarked on by municipalities in coordination with provincial and national structures against density in informal settlements. South Africa experienced an increase in households with access to improved sanitation, from 61.7% in 2002 to 83.0% in 2018. The Eastern Cape, traditionally having the highest use of pit toilets, had access to improved sanitation, which increased from 33.4% in 2002 to 88% in 2018 (Statistics South Africa 2018). Figure 1 also shows that sanitation is among the drivers of poverty in South Africa. Therefore, it is no surprise that rural and small-town municipalities are engulfed by service delivery protests related to a lack of adequate water supply by municipalities. This indicates that access to these services is drawn along spatial inequalities between metropolitan, rural, and small-town municipalities.

Over the past eight years (2012-2020), the performance of the local government has been a critical component in assessing the country's institutional capacity to become a capable developmental state. The institutional capacity of municipalities is a vital indicator of the effectiveness of local government. The Presidency (2015) reveals that approximately 80% of South African municipalities failed to perform 12 of their compulsory duties, whereas more than 50% of municipalities were unable to perform half their

constitutional functions. In a parliamentary reply, minister in the presidency Khumbudzo Ntshavheni revealed that only 53% of senior municipal managers meet the stipulated minimum competency requirements for critical areas such as CFOs, municipal managers, finance managers, and supply chain management. A major concern is that some municipalities placed under administration, such as Msunduzi Municipality, experienced a performance regress despite the provincial government's intervention. This reflects the continued failure to improve the political and administrative interface to build a capable and ethical developmental state from below. Some of these challenges undermine the significance of the local government's role in the country's developmental state. Mathebula (2016) labels local government as a deterrence to South Africa's developmental state-building because of the inherent incapacities.

The MTSF (Department of Communication 2014) observed the uneven capacities within municipalities as a primary concern for service delivery. These uneven capacities, emanating from the different institutional capacities within the local government sphere, worsen the country's spatial inequalities. A critical factor that determines the institutional capacity of municipalities is their ability to collect revenue to fund their operations. Municipalities mainly depend on two sources of revenue to finance some of their activities, i.e., property rates, and fees for the services that municipalities generate (The Presidency 2015). Metropolitan municipalities collect approximately 97% of possible revenues, whereas local municipalities only manage 50-75% of potential revenue. These statistics explain why metropolitan and urban municipalities perform better than rural and small-town municipalities, as they already face infrastructure backlogs and service delivery inefficiencies. As the demand for local government services increased during the COVID era, local government revenues declined, while expenditures increased. This led to the national government increasing transfers to the subnational governments to cope with the demand for services (The Presidency 2020). The revenues become a source of attracting the best-skilled officials and improving municipal productive efficiency. Without such revenues, rural and small-town municipalities failed to attract a capable bureaucracy, and this stifled service delivery.

A vital consideration in the capacity and effectiveness of the local government sphere is the ability of municipalities to manage their budget. According to the Constitution (1996), the local government budget needs to be participatory, in line with the

country's constitutional democracy, with the local government being accountable to the citizens. Against the financial accountability challenges facing local government, the NDP targeted an improvement in overall municipal audit outcomes, with at least 75% of municipalities receiving unqualified audits by 2019. However, in 2016–2017, the opinions on the financial statements that were unqualified decreased from 61% to only 51% (Auditor General 2019). The Auditor General (2019) revealed that the financial management of 63 out of 257 municipalities regressed, signalling deterioration in accountability and financial management. In addition to this, "only 18 municipalities managed to produce quality financial statements and performance reports, as well as complied with all key legislation, thereby receiving a clean audit" (Auditor General 2019:14). These figures suggest that the South African local government sphere's financial management is regressing, thereby undermining the country's developmental state ambition. An audit by the National Treasury has also revealed that more than 50% of municipal Chief Financial Officers (CFOs) do not meet the requirements to hold those positions (National Treasury 2019). This is primarily due to the slow pace of professionalisation in the local government sphere.

A prominent role for developmental states is the ability to effectively drive regional and local economic development from a participatory approach with other key stakeholders to enhance economic development outcomes. This role is essential because it promotes democratic development from below. However, the culture of municipalities alienating the private sector has mainly undermined the building of institutional arrangements for local economic development (Khambule 2018). This can explain the fiscal incapacity of many municipalities to spend their budgets and the hundreds of millions sent back to the National Treasury annually. Fiscal incapacity is noted to be a concern in many developing countries, particularly the failure to plan and manage budgets (Hart & Welham 2016). The lack of prioritising this function despite the constitutional mandate to promote social and economic development reveals the lack of coordination between all spheres of government on matters of national priority. Further to this, it means municipalities are failing in their developmental role of maximising social development and economic growth, and integrating and coordinating development planning to facilitate social capital to enable local solutions to development challenges.

Reflection: Local Government in Driving the Developmental State

The significance of the local government in South Africa should be understood from the developmental role assigned to it by the Constitution and the White Paper. Developmentally, local government is at the forefront of service delivery in a country with sluggish economic growth, and high unemployment and poverty rates. It should be expected that the capacity of the local government to deliver developmental services should not be interrupted to make up for the poor socio-economic conditions. While there are some noted successes in the provision of some developmental services, local government remains riddled with institutional incapacities to consistently deliver quality social and economic services to the masses of the people. Despite the country's objective to create a capable developmental state (NPC 2012), the failure of 80% of South African municipalities to perform 12 of their compulsory duties, in conjunction with the failure of 50% of municipalities to perform half their constitutional functions, shows that local government is severely undercapacitated to materialise a capable local state, for the state's capacity should not be concentrated in this sphere of government. This casts doubts on whether the national government and provincial governments are proactively supporting the institutional capacity of municipalities as mandated by the Constitution.

Within the political economy of development, there is "recognition that some parts of the state perform better than others in developing countries" (Hickey 2019:2). This outcome is enforced by underlying political relationships that influence state capabilities (Whitfield 2015). To put it into context, the South African national government and provincial government perform better than the local government due to various political factors, such as the politics of the distribution of resources, power being centralised in the national government, and the administrative skills and personnel of the national and provincial levels compared to the local government. After all, the MTSF (Department of Communication 2014:12) emphasises that "the role of the administrative head of the public service will be established as one of the functions of the Director-General in the Presidency, with Directors General in the Offices of the Premiers fulfilling a similar role at provincial level". As pointed out, the uneven capacity also plays out within the various categories found within the local government sphere in South Africa, where

metropolitan municipalities perform better than rural and small-town municipalities.

To ultimately understand why the national and provincial components of the state perform better than others, it is essential to comprehend the division of revenue amongst the three spheres of government in South Africa. Tables 1 and 2 display the division of revenue across the three spheres of government from 2018 to 2022. The tables show that in 2018/2019, the national government received R638.2 billion, with the provincial government receiving R572.2 billion, whereas the local government only received 117.3 billion to be split amongst the 278 municipalities (National Treasury 2019). These tables are projected to increase substantially for the national and provincial governments up to 2022. The budget allocations show that for the 2021/2022 budget year, the national government would receive R777.7 billion, with the provincial government receiving R701.0 billion and the local government receiving R149.5 billion (National Treasury 2019).

Table 1: Division of revenue in South Africa (2018–2022). Source: National Treasury (2019)

R billion	**2018/19**	**2019/20**	**2020/21**	**2021/22**
National allocations	638.2	684.7	733.1	777.7
Provincial allocations	572.2	612.3	657.1	701.0
Equitable share	470.3	505.6	542.9	578.6
Conditional grants	101.9	106.7	114.2	122.4
Local government allocations	117.3	127.3	137.9	149.5
Provisional allocations not assigned votes	–	19.2	11.4	18.9
Total allocations	**1327.6**	**1423.5**	**1 539.5**	**1 647.1**

Table 2: Percentage shares of the division of revenue (2018–2022). Source: National Treasury (2019)

Percentage shares				
National	48.1%	48.1	48.0%	47.8%
Provincial	43.1%	43.0%	43.0%	43.1%
Local government	8.8%	8.9%	9.0%	9.2%

To quantify these figures into percentages, the national government received an average of 48% from 2018 to 2022, the provincial government received an average of 43%, and the local government received an average of 9%. These figures are pro-national and provincial governments, despite these two spheres of government not being at the forefront of service delivery. Against these figures, it is therefore expected that the national and provincial governments will harbour the essential and capable bureaucracy, as evidenced by the fact that some national government officials are often delegated to assist municipalities. The Constitution (1996:78) mandates national and provincial governments to "support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers, and perform their functions". Supportive mechanisms are evident in cases such as deploying more than 80 officials to assist municipalities in better managing their financials through the Municipal Finance Improvement Programme. This can also be read from a deconcentration approach whereby national officials are deployed to different regions to improve the technical capacity of the government to respond to the needs of the citizens.

The regional disparities between local municipalities and metropolitan municipalities are advanced by the allocation of resources by the national government. While the general notion is that the National Treasury (2017) redistributes a significant amount of resources from urban areas to lagging regions, these resources are not commensurate with the disparities in institutional capacities. It is estimated that metropolitan municipalities "account for 70% of personal income tax revenue, but receive only 31% of local government transfers. Similarly, the 61 mostly rural local municipalities also receive 31% of transfers to local government, but account for 5% of personal income tax revenues" (National Treasury 2017: 71). An important factor that needs to be taken into consideration is the development of place-based strategies capable of creating jobs and productivity in rural municipalities to increase their share of contribution to income tax. Notably, most income tax within rural municipalities tends to come from government employees, whether in municipal offices, health, or social departments. Thus, there is a lack of a development-oriented political leadership capable of facilitating private sector investment due to the inability to utilise local assets and resources to pursue inclusive economic growth. The missing link between the private and public sectors is instrumental

in building a capable developmental state to facilitate social and economic development.

Butler (2010) is of the view that South Africa is not ready to become a developmental state, noting the lack of institutional ability to deliver some basic services, as well as socio-economic constraints. The local government's inefficiencies and its failure to increase the state's capacity to respond to national developmental challenges undermine the creation of a capable developmental state to feed the country's developmental state ambition (Khambule 2020). The problem is that the emphasis on the developmental state receives much attention in the national sphere, with little effort put into creating a capable local government paramount not only in helping the country mitigate the vicious effects of the triple challenges, but also in the realisation of the country's capable developmental state aspirations. The failure to recognise the important role of the local government in South Africa's developmental state ambition is driven by the traditional centralised planning role of the state in building developmental states. This neglect fails to be cognisant that South Africa cannot become a capable developmental state, nor realise its objective of addressing poverty and unemployment, without prioritising the capacity of the local government. Thus, a capable local government should be important because it is at the forefront of delivering developmental services in South Africa, as evidenced by the role local government played in managing the pandemic.

The local state bureaucracy is criticised for lacking the necessary skills and capacity to plan for development, particularly in relation to local economic development. This is in conjunction with the lack of economic knowledge to revitalise distressed former industrial towns in post-apartheid South Africa. At the core of these setbacks is the lack of meritocratic recruitment of public servants that successful developmental states such as Japan and South Korea managed to institutionalise. In Japan, the bureaucracy that drafted laws and development plans was recruited from top schools and capable of devising successful industrial policy, making it one of the most developed countries in the world (Ng 2005). Despite the recommendations from the NDP to professionalise the local government landscape in South Africa, many municipalities hire based on cadre deployment and political affiliation in key positions. The lack of meritocratic recruitment undermines the institutional capacity of local government to create a capable local developmental

state. This phenomenon needs to be blamed on the unstable political and administrative interface created by cadre deployment.

Building strong and capable institutions is vital to the realisation of South Africa's developmental statehood. Such institutions cannot be built outside of or in isolation from local government as is presently the case. Increasing the local government's capacity to deliver developmental services is the foundation of addressing some of the adverse socio-economic conditions the country faces. As observed in Figure 1, some of the drivers of multidimensional poverty in South Africa, such as access to services, are mandated to the local government. With enhanced capacity, local government could become the engine towards the capable developmental state ambition. The MTSF (Department of Communication 2014) targeted the local government's participatory process to strengthen accountability and institutions. However, accountability and institutional capabilities have regressed in many municipalities throughout the country, with little to no consequences for transgressions. Such problems have led to the government giving more power to the Auditor General to deal with financial transgressions and recommend appropriate measures for prosecuting authorities.

The NDP noted that the political and administrative interfaces brought most of the maladministration in the local government sphere (NPC 2012). This signals the absence of an incorruptible bureaucracy capable of maintaining state autonomy. As noted by Evans (1995: 59), the state's "autonomy is embedded in a concrete set of social ties that bind the state intimately to society and to particular social groups, providing institutionalised channels for the continual joint adjustment and transformation of goals and policies". In South Africa's local government landscape, the state's autonomy is embedded in political ties and cadre deployment, weakening the local state's capacity to pursue institutional goals. This is evident in corruption cases that have undermined service delivery and stalled development for millions mired in poverty and unemployment. Importantly, improved accountability is likely to lead to improved capacity for the government to deliver social and economic development outcomes.

An important task in ensuring the realisation of a capable local government to feed the country's capable developmental state ambition is the state's ability to devise long-term plans, mobilise society around the national project or national development plan,

be development-oriented, and use state institutions to promote development. This can be achieved through building coherent approaches to link the concentrated capacity at the national level with the under-capacitated local state. This requires the understanding that while the state coordinates development planning at the national level, the developmental local government requires the same capacity to coordinate subnational development planning in line with national priorities effectively. The appropriate route to strengthening the institutional arrangements for a capable and resilient local government that can facilitate inclusive economic growth in line with South Africa's developmental state ambition remains in prioritising the local state's institutional capacity.

Conclusion

The NDP underscores South Africa's mission to become a capable developmental state that can facilitate workable solutions to address the country's adverse socio-economic conditions of unemployment, poverty, and growing inequality. The idea of a capable developmental state is a response to the various incapacities shown by the state in accelerating inclusive economic growth and development to meet the developmental needs of the citizens. This chapter focused on the significance of local government in South Africa's capable developmental state ambition. It emerged that while the local government has managed to achieve some of its developmental services, such as the provision of water, sanitation, and electricity, these achievements are skewed and promote spatial inequalities as they are pro-urban areas.

While all the spheres of government have an important role in the country's developmental state ambition, this chapter finds that the uneven distribution of capacity between the three spheres of government is anti-local government. This is evident in the distribution of revenue, where the national government gets 48%, provincial government gets 43%, and local government is only assigned 8%. Allocating such a low percentage to the local government undermines the local government's institutional capacity, as evident in the high rate of municipalities that fail to perform their constitutional roles. These failures invariably undermine the local government's efforts in building South Africa's developmental state. These challenges also reveal the government's failure to realise that

a capable developmental state is not achievable without a capable local government at the forefront of service delivery.

The South African government should look into the institutional barriers inhibiting local government from materialising a capable local developmental state that feeds into the country's ambition. In so doing, the framework that links the national government and subnational governments in coordinating development planning should be considered, to enhance the institutional capacity of the local government sphere. Improving the institutional arrangements and management of local government is a fundamental prerequisite for South Africa to ensure even capacities throughout its spheres of government. Uninterrupted, efficient, and quality service delivery is the foundation for improving human capabilities. It is therefore important to emphasise that South Africa cannot meet or realise its capable developmental state ambition without addressing the incapacities of the local government sphere. This means that an effective and capable developmental state can only be realised through the distribution of even institutional resources and capacities throughout the different spheres of government.

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Chapter 5

The Importance of Accountability in a Developmental State: Analysing the Impact of the Electoral System in the Dereliction of Parliamentary Oversight

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Abstract

In South Africa, despite what appears to be a perfectly designed political system underpinned by the separation of powers, public officials seemingly need more accountability rooted in the proportional representation (PR) electoral system. This chapter postulates that this has proven ineffective regarding accountability and oversight regarding the implementation of Chapter 13 of NDP and the broader objectives of South Africa's development framework. The infamous Nkandla project and parliamentary inquiry into Eskom make for worthy case studies in this endeavour for at least one reason. These two case studies and all that came to encompass them extended over a period lengthy enough to check the consistency of parliament and how South Africa's electoral system leads to and breeds systemic political corruption that parliament cannot decisively address and deal with. Furthermore, this chapter will argue how the Electoral Amendment Bill (B1–2022) could effectively improve how MPs are delegated and held accountable and increase state capacity through parliamentary oversight.

Keywords: accountability, parliament, ANC, elections, state capture

Introduction

In South Africa's apartheid era, from 1948 to 1994, the executive arm of government dominated the parliament. In any system, this allows a small group of politicians to dominate the larger body of elected representatives from which they are drawn, with no practical limitations. Corruption and abuse of power almost always follow directly. As a result of the negotiated democratic settlement of 1994, the government changed. However, the social structure remained the same – South Africa continued to be faced with juxtaposed First World and Third World realities where the latter, despite the political transition, still suffered the effects of 47 years of legally sanctioned racism and segregation as well as hundreds of years of colonialism.

The National Development Plan (NDP) was spawned out of the appreciation that a lot of socio-economic issues needed to be redressed for the country to progress from its complex past. The democratic dispensation established the National Planning Commission to draft the NDP to formulate and implement policies addressing poverty, unemployment, and inequality. The cabinet adopted a blueprint for South Africa, and the NDP set out to eradicate the challenges mentioned above by 2030 (NDP 2012). Compounded by democratic institutions such as the Parliament of the Republic of South Africa, the goals of the NDP require a stern and rigorous political willingness, accountability, and oversight to achieve a developmental and capable state capacity where the socio-economic challenges are reduced, if not minimised, by 2030. The NDP underscores the importance of strengthening "accountability and oversight" to build a capable and developmental state (NDP 2012:2).

The Challenge to the NDP: Lack of Accountability

On paper, the national assembly (legislature) makes laws on behalf of the citizens and monitors that the government – the executive – takes through and implements these laws. This was catered to in the Constitution (1996), which contains nearly 40 provisions to do this. Chief among these provisions is Section 55(2): "The National Assembly must provide for mechanisms – (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) the exercise of national executive authority, including the implementation of legislation; and (ii) any organ of state." This monitoring role presupposes a certain degree

of independence from the executive, independence meant to enable the legislature to be critical of the executive. *De facto*, despite what appears to be a perfectly designed political system, there appears to be a problem of accountability. The premise is that accountability is inextricably linked to a developmental state.

There has been no substantial progress on the NDP and no measurable success guaranteeing it will be achieved by 2030. While the failure to implement and make progress on the NDP cannot be attributed to only one thing, the dereliction of parliament and its failure to perform oversight and hold the executive accountable has been a contributing factor. This lack of parliamentary oversight is partly because of the proportional representation (PR) electoral system. The discrepancies, therefore, are that MPs are, by contrast to the Constitution and the ideals of democracy, accountable to their organisations, and not to the citizens (Southall 2019). Furthermore, Southall (2019:1) states that the "lack of accountability results in the arrogance of power for which the African National Congress has become increasingly notorious". Chapter 13 of the NDP states that accountability and effective parliamentary oversight are essential in building a developmental and capable state (2012). The argument is that the PR system is not effective in enabling legislative arms of the state to perform its oversight function because deployees in parliament prioritise the party more than the state. This will be substantiated by analysing how MPs have toed the party line, which compromises building a developmental and capacitated state.

Methodological Approach and Theoretical Framework

Every credible research (including this one) needs to be explained and cemented on evidence, which the methodology and theoretical framework do, respectively. The methodology is important because it will show what approach the research undertook in collecting the data that will be used to indicate the basis of the study's arguments. This chapter uses a qualitative approach to achieve its objectives by delving into perspectives of ideology, philosophy, and governance stances (Creswell 2009). Qualitative research can be defined as a method of study that explains compelling occurrences characterised by a variety of factors in social sciences (Shareia 2016). The methodology allows the researcher to investigate and explain social phenomena. Morse and Field (1996) affirm that conceptual foundations of social sciences may be created, re-examined, and

altered through qualitative studies. According to Baxter and Jack (2008), a qualitative case study allows the exploration of the study through various lenses to ensure that multiple sides of the study are revealed.

The theoretical framework is as crucial because it guides the aspect of the study's arguments and cements it on credible scholarship. Conceptualising accountability is paramount to achieving a developmental state. As Keohane (2003:1124) denotes,

> since accountability is a relational term, a person or organization has to be accountable *to someone else.* In thinking about accountability in a given situation, it is essential to distinguish between power wielders and the accountability holders to which they are held accountable. Accountability is a matter of degree. For a relationship to be one of accountability, there must be some provision for interrogation and provision of information and some means by which the accountability-holder can impose costly sanctions on the power-wielder.

The quote above is a significant theoretical point of this chapter's arguments and deliberations. This is because parliament, in this regard, is the democratic institution that provides and oversees the interrogation and provision of information that Keohane (2003) descriptively emphasises. There are different accountability mechanisms, and the South African parliamentary system falls under one of these. Kehone (2003:1131) defines this mechanism as supervisory accountability, which refers to:

the practice of authorizing one collectivity [parliament] to act as the accountability holder with respect to specified power-wielders. One prominent example of supervisory accountability is the requirement in representative democracies that executives answer to legislatures for their actions and inactions. Legislatures can change the mandates of executive agencies, and can exercise fiscal control. Legislative accountability is particularly strong in parliamentary systems, where only the legislature, not the chief executive, is directly elected.

This is substantiated by Laver and Shepsle (1999), who state that the essence of parliamentary democracy, such as in South Africa, is government accountability to the legislature, in this instance, the separation of powers. Along similar lines, Hudson and Wren (2007) state that legislation refers to keeping a watch on the executive's

activities and holding them accountable. Effective oversight is argued to be advantageous for a political system for at least two fundamental reasons, according to West and Cooper (1989) and Pelizzo and Stapenhurst (2006): first, oversight activity can help to improve the quality of the policies that the government initiates; and second, as those policies are ratified by the legislature, those policies need more legitimacy.

Based on the foregoing, according to Matsebese-Notshulwana (2019), when exercising oversight, the legislature considers the following: the application of budgets and the implementation of legislation, strict adherence to parliamentary and constitutional laws, and effective management of government agencies. In this way, the legislative oversight role is fundamental to democracy, particularly in a developmental state. Matsebese-Notshulwana (2019:54) says that the following are the functions of legislative oversight:

- to hold the government to account in respect of how the taxpayer's money is used by preventing maladministration and misuse of public funds by the state and state officials,
- to detect wasteful and fruitless expenditure within government machinery (provincial and national departments and SOEs),
- to monitor compliance on policies enacted by government, and
- to improve transparency on government and SOEs' activities.

Parliamentary supervision should guarantee that government initiatives are carried out and run effectively, efficiently, and in line with legislative intent. Fundamentally, oversight aims to ensure openness and transparency on the application of government programmes and their effectiveness. This broadens society's awareness and understanding of government priorities and activities – in this case, the NDP. As a result, the democratic system greatly benefits from the oversight function.

Chapter 13 Of The NDP: Accountability and Oversight

Accountability is significant to such a point that the NDP dedicated an entire chapter to articulate why the nation's blueprint cannot be achieved without parliament doing its foremost duty. Newell and Bellour (2002) state that in the last decade of the 20th century, the accountability discourse gained traction and prominence in development debates. South Africa further proves that this discourse is still relevant in the 21st century, based on the goal to build a

developmental and capable state through the NDP by 2030; of which accountability is central to this goal. The NDP critically emphasises the democratic success of initiating "greater accountability" through parliament and Chapter 9 institutions. These democratic institutions are meant to hold the government accountable and encourage public participation, among other things. Theoretically, this is correct regarding the democratic channels the Constitution has enabled to keep the government accountable through parliamentary oversight and Chapter 9 institutions.

Such democratic channels, however, need to be enforced to be effective – enforced by members of parliament and government officials. Newell and Bellour (2002) state that the traditional notions of political accountability are derived from the responsibilities of delegated individuals in public office to carry out specific tasks on behalf of citizens. Day and Klein (1987:7) expand on this by postulating that "it is this understanding of [political] accountability, in which rulers explain and justify actions to be ruled, which traditionally distinguished a democratic society from a tyrannical one". In South Africa, the explanation and justification of this accountability is done through the democratic institutions mentioned above. Conversely, Chapter 13 of the NDP framework document (2012) does acknowledge that accountability in government structures has been infringed upon and is eroding because of "political-administrative interface, instability of the administrative leadership, skills deficits, poor organisational design, and low staff morale". As a result, Newell and Bellour (2002) argue that an accountability gap emerges because of this shift in political authority leading to patronage. These shortcomings mark accountability as a nebulous and capricious concept, which goes against what Chapter 13 states about supporting government officials to do their jobs for long-term skills development in pursuit of a developmental and capable state.

Regarding accountability, the NDP (2012:410) essentially stipulates that, to build a developmental and capable state, the government needs to:

> "promote greater and more consistent delegation supported by systems of support and oversight. Make it easier for citizens to hold public servants and politicians accountable, particularly for the quality of service delivery. Ensure effective oversight of government through parliamentary processes.

This is compounded by the significance of building a developmental and capable state within a "vibrant democratic system" that needs accountability at its core (NDP 2012). Currently, South African governmental structures worryingly lack accountability, compromising the goal of achieving a vibrant democratic system by 2030. The lack of accountability not only gives rise to corruption (stipulated in Chapter 14), but it also regresses the initial process to alleviate poverty and inequality specifically. Subsequently, the government's failures and constraints to be held accountable (and implement the NDP's Chapter 13) for the prevailing democratic deficit do not redress relics inherited from both the colonial and apartheid eras.

The NDP states the importance of a transformative and developmental role through establishing measures of accountability systems and mechanisms through the existing democratic institutions such as the parliament and Chapter 9 institutions as mentioned above (NDP 2012). Chapter 13 envisages that all strategic sectors that are cornerstones of the democratic dispensation to build a developmental and capable state are authoritatively held accountable for espousing the goal of redressing poverty, inequality, and unemployment. These sectors are health (Chapter 10), education (Chapter 9), economic infrastructure (Chapter 4) and rural development (Chapter 6), among others. Chapter 13 of the NDP is not only important to see these sectors thrive through accountability, but also to ensure that decolonisation is actualised because these particular sectors were fundamental in implementing segregation of the colonial state and separate development of apartheid informed by spatial injustice. The lack of consideration of the NDP's Chapter 13 not only fails South Africa's democracy currently and its future (2030 in this case), but it also fails to account for South Africa's political and socio-economic willingness to overcome political normalities of historical oppression.

The NDP critically emphasises that to build a developmental and capable state, accountability measures need to improve; the operative word here is *improve*. This is operative because it recognises a lack of measures in place which effectively hold the government or its incumbent and representatives accountable; the case studies below will substantiate this phenomenon. Newell and Bellour (2002) substantiate this by arguing that political accountability mechanisms can be horizontal and lateral: horizontal meaning accountability within the state machinery (through checks

and balances on the powers of the *trias politica* doctrine) and lateral meaning accountability demanded from citizens and civil societies. Hence, Chapter 13 of the NDP's proposal is to improve measures of accountability to citizens and, importantly, strengthen parliamentary oversight. Chapter 13 also acknowledges that in 1994, South Africa gave many responsibilities to all three spheres of government (local, provincial, and national governments) without paying attention to systems of support and oversight that would hold leaders in those spheres accountable when things went questionably wrong.

Since 2012, when the NDP 2030 was adopted, many things have arguably gone wrong in South Africa's political and socio-economic landscapes. The rampant corruption, declining economy, inclining heinous crimes in societies, and lack of political participation from citizens are evidence enough to argue that the nation is nowhere near its NDP goals. In South Africa, accountability, especially political accountability, is not taken seriously, which allows incompetence to continue. For this to stop happening in a democracy like ours, accountability must stop being treated as a spectacle and become a more permanent norm and absolute feature for those in government positions (Newell & Bellour 2002). For these reasons, this chapter argues that the successful implementation of the NDP relies on an intricate accountability process, but not only because accountability is only as effective as a mechanism if it is employed. Schedler (1999) argues that accountability that has no real impact is not accountability. The NDP (2012) succinctly puts it that a stronger sense of citizen accountability has been made possible by democracy.

The Lack of Accountability: Dereliction of Parliament

> "You are on the ANC list. You have the duty to strengthen the ANC. You are not a free rider because you are in parliament" – ANC National Chairperson Gwede Mantashe, also Mineral Resources and Energy Minister, at the State Capture Commission

> "You are on the ANC list. You are in Parliament. You are expected to respect the Constitution… but you are not a free rider. You are not on a free rein where you can do as you like" – ANC President and Head of State Cyril Ramaphosa at the State Capture Commission

The great South African project of nation-building through the NDP – democracy and transparency – has been side-tracked by a morass of corruption, mismanagement of resources, and cronyism enabled by an ineffective parliament. Without an effective parliament that can perform its oversight duty, the objectives of the NDP remain a pipe dream. Since the NDP, there have been several instances where the national assembly has failed in its constitutional duty. However, two case studies stand out and explicitly show how the legislative arm of the state has been found wanting. The infamous Nkandla project and parliamentary inquiry into Eskom make for worthy case studies in this endeavour for at least one reason. These two case studies and all that came to encompass them extended over a period lengthy enough to check the consistency of parliament and how South Africa's electoral system leads to and breeds systemic political corruption that parliament cannot decisively address and deal with.

Nkandla Upgrades Project

In December 2007, Jacob Zuma won a resounding victory for the African National Congress (ANC) presidency at the party's 52nd National Elective Conference held in Polokwane. He set himself on the path to the Union Buildings – South Africa's seat of government. The 2015 Presidential Handbook – Republic of South Africa (2015) states that the government of the republic has an all-important responsibility to provide security for its head of state. As such, security upgrades at Nkandla – the then-president's private homestead – became necessary when he became president of the Republic of South Africa in 2009.

The implementation of upgrades to the former president's home followed a decision by the security cluster of the executive branch of government to improve and enhance protection (Bailie 2017). However, Bailie (2017) states that executing the recommendations encompassed the erection and setting up of non-security upgrades – which ballooned the initial budget from R27 million to over R200 million. This ordinarily raised alarms and necessitated investigations into whether or not rules and regulations may have been disregarded in upgrading the president's home.

The Public Protector

The Constitution (1996) provides in Chapter 9 for "State Institutions Supporting Constitutional Democracy", enshrined to check powers and safeguard democracy. These independent government institutions make it possible to balance public power and curtail the supremacy of the executive branch. The Office of Public Protector (PP) is one such institution. The powers vested in the Office PP as prescribed in Chapter 9 of the Constitution (1996) is to investigate any conduct in any sphere of government that is assumed to be inconsistent with the law. Thornhill (2011) articulates that reports by the PP are significant bases of reference in public administration. Also, and perhaps more importantly, Thornhill (2011) states that the Public Protector provides frameworks within which accounting officers in public service should carry out their work and the repercussions of their exertion and responsibilities in financial management. The PP then began investigations. On 7 November 2013, the security cluster in the executive branch of government sought an interdict to prevent the release of the PP's report on the basis that the former had not given them enough time to respond to allegations levelled against them in addition to a claim that the report had several security breaches (Africa Check 2016). This was even though the PP Act states that reports must be made public unless extraordinary conditions dictate otherwise (Public Protector Act 1994). Seven weeks after the court bid, the security cluster abandoned the interdict – paving the way for the release of the report.

Secure in Comfort: The Report Released

What stood out in the report titled "Secure in Comfort" (2014) is that none of the security upgrades are the reason why the initially budgeted fee for the upgrades went from R27 million to over R200 million. The report articulated how the cabinet policy of 2003 was violated and disregarded as the cause of implementation did not occur within the frameworks set out in the law (2014). Also, it should be noted that the deviation from the security recommendations led to improper conduct and maladministration. In the report, the PP argued that since Nkandla was declared a national key point, it failed to comply with the contents of the declaration signed by the minister of police. The fact that the private home of the former president was declared a national key point meant that former President Zuma himself was now responsible for security installations at his residence

(PP Report 2014) unless the declaration was amended. This was not done, thereby uncovering the incompetence of the minister of police responsible for the declaration.

One of the many problems that characterised the Nkandla project was that the actors disregarded the Constitution by deviating from the correct supply chain management procurement procedures. Public office bearers, particularly from the departments of Public Works, Defence, and Police (South African Police Service), failed to discharge their duties concerning supply chain management, security upgrades implementation, and curbing expenditure, which led to maladministration. The promotion of the former president's private architect as the principal agent of the project, even though he did not have the necessary qualifications to handle a project of that magnitude, was also seen to have contributed to the maladministration in the Nkandla project (PP Report 2014).

Perhaps more important here is that the PP Report (2014) also found that a critical service delivery programme was shelved, and money was diverted to the Nkandla upgrades. There was a violation of Section 237 of the Constitution and the Batho Pele White Paper when funds meant for service delivery in the form of inner-city regeneration and the Dolomite Risk Management Programmes of the Department of Public Works were redirected to upgrading the former president's home. The PP's report painted a grim picture of government incompetence and flouting of noble tender procedures. Skirting due process, the relevant departments approved expensive non-security upgrades – including relocating neighbours – and because the work was done at the then-president's house, deviations were assumed to be justified and not questioned. Government departments broke the law and the former president's conduct in tacitly accepting the upgrades, even after reports of excessive spending, was unethical. The president's failure to provide leadership regarding the extravagant spending of the state into his private residence violated the Constitution and the Executive Ethics Code.

Parliament's Oversight Failure

The PP's report was released at the latter stages of the 4th Parliament, and it was expected that the 5th Parliament would deal with it. However, there were contrasting reactions from within the ruling party. Max Sisulu, ANC senior member and Speaker of the 4th Parliament, announced that the national assembly would immediately form

an *ad hoc* committee to consider the fateful report. This dignified man sought to lead parliament beyond partisanship and ensure democracy prevails. ANC MPs, on the other hand, argued that they received their mandate from Luthuli House and that there's no rush in working on the Nkandla report, moving to call for the committee to be disbanded and proposing the next parliament to deal with it; the committee was then disbanded on 30 May 2014. Max Sisulu was not reappointed and was delegated as a backbencher in the 5th Parliament – despite being high on the ANC list to parliament. Sisulu was demoted because the ANC was not happy that he established an *ad hoc* committee to deal with the report of the PP.

Launching attacks on the PP, undermining the report, and unquestioningly adhering to rules delivered to 90 Plein Street from Luthuli House became the order of the day. Nkandla was the biggest crisis facing the state's legislative arm; however, the institution was negatively restructured to defend party leaders and members of his executive branch. The leadership and senior members of the ANC knew that discrepancies and irregularities existed in the Nkandla project, and chose to invoke its majority in the national assembly – the party leadership used its majority in the legislature to prevent parliament from exercising its constitutional duty. The Nkandla debacle transparently illustrated the challenges of holding public officials or political office bearers to account for their actions, given the dominance of the ANC in the national assembly. It showed the deterioration of the ANC in parliament to hold its members to account, and the regression the ANC has delivered to the doorsteps of the people it claims to represent best.

Constitutional Court Judgement

With ANC MPs taking their cue from Luthuli House, it was clear that parliament would not effectively and meaningfully deal with the Nkandla matter and that the former president and ministers involved would not follow through with the Public Protector's remedial actions. The two biggest opposition parties sought the intervention of the judiciary. The Democratic Alliance (DA) and the Economic Freedom Fighters (EFF) approached the highest court in the land. On 31 March 2016, the Constitutional Court handed down a historic ruling, declaring that President Jacob Zuma and the ministers involved acted inconsistently with and failed to uphold and defend the Constitution of the Republic by essentially rejecting the Public Protector's reports

and refusing to comply with the remedial actions (Constitutional Court Judgement 31 March 2016). More importantly, the apex court also ruled that parliament had failed in its constitutional obligation to perform accountability and oversight. The state's legislative arm acted unlawfully when it exonerated the president and ministers involved without subjecting Madonsela's (also referred to elsewhere as the Public Protector's report) report to a judicial review process. Adetiba and Asuelime (2018:120) succinctly put it:

> Evidently, the parliament has become a tool for political manipulation to prevent accountability. Perhaps the role played by the parliament in the Nkandla saga would explain this. The Constitutional Court had ruled that the President and the parliament had failed to uphold their constitutional obligations by not obeying a binding order from the office of the Public Protector that President Jacob Zuma refund to the state coffers the money expended on his Nkandla homestead.

Portfolio Committee on Public Enterprises – the Eskom Inquiry

One would have hoped that the national assembly would have learnt from the Nkandla debacle and restructured itself so that the legislative arm of the state could perform its oversight duties, but that was not the case. The Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Service, generally known as the Zondo Commission, painstakingly tracks the legislative branch's internal conflict on how to participate in any parliamentary inquiry as well as the shifting power dynamics that resulted in the political shifts.

Through the Portfolio Committee on Public Enterprises (PCPE), the DA proposed that the PCPE launch an investigation into the capture of SOEs by the Guptas in April 2016, which marked the beginning of parliament's involvement in the controversy. This resulted from an investigation by the PP about allegations of improper conduct by President Zuma, members of the executive branch, and the influence of the Gupta family (State Capture Report Part IV 2022). A mere six days after the Constitutional Court ruling that parliament had failed in holding the executive accountable, Dipuo Letsatsi-Duba, the

then-chairperson of the committee and a former minister of state security, declined to establish an inquiry in Eskom.

In a second attempt, the nation's official opposition proposed the establishment of an *ad hoc* committee (State Capture Report Part IV 2022). But with ANC MPs having seen what happened to Max Sisulu when he did not toe the party line, they voted against the DA's motion. Interestingly, in May 2017, significant changes occurred within the PCPE. Zukiswa Rantho was chosen as the committee's acting chair because the previous chair had been deployed elsewhere by the ruling party. And in an unexpected move, the PCPE abruptly said that it would indeed begin an investigation – at the very least – into Eskom. According to the Zondo report, this was a complete *challenge faced* by the PCPE from its previous position (State Capture Report Part VI 2022). Levy (2022) reveals that many ANC parliamentary caucus members pushed to end the inquiry, claiming that it would cause divides and compromise the ANC's integrity. Rantho bravely oversaw the parliamentary inquiry into fraud and mismanagement at Eskom, which produced a report that was unanimously endorsed across party lines in a rare display of bipartisanship.

In a *déjà vu* moment, when the ANC released its national and provincial candidate lists ahead of the 2019 general elections – both the list of those who had made it and those who did not – one name stood out. Zukiswa Rantho was booted out and placed into political obscurity. Just like Max Sisulu, Rantho's case seriously calls into question the constitutional provision requiring the legislature to hold the administration accountable – that no branch of government will be supreme, none will dominate the others, and each will be independent but equal, with concurrent rights to hold the others accountable. Beyond Eskom, the Zondo Commission heard that the Portfolio Committee on Transportation did not launch any investigations and the Portfolio Committee on Home Affairs didn't show much enthusiasm for moving on with proper promptness – even if it conducted a successful investigation in the end, it moved far too slowly (State Capture Report Part IV 2022). The Portfolio Committee on Mineral Resources was unable to undertake a thorough investigation, initially due to the then-Minister Mosebenzi Zwane's evasive behaviour (State Capture Report Part IV 2022).

The Electoral System and the Dereliction of Parliament

The limited public accountability originates in the fact that MPs are selected by – and answerable to – their parties, rather than the voters. According to Adetiba and Asuelime (2018) and an article published in the University of Cape Town's Newsletter (19 September 2017), the failure of the legislature to perform its critical task of holding the executive to account is because the electoral system gives power to the majority party whose 'deployees' to parliament have all but little independence. The electoral system severely restricts the mechanism provided for in Section 55(2) of the Constitution (1996), which compels parliament to hold the executive accountable. The political party that an MP represents, not the individual MP, 'owns' the parliamentary seat in South Africa's closed-list proportional representation system.

It is a powerful deterrent to those backbench MPs who might otherwise contemplate challenging the front benches of their party. It gives enormous power to the chief whips and other senior party 'managers'. In this context, it may be simply implausible to expect, for example, junior members or backbenchers of the ruling party to make adverse findings against senior ministers when such an action could spell the end of their political career. As Adetiba and Asuelime (2018) and Fazekas and Tóth (2014) put it, this has led to an accountability deficit. The problem that we foresee is that South Africa's electoral system diminishes the role of public officials who rely on party chiefs for direction when performing their duties, in addition to the fact that it accords disproportionate power to the executive that seems to dominate the legislature, to which it should account. The Constitution does not provide clarity on the nexus between political parties and members they choose to deploy in public institutions, including the national assembly and provincial legislatures (Maganoe 2023; De Vos 2017). MPs prioritise party and self-interests over national interests, which diminishes accountability mechanisms and systems.

The Electoral Task Team (2003), the Independent Panel Assessment of Parliament Report (2009), and the Motlanthe High-Level Panel on the Assessment of Key Legislation and the Acceleration of Fundamental Change (2017) all found that the inability of MPs to exercise accountability objectively and, subsequent to that, its remoteness from the citizens is because of the electoral system. Amongst its observations, the independent panel (2009) found that

the PR system fosters the oversight of political parties on their chosen members of parliament instead of MPs exercising oversight over the executive and being accountable to the citizens. The electoral system makes elected representatives accountable to the party; as such, MPs of the ruling party had to protect their seniors to keep their jobs. In both the case studies above, it was politically required of them. The attitude and substantive treatment of the PP and interaction with the opposition in the *ad hoc* committees have characterised the dereliction in parliament. The Democracy Works Foundation (2018) states that this kind of electoral system grows the belief within the ruling party and its members that democratic institutions such as the national assembly are its extensions.

De Vos (2017) believes that in this kind of electoral system, representatives in the legislatures are more likely to be channels through which party leaders ensure that their instructions are implemented. Within such a system, MPs become mere extensions of the party within legislatures, and discharge their duties under the party's directorate that deployed them as its leaders instead of serving the country as enshrined in the Constitution. The lack of oversight found in the proportional representation system has weakened parliament and introduced the dominance of party bosses over the MPs. Piombo and Nijzink (2005) believe that the lack of accountability practices in the national assembly limits the body's independence; this is traced to the fact that parliamentary politics and partisan considerations increasingly dominate parliamentary proceedings.

The operative command and control of political parties over MPs' conduct also weakens the separation of powers doctrine between the executive and legislative branches (Botha 2019) on which South Africa's constitutional democracy is based. Botha (2019) also refers to the Constitutional Court case between the EFF and Others Vs the Speaker of the National Assembly and Another in 2017 on how parliament failed to discharge its constitutional obligations of accountability and oversight over the executive to the point that even the courts, as revealed earlier, had to intervene to remind parliament of its duty. The MPs' allegiance to their political organisations, and not the state, is problematic and has proven to be against the NDP. The clandestine networks of corruption – neopatrimonialism – prevail as a result of this phenomenon.

Warioba (2011) points out that as a result of the closed party list as enshrined in the PR system, elected representatives are under

no requirement to discharge their duties in relation to the needs, dreams, and desires of the electorate, but rather the instructions and needs of the party and its leaders, who have the power of determining whether or not they make the party list for forthcoming elections. Mokgaole (2017) states that directions and instructions from party headquarters must be followed, regardless of whether the individual is of the view that they might be wrong or inconsistent with the law. The morality and integrity of the individual, Mokgaole (2017) states, is not tolerated within the party. As a result, MPs become like robots, as it is the only way to ensure the survival and longevity of their political career and maintenance of a seat in the legislature. They must do as the party leadership says or get fired, which explains why parliament failed in oversight.

Enhancing the NDP's Chapter 13 Through Electoral Reform

Democratic forms, procedures, and organisations underpinned by the all-important effectiveness and representativity are fundamentally important in ensuring service delivery, prosperity, and equality for all. Unfortunately, every so often, the PR system makes it difficult for constitutionally democratic institutions such as parliament to be accountable and responsive. Although the PR system diminishes accountability and oversight, it was carefully selected to ensure that parliament is representative of the broad demographics of the population. The current electoral system was and still is important for maintaining reconciliation, nation-building, strong political institutions, and sustainable development characterised by peace and good governance. It also ensures that there is political diversity in parliament – these are not short-term goals, and will be achieved over a long period and even in the event of attainment of such a state, it will be important to uphold it.

The Electoral Task Team was established to investigate electoral reform and propose a preferable electoral system because the PR system was never meant to be used beyond the first two democratic elections (Louw 2014). As a precursor to the Electoral Task Team, in 1999, outgoing president Nelson Mandela said, in the final sitting of parliament, "…we need to ask whether we need to re-examine our electoral system, so as to improve the nature of our relationship, as public representatives, with the voters" (26 March 1999). The four standards underpinning the task team's work was an electoral system that would have fairness, inclusivity,

simplicity, and accountability (Electoral Task Team Report 2003). Accountability was identified as a weakness. The Electoral Task Team Report (2003) recommended various changes to the current electoral system, including the 'mixed system'. The mixed system put forth propositions to amend the nine multi-member districts into 69 smaller districts, with each district having between three and seven representatives in the national assembly, depending on the size of the members (Electoral Task Team Report 2003).

Moser and Scheiner (2004) define a mixed electoral system as one that ensures that the electorate casts their votes two times for a legislature: one for a party list in a PR system tier, and the other for a candidate in a region or district, known as the single-member district (SMD). This type of electoral system has emerged as a major alternative to strictly PR or SMD systems (Moser & Scheiner 2004). This would enhance accountability so that the electorate would be provided with two ballot papers at the polls: one for the party of one's choice, and the other for a representative in one's constituency or district. Parliamentary seats were to be divided into 300 seats based on the regional constituency winners, and the other 100 seats would be based on proportional representation based on national votes (Electoral Task Team Report 2003). This type of system is particularly important because neither a pure PR system nor a pure constituency-based system is the answer. Pansy Tlakula, former chair of the IEC, stated during the Centre for Human Rights discussion on South Africa's electoral system (2016) that as a member of the Electoral Task Team, it was believed that the mixed system would contribute accountability of elected representatives.

Conclusion

Accountability is important in implementing key programmes, and determines progress in the realisation of envisaged outcomes of the NDP. Key to building a developmental state is ensuring accountability and oversight in the public service – paramount to establishing the developmental state is ensuring that parliament holds public officials accountable. The unintended consequence of South Africa's electoral system is the difficulty in allowing parliament to hold the executive accountable. Notwithstanding the compelling reasons for selecting the PR electoral system, it cannot be divorced from how parliament, an institution that ideally should represent the dreams and aspirations of the country as articulated in the NDP, has been

ineffective. In any parliamentary system, effective supervision depends on parliament upholding its independence and embracing the power granted to it by the Constitution. For South Africa to witness any meaningful progress towards the NDP, accountability and oversight by parliament is non-negotiable and, equally so, the dereliction of parliamentary oversight can only end if the electoral system is reformed.

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Chapter 6

Compromised Accountability Mechanisms in Dominant Party Systems: An Appraisal of the Public Service Commission in KwaZulu-Natal

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Abstract

The Commission of Inquiry into State Capture has highlighted just how critical anti-corruption, accountability, and oversight institutions are in preventing grand-scale corruption and state capture. Chapter 10 of the South African Constitution outlines the importance of the Public Service Commission (PSC) as an institution of such oversight in South Africa's democracy. However, over the years, questions have been raised about the effectiveness and credibility of the Commission as an independent institution. These have come on the back of rampant corruption and maladministration allegations in areas of governance where the PSC is supposed to be exercising its oversight role. Therefore, this chapter seeks to understand the influence of the dominance of the ruling ANC on the Public Service Commission's accountability mechanisms. Accountability mechanisms must be independent (free from political interference), well-institutionalised, and well-resourced to be effective. Through a qualitative methodology of interviews with key informants from the PSC, academia, and civil society, this chapter presents findings from a focused study of the ANC's dominance in KZN and the provincial PSC. The conclusions of this chapter suggest that, due to the dominant-party system and the blurring of party and state lines, the PSC has been politicised and its needed impartiality compromised.

Keywords: accountability, dominant party, corruption, Public Service Commission, KwaZulu-Natal

Introduction

South Africa's constitutional democracy strongly emphasises the role of state institutions, also commonly referred to as the 'guardians of democracy' or Chapter 9 institutions (Calland & Pienaar 2016). The Public Service Commission (PSC) plays a similar role, but as a Chapter 10 institution. The PSC derives its constitutional mandate from Sections 155 and 156 of the Constitution, which address the need for basic values and principles governing public administration. Some of the key principles outlined in Section 155 include: a high standard of professional ethics, accountability of the public administration, and the promotion of transparency – including the provision of information that is accurate and reliable. Section 156 of the Constitution details the PSC's role and tasks it with the responsibility of promoting and implementing these values. According to this section, there is a single PSC in South Africa, and some of its functions include promoting the values and principles set out in Section 195 throughout the public service, monitoring and investigating the personnel practice through the public service, and proposing measures to ensure effective and efficient performance within the public service. In a democratic setting, governance operates on the assumption of the acceptance of universally accepted principles, including accountability, participation, transparency, separation of powers, and respect for the rule of law (Budeli 2013).

For a long time, South Africa's democracy could be classified as a dominant-party system, given the rise to prominence of the ANC nationally and in provinces. The province of KZN makes for a unique case study given its political history, from a highly contested multi-party democracy to a dominant-party system dominated largely by the ANC. In addition, several reports from reliable state institutions, including the Auditor General and Public Service Commission, have raised alarm bells about the state of governance in KZN, especially concerns about public corruption in key provincial government departments.

Accountability Mechanisms Post-1994

One of the key marks of an excellent quality democracy is accountability. Diamond and Morlino (2004) further break down accountability into two: (i) vertical accountability and ii) horizontal accountability. Vertical accountability runs upward from citizens to leaders. Typically, citizens empower leaders by electing them to positions of power. In return, leaders must account for their political decisions and remain answerable to citizens (Lindberg 2009). An illustration of vertical accountability is found in the work of Struwig *et al* (2016), who argue that an emerging trend in South African political culture has increased expectation on political office holders to provide solutions to problems they were elected to resolve, thus improving democratic accountability. Horizontal accountability refers to forms of accountability that require creating institutions, oversight committees, and establishing oversight bodies tasked with ensuring robust accountability (Schillemans 2011). Both forms of accountability are equally important and, as Fernandes *et al* (2020) highlight, any attempts at improving horizontal accountability are likely to be ineffective if there is a lack of vertical accountability. This chapter focuses on horizontal accountability, with the Public Service Commission as an institution of accountability.

A key aspect of South Africa's democratic path was transforming the public administration so that it reflected core democratic values, such as accountability, transparency, and fairness. Naidoo (2015) contends that the post-democratic political transition necessitated reform in the public administration, including the functioning of institutions focusing on accountability and oversight. One of the key reforms touted was emphasising good governance in public administration. Although debates continue to rage on good governance, Pillay (2016) states that good governance is interested in improving governance, policy, and accountability mechanisms. Accountability, in particular, would be approached from two dimensions: a) political accountability and b) administrative accountability (Prinsloo 2012). As a result, creating the Public Service Commission, as outlined in Sections 195 and 196 of the Constitution, is a commitment to realising good governance and accountability. As a Chapter 10 institution, the PSC has the following core functions:

- promoting constitutionally subscribed values and principles that govern the public service;

- investigating, monitoring, and evaluating the organisations and administration, and the personnel practices of the public service;
- proposing and directing measures to ensure effectiveness and efficiency of the public service;
- investigating grievances of employees in the public service relating to official acts or commissions and making the remedies thereafter; and
- advising national and provincial organs of state on matters of governance relating to recruitment, promotions, transfers, and other career-related matters for public servants.

Overall, the PSC has six key focus areas: A) labour relations improvement, B) leadership and human resources, C) governance monitoring, D) service delivery and compliance evaluations, E) public administration investigations, and F) professional ethics. The three focus areas of governance monitoring, service delivery, and compliance evaluations, public administration and investigation, and professional ethics are predicated on an accountability and oversight framework. As Munzhedzi (2016) highlights, they also seek to address critical governance-related matters such as corruption and misgovernance, particularly at the executive level of government.

The Public Service Commission has a provincial office in each province and its function and oversight role remains the same, whether at the national or provincial level. Given that South Africa is a quasi-federal state with federal characteristics (OECD 2014), oversight institutions, including the Public Service Commission, have provincial offices who serve similar functions just at the provincial level. Lodge (2005) expounds that part of the democratic negotiations included concessions from the ANC, which had preferred a unitary system with minimal federal elements. For this chapter, focus is assigned to the Public Service Commission in KwaZulu-Natal, considering the continued ANC dominance in KZN and its implications, which are discussed below.

Understanding Dominant-Party Systems

There is broad scholarship focusing on dominant-party systems, which includes Sartori's (1976) classification of dominant-party systems, which lays the foundation for the classifying of dominant-party systems. A categorisation of party systems involves the structure of party competition and cooperation (Croissant &

Volkel 2012). De Jager and Du Toit (2013) illustrate distinguishing dominant-party systems from multi-party systems. While multiple parties may compete and contest electorally in dominant-party systems, the predisposition to power and questionable democratic practices undertaken by dominant parties renders the democratic quality in dominant-party systems contentious (De Jager & Du Toit 2013). Although many countries can be considered multi-party democracies, the emergence and control of government by a single party renders them as dominant-party systems (Bogaards 2004). Another key distinction to be made is between one-party systems and dominant-party systems. Monyani (2018) attempts to do this by highlighting that the former was prevalent in Africa shortly after many African countries gained independence in the 1960s-1980s. Laws (2016) defines dominant-party systems as political parties that have dominated party elections in their respective countries for a sustained period. For parties to be dominant, they must have emerged victorious in four or more elections and have a firm grip on the country's policy agenda (Du Toit & De Jager 2014). Once the dominant party emerges victorious and influences the country's policy agenda, Khambule *et al* (2019) point out that they then deploy their members in key strategic positions through the cadre deployment policy.

The scholarly debate around dominant-party systems focuses on the pros and cons of having one party dominate a democracy. According to Arian and Barnes (1972), the long-term dominance of a single party can facilitate stability because of the dominant party's uninterrupted control in government. However, for Laws (2016), dominant-party systems are associated with four key risks: i) blurring of party and state lines, ii) limiting and stifling the growth of opposition parties, iii) accumulation of power, and iv) an ability to evade any accountability. The blurring of the party and state lines occurs when the interests of the party are put above the interests of the state and resources earmarked for state use are channelled to the party on partisan grounds (Kirişci & Sloat 2019). When zooming in on the second risk, as identified by Laws (2016), dominant parties stifle the growth of opposition parties in dominant-party systems. Literature by Karume (2004) suggests that opposition parties in transitioning democracies have been weak, disorganised, and ineffective. However, another argument is that they are weakened by the dominant party, which has disproportionate access to key resources and entities, including media coverage (De Jager & Meintjes 2013). As the third risk identifies, power accumulation occurs due to

unrelenting electoral success from the incumbent party. Lewis and Hossain (2022) provide the example of Bangladesh, which, over the years, has transitioned from a multi-party democracy to a dominant-party system with the dominance of the incumbent party coming down to political control and power accumulation. Regarding the fourth risk, De Jager (2009) mentions the need for accountability to ensure that incumbent parties do not abuse their power. While this is an ideal setting, literature evidence suggests that dominant parties can evade any accountability due to the power it would have accumulated prior (Auerbach 2022).

Dominant-party systems literature provides different classifications of democracy within the dominant-party system (De Jager 2013). Diamond (1996) terms democracies, particularly in dominant-party systems with regular elections without competition, as pseudo-democracies, and Greene (2007) labels them as competitive authoritarian. South Africa's dominant party regime has free and fair regular elections, democracy-guarding institutions (see Chapter 9 of the Constitution) and a commendable human rights record. Borrowing from De Jager's (2013) distinction derived from Freedom House, which classifies that dominant-party systems are not authoritarian but are in between authoritarian and non-authoritarian regimes, and thus sit between the 'not free', 'party free', and 'free' classifications, the South African democratic status as of 2022 is rated as free by Freedom House. Giliomee and Simkins (1999) warn that South Africa's dominant party has the potential to abuse and misuse power by making unilateral decisions that can weaken the role of democratic institutions despite South Africa's free and fair elections and the establishment of democracy-guarding institutions. Contrarily, through the dominant-party system, South Africa has produced a stable government with free and fair elections, along with a modernised state (Southall 2009). For Butler (2009), the politically dominant party system has laid a durable foundation for implementing democracy in the long term.

Evidence of this dominance is observable in how the ANC has determined the country's policy agenda along with its alliance partners (Brooks 2004). Nevertheless, tensions over economic policy, as Lodge (2006) suggests, have been visible. Its unrelenting electoral success in South Africa has also given birth to a vibrant civil society, a non-partisan judiciary, and regular elections, which have been classified as free and fair (De Jager, 2013). The free and fairness of the ANC's electoral success since 1994 gives credence to its legitimacy

as the ANC's victory in the polls, Southall (2014) observes. However, while the ANC's dominance has been legitimately obtained and maintained through electoral success, Du Toit and De Jager (2014) raise concerns that through the ANC's cadre deployment policy, patronage networks have led to a politicisation of key positions in which politically appointed officials influence the appointment of what would otherwise be merit-based, apolitical appointments in government. This results from the blurring of lines risk identified earlier, which enables the ANC, through its dominance, to deploy loyalists' members to institutions and protect the party's interests by pledging loyalty to the ANC at the expense of the independent institution (Butler 2009).

ANC Dominance in KZN

An ANC victory in the 2004 national and provincial elections signalled regime change in KZN after ten years of IFP rule. Coetzer (2004) argues that the ANC's victory in 2004 was an inevitable outcome which had long been coming. Such an assertation is challenging to argue against, given the IFP's alarming decline in popularity, where despite emerging victorious at the 1999 elections, a 10% decrease from 51% to 41% for the IFP may have signalled waning support for the party (Piper1999). The downturn in the electoral fortunes of the IFP in KZN was caused by several factors, including an abandonment of Zulu-nationalism, something Piper and Hamilton (1998) attribute to the initial decline observed after the 1994 polls. The ANC made a concerted effort to make inroads into the province by targeting IFP strongholds and, more crucially, the ANC captured the elusive 'Indian Vote' (Webb 2004). For Mottiar (2004), the ANC's willingness to enter and effectively campaign in IFP strongholds such as Ulundi was a telling factor towards the gradual increase of the ANC's popularity, more so considering the continued service delivery challenges that the province had been facing.

The national and provincial elections of 2009 produced the ANC's largest electoral victory in the province of KZN. As Africa (2019) notes, capturing 63% of the votes was an unprecedented level of success for the ANC, which meant the party was now the only dominant party in the province. This was also coupled with former President Zuma's ascendance to ANC power (Hamill 2010). At long last, the ANC finally snatched up this previously elusive province. Literature from Twala (2012) highlights that for the ruling ANC to

gain electoral victory in KZN, it rallied behind Zuma's Zuluness and positioned him as not only the new face of the party but the first Zulu president to lead the ANC in the democratic dispensation. While other factors may have contributed to the increase of the ANC's support in KZN, as Southall and John (2009:118) suggest that the party had been slowly growing through focusing on service delivery, particularly in IFP strongholds, and even if a non-Zulu leader such as Motlanthe had emerged, the party would have, by all intents and purposes, secured victory in the province, regardless. However, the Zuma factor was the most telling, and it is what swung the pendulum towards the ANC's favour through Zuma's Zuluness appeal, which started during his legal processes in 2005-2006 and continued in the Polokwane Conference and in the 2009 national polls (Ndletyana & Maaba 2010).

Despite signs of a decline in the dominance of the ANC at the national level, the ANC continued to add numbers to its supporter base in KZN (Booysen 2015). This was even though the party had regressed from 70% in 2004 to 66% in 2009 and 62% in 2014 (Booysen 2014). Provincially, the party continued to grow in KZN, with a nearly two-thirds (64%) majority in the province. Plaut (2014) suggests that the continued growth of the ANC in the province classified it as an ANC stronghold, a position far from secure a decade prior. In addition, the ANC's consolidation of its dominance in KZN came at the expense of the IFP, the third biggest party in the province, after losing its opposition status to the Democratic Alliance at the time (Ndletyana, Makhalemele & Mathekga 2013). Nationally, the success of the ANC in KZN also provided some much-needed comfort for the party, given that there was a clear decline in electoral support in other provinces (Melber 2014). Engel (2014:86) also highlights that success in KZN and Gauteng remained critical for the ANC as a substantial chunk of its votes (44%) came from these two provinces, although voter shrinkages were visible in the latter.

Research Methodology

A qualitative research design is adopted for this study. According to research conducted by Aspers and Corte (2019:155), qualitative research enables researchers to question pre-existing variables, establishing and formulating concepts that contribute to understanding a research phenomenon. Qualitative research includes the following methods: case study, ethnography, discourse analysis, and focus group methodology (Mohajan 2018). Qualitative research

studies involve the collection, organisation, and interpretation of either textual, verbal, or visual data (Hammarberg, Kirkman & de Lacey 2015:499). The selection of qualitative research methods was made based on the strengths of the type of methodology. The case study research method is commonly utilised in the social sciences, and it accounts for a sizable portion of qualitative studies (Starman 2013). Its uniqueness, as Baxter and Jack (2008) point out, lies in the fact that a case study enables researchers to explore a phenomenon within a particular context. This is important because a case study focuses on specific events and the responsibility of the researcher is to enquire whether those events are unique to that case study or not (Schoch 2020). This study uses the KwaZulu-Natal provincial office of the Public Service Commission as a case study.

Six qualitative interviews were conducted for this study. According to Adams (2015), the semi-structured interview technique is conducted conversationally with one respondent at a time through a mixture of closed and open-ended questions coupled with follow-up questions focusing on the 'how' and 'why'. Researchers use semi-structured interviews in qualitative social sciences due to their flexibility, which permits considering a diversity of views and opinions without confining a respondent to a particular set of questions. As Cohen (2006) advises, it is best to use a semi-structured interview technique when you are not likely to get more than one opportunity to interview an individual (as it is likely to maximise the information received from the respondent) and when you are sending multiple interviewers to collect the data. Should a respondent provide quick responses or have difficulty understanding the question posed, an interviewer can probe and elaborate further to encourage an elaborate response from the participant (Mathers, Fox & Hunn 2002).

The collected data formed part of a doctoral research study undertaken by one of the authors. An application for the approval of ethics was submitted to Stellenbosch University's Research and Ethics Committee. On the 1 July 2021, notice of full approval was granted to Project number 22220. An integral part of the data collection process is the sampling process. Lopez and Whitehead (2013:6) argue that a significant part of qualitative research lies in selecting appropriate parts of the population to interview, which requires careful consideration. Thus, sampling is defined as selecting the data sources for collecting data to address the study objectives (Gentles *et al* 2015). Several sampling techniques exist,

including 1) convenience sampling, 2) purposive sampling, 3) snowball sampling, and 4) theoretical sampling. This study adopted the purposive sampling technique, which, according to Palinkas, *et al* (2015), selects respondents based on their knowledge of the research interest. Purposive sampling enables the researcher to select respondents based on their ability to maximise the insight and who are "information rich" (Omona 2013). The purposive sampling technique was adopted for this study, which saw officials and key stakeholders approached based on their knowledge and expertise. Three key informants were from the Public Service Commission and another three were from academic institutions and civil society organisations.

Table 1: Study participants' information. Source: author's own

Respondent Letter	Date of Interview	Institution
Respondent A	6 July 2021	UCT
Respondent B	26 July 2021	UKZN
Respondent G	16 August 2021	Public Service Commission
Respondent H	18 August 2021	Public Service Commission
Respondent J	26 August 2021	Public Service Commission
Respondent L	12 September 2021	Amabhungane

Data analysis

This chapter draws on a two-staged data-gathering process involving a thematic component and using an analytical framework. Thematic analysis is often used by qualitative researchers as a flexible analysis technique, as it can be used within a wide range of theoretical and epistemological frameworks (Kiger & Varpio 2020). For Maguire, Moira, and Delahunt (2017), the primary goal of a thematic analysis is to identify themes or evidence of a particular research phenomenon. The six interviews were transcribed and analysed through the thematic analysis technique and classified under different sub-themes. To expedite this process, the researchers relied on software-assisted

qualitative thematic analysis, a tool Allsop *et al* (2022) believe can best ensure quality transcriptions and analysis.

The second analysis tool we used for this chapter is the analytical framework. For a long time, political sciences research has drawn from analytical frameworks due to how effective they can be in formulating hypotheses and studying phenomena (Leftwich 2006). An analytical framework also becomes a useful resource for studying and creating new theories whilst also developing a theory and studying a causal relationship that existing theory does not account for (Coral & Bokelmann 2017). This chapter studies the role of the PSC in a dominant-party system. To gain a good understanding of the challenges facing the institution, the analytical framework created attempts to aid the writers in their attempt to understand the dominant-party phenomenon on the PSC in KZN.

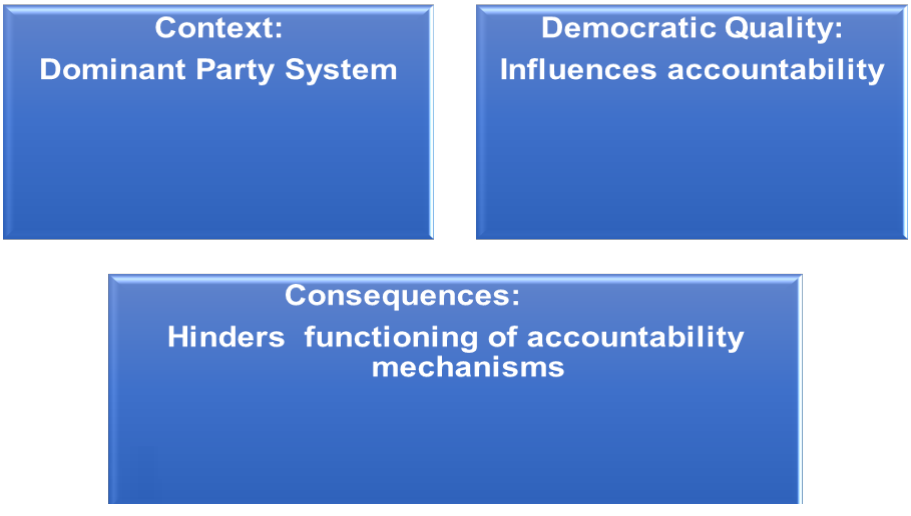

Figure 1: Analytical framework. Source: authors' own

Results

The PSC is a key institution in enforcing accountability and upholding core constitutional value principles. As a Chapter 10 institution, its role extends beyond just ensuring compliance. When asked about the PSC's role in implementing accountability mechanisms, particularly over the executive, Respondent J, a senior member of staff within the KZN's PSC, outlined the role in greater detail by saying:

Table 2: Analytical framework indicators. Source: author's own

Indicator	Indicator characteristics
CONTEXT: DOMINANT PARTY SYSTEM	
Special interests (dominant party) instead of state (public) interests	legislative influence of the dominant party feasibility of accountability and oversight within a dominant-party system conflict of interest dominant-party interests overriding state interests blurring of party and state lines
Limited capabilities of bureaucracies and state institutions	insufficient financial support skills and capacity constraints of officials (i.e., investigators) structure and functioning of institutions difficulty in managing the political and administrative interface poor coordination amongst institutions and exclusion of civil society
DEMOCRATIC QUALITY: ACCOUNTABILITY	
weakened accountability mechanisms due to politically driven partisanship.	subjection to political scrutiny political interference inability for anti-corruption institutions to remain apolitical politicisation of appointments in senior positions connection-based cadre deployment political affiliation taken into consideration when investigating corruption cases
Compromised enforcement abilities.	inability to implement and enforce findings failure to successfully implement and oversee anti-corruption mechanisms inability to act against those implicated in acts of corruption credibility and legitimacy crisis threats of violence

> There are four main streams of work that the office of the commission focuses on: 1) labour relations improvement, 2) monitoring and evaluation of research, 3) public administration and investigations, and 4) professional ethics. As you would imagine, corruption features quite prominently in the two streams of public administration and investigations, along with professional ethics. As an oversight body, we do encourage anti-corruption and have a responsibility to conduct ourselves in the right manner (Respondent J, 26 August 2021).

To promote core constitutional value principles, the PSC undertakes investigations, monitors, evaluates, and provides directives on matters concerning the public service (Public Service Commission 2014). Insight into the importance of the PSC as an institution is also provided by Respondent A, who is a seasoned expert on democratic accountability and governance, and recognises the critical role played by the PSC:

The PSC is a really important institution. I guess the PSC should have had more of a role in trying to contain corruption. I mean, they have always reported in a fairly reliable way what is going on. It is a good idea that many of these reforms have been proposed for professionalising the public service; I think the idea of giving a role to the PSC is a good one (Respondent A, 6 July 2021).

The prominent role undertaken by the PSC is recognised internally and externally, as illustrated in the above text. Having established this core critical role, the following section focuses on establishing the PSC's accountability, professional ethics, and anti-corruption initiatives.

The National Anti-Corruption Hotline

Since its inception in 2004, the National Anti-Corruption Hotline (NACH) has been one of the PSC's most important responsibilities. As the only Chapter 10 institution with an accountability and anti-corruption framework, the PSC is solely responsible for managing all matters relating to corruption reporting through the NACH. From a public administration standpoint, the NACH remains the only anti-corruption and accountability mechanism primarily driven by Sections 195 and 196 of the Constitution (Public Service Commission 2011). Key informants from the PSC acknowledge the existence of

NACH and go into more detail regarding its operation. Key informant H speaks further on NACH and has this to say:

> There is the national anti-corruption hotline. NACH. Yes, that is the one that is the main feature, actually. Its main purpose is to cater for members of the public, your other institutions, or anyone or any person who happens to witness fraud or corruption happening in South Africa. The hotline caters for national departments, provincial departments and it caters for municipalities in particular in relation to SOEs. It becomes a database of our own as government. What can I say, but the NACH has been active since 2004 (Respondent H, 18 August 2021)

Respondent G, also from the PSC, attempts to provide insight into the mechanics of the NACH and its design:

> There is an anti-corruption mechanism. The main one is the is called the national anti-corruption hotline, abbreviated as [N-A-C-H] or [NACH]. It is a hotline, as its name explains itself. It is a hotline where whistle-blowers who would wish to be anonymous or those who cannot disclose their names are given a platform to report with regards to corruption or allegations. There are officials employed to work on the hotline. We record and screen the info as much as possible to get as much information as possible from the caller during the call. They will sort it according to the department and according to the province where the alleged corruption is emanating from, then they will forward it to that province and provincial office for onward processing or investigation. It will either be investigated by the provincial office, the PSC, or the provincial office might decide to refer to that department for the department to investigate the allegation but refer to the PSC for the findings of the investigation (Respondent G, 16 August 2021).

Having established that the primary anti-corruption and accountability tool is the NACH, the upcoming section focuses on challenges facing the PSC in implementing its accountability framework through the NACH. Accountability and anti-corruption become particularly important for a country's anti-corruption

agenda. As a result, a stronger emphasis is placed on institutions of oversight, accountability, and anti-corruption (Majila, Taylor & Raga 2017).

Quality of Democracy: Accountability – The Politicisation of the PSC

The analytical framework created for this research study identifies four key measures that aid in identifying challenges facing institutions of accountability and anti-corruption. These are further categorised under two distinct categories. Category 1 is the dominant-party systems context, whereby two familiar challenges are identified – these are i) special interests (dominant party) instead of state (public) interests, and ii) limited capabilities of bureaucracies and state institutions. An additional two challenges are classified under the second category of the quality of democracy context and are: iii) weakened accountability mechanisms due to politically driven partisanship, and iv) compromised enforcement abilities.

To gain greater insight into the role of the dominant party regime on accountability and anti-corruption measures, a question relating to politicisation of the PSC as a potential impediment was posed to all participants. It is worth keeping in mind that political interference is identified as one of the characteristics that undermines the accountability mechanisms and the quality of democracy. In addition, according to the indicator, the undermining of democratic accountability includes different acts, such as politicisation of independent, otherwise apolitical institutions, and politicising institutional matters to either influence the outcome of an investigation or undermine the institution's credibility altogether. Below are some incidences relating to the undermining and compromising of accountability mechanisms in the PSC:

- cadre deployment-based appointments, particularly at the senior level (mentioned by Respondent H);
- politicisation of senior appointments, including commissioners (mentioned by Respondent G);
- politically connected individuals undermining accountability mechanisms because they view themselves as untouchable (mentioned by Respondent J);
- political inclinations influencing cases to investigate, where pursuing of cases is not based on the availability of evidence

or lack thereof, but rather, cases are investigated on partisan grounds (mentioned by Respondent H); and
- dominant-party influence rendering the institution useless because of the influence of the ruling party in oversight institutions (mentioned by Respondent A).

These are some issues mentioned by key informants which fall under the quality of democracy: accountability indicator. In the section below, a thematic analysis is undertaken to determine the extent of these accountability and anti-corruption impediments that face the PSC.

Inability of the PSC to Enforce Recommendations Based on its Findings

In order for an institution to be effective, its findings must carry weight and legitimacy (Pillay 2015). Although several studies including Salihu (2019), Lekabu (2019), and Barett *et al* (2020) show that anti-corruption and accountability strategies are capable of being successful, South Africa's accountability mechanisms have unfortunately not yielded the same outcomes. The PSC supplements multiple agencies and assessments and evaluates state policies, compliance, and control of anti-corruption institutions (Pillay 2017). One major weakness in this study relating to the PSC is its inability to enforce findings and recommendations. This is a common criticism also identified by Taylor and Raga (2014), who note that findings made by institutions attempting to enforce accountability are hardly ever followed.

A question was posed to all key informants regarding the ability of the PSC to enforce its findings and recommendations in KZN. Respondents cite several reasons, the most prominent one being that commissioners in the PSC have political interests that influence how the case is investigated. A key informant further says:

> Commissioners and political interests … can be office bearers. Office bearers have interests with regards to the investigations that we do. For instance, there is this case that we were doing from a year or two ago. When we were about done with the case, someone from the department called me and talked to me in confidence saying, 'I am a suspect and wanted to know the impact the case would have'. He also said, 'I have also

> been in contact with your commissioner'. So, I was shocked to hear the news. So, right there, it dawns on you why there were certain instructions that did not make sense at the time (Respondent H, 18 August 2021).

The above excerpt draws attention to the PSC's politically compromised promises, mostly led by senior staff. Such a process creates tension and a conflict of interest between investigators and politically appointed commissioners. Although legislative processes involving MPs are perfectly legitimate, in the dominant-party context, as Choudhry (2009) notes, dominant parties in parliament preside over constitutional, legitimate processes. However, those can be politically hijacked to advance political agendas. It appears as if the PSC faces similar dilemmas; because appointing commissioners is a legislative one, politicisation becomes inevitable. A key informant observes the difficulties commissioners face in attempting to enforce accountability in a dominant-party setting where majority MPs from the same political party and state departments are also most likely partisan. The key informant further goes on to say:

> Because of the way the Public Service Commission works, in relation to the appointment of the commissioners, their appointment process, the way their appointment processes are dealt with, in their appointments politicians are involved and not that they interfere because it is constitutional. They are involved legally in a legitimate way but that involvement, according to my view, it is also hampering effectiveness of the Public Service Commission's mandate (Respondent G, 16 August 2021).

There is full acknowledgement that this process is completely valid constitutionally. However, in a dominant-party setting, it becomes difficult to enforce findings against members of the same party who will play a role in appointing a commissioner. As a result, commissioners may choose not to release or attempt to implement adverse findings against members of the governing party in particular. Another respondent from the PSC provides a distinct perspective, stating that the PSC is seen as a recommender.

> Looking closely, you will realise that the PSC does not really enforce its recommendations. It is more of a recommender. For

> me, the implementation of the mechanisms is not effective, and if they were effective then we would not have complaints dating back to 2013. Effectiveness also borders along the fact that speaks to turnaround time. Turnaround must have results. But if you have cases dating back to 2013 that have not been fully terminated and people are not even caring to close those cases, so, to me it tells me that anti-corruption mechanisms are not working effectively (Respondent H, 18 August 2021).

This finding exposes several weaknesses within the commission. Respondent H argues that the backlog of cases in the PSC results from the PSC being unable to live up to its mandate and enforce accountability, particularly in anti-corruption. Through the politicisation of appointment of staff and lack of implementation ability, these two weaknesses undermine the democratic quality (accountability) indicator. Respondents H and G acknowledge these issues. In addition, because of these challenges, the PSC's inability to enforce its findings directly compromises accountability in the institution and overall democratic quality. Political will, as observed by Olutola (2014), is a critical component of the effectiveness of institutions such as the PSC. However, that has not been the case with the PSC in KZN. A key informant laments the PSC's struggles and pins them down to the lack of political will which has compromised the institution. The key informant further says:

> The main point here is that they cannot be effective, or they cannot fulfill their mandate without the necessary willingness or political principles to ensure that certain policies are adhered to and to ensure that these anti-corruption mechanisms are given enough power and legitimacy to tackle all of these corrupt activities that we see in provincial government… particularly in KZN (Respondent B, 26 July 2021).

The constitution is quite clear on how institutions such as the PSC are supposed to function. However, in a dominant party setting, there are bound to be further complications for which the constitution cannot account. For Respondent L, key state institutions have become ANC institutions that cannot implement their findings or undertake their constitutionally enshrined mandate. The participant further says:

> There are a lot of challenges that I can think of, but the main one is the lack of enforcement that our institutions have shown. Our institutions have become ANC institutions. They are largely weak and ineffective. So, I would say that is the main challenge. I have engaged with the Public Service Commission in KZN, and they do a lot of work, but their findings are not binding, meaning they can just be ignored (Respondent L, 17 September 2021).

According to the analytical framework created for this study, compromised enforcement abilities of institutions is classified under the democratic quality: accountability indicator. The first one is politicisation of the PSC and political interference, which negatively affects the institution's operations and investigations, particularly on anti-corruption and accountability framework matters. The upcoming section will identify challenges in the dominant-party context, which comprises the blurring of party and state lines.

Dominant Party Context: Blurring of Party and State Lines at the PSC

In the review of literature discussed in this chapter, the blurring of party and state lines is one of the four risk principles identified, particularly in dominant-party systems. Keeping this in mind, a question was posed to all key informants regarding how the PSC attempts to navigate the party and state lines. On this matter, Respondents G and H agree that the PSC as an institution tries its best to avoid the party-state dilemma, although challenges concerning this matter remain persistent. However, Respondent J takes what could be viewed as a pragmatic position. The participant acknowledges difficulties that come with being an institution of accountability and oversight, and notes how challenging it can be to navigate the party vs state matter, particularly in a dominant-party context. The participant further says:

> It is difficult for us because we are sort of stuck in between being an executive department and an institution of state. We are mentioned along institutions like the Public Protector and Auditor General, basically, Chapter 9 institutions, when in reality we are a Chapter 10 institution which does not hold the same weight. We have a political principle, for example. These

> institutions do not have that. So, we simply cannot run away from the fact that we are not in a strong position, and, in some cases, we may struggle to navigate the party-state dynamic, particularly when it comes to anti-corruption (Respondent J, 26 August 2021).

For the institution of accountability and anti-corruption to be successful, they require independence, inter-institutional operation, and networking (Storm 2020:56). Independence is the most significant feature, as institutions of oversight and accountability are more likely to be effective if they are independent. This has not been the case in South Africa, mostly due to the political-administrative interface. Mpahunye (2009:33) defines the political-administrative as the interface between elected officials deployed by their political parties and apolitical appointees appointed based on their skill set who form the public bureaucracy. In an article dating back to the mid-2000s, Thornhill (2005) acknowledges that the political-administrative relationship is overly complex, with many moving pieces to consider. The findings of this study suggest that the challenges facing the PSC are caused by this interface.

> There is that blurring of party and state lines, which is caused by the fact that the ANC has become a party that uses state resources to advance its agenda, so you do not know whether something is about the state or the party. The institutions that were supposed to deal with corruption have not been effective because of the ANC's influence on them. I do not think that the ANC acts in the state's best interest. They showed that with the Scorpions. The party puts its interests first and they are able to do that because of the sheer dominance (Respondent L, 17 September 2021).

As discussed in the literature, in a dominant-party setting, the influence of the incumbent party is more likely to be impactful. The influence of the dominant party extends beyond just internal and external political affairs but also to institutions of state such as the PSC. The blurring of party and state lines further interferes with how the PSC attempts to deal with investigative matters within the institution. Respondent H acknowledges this difficulty and provides an example of how the party-state or political-administrative interface affects the PSC:

> It tends to be a bit difficult because they protect each other. It is because, in a way, there is that political interference, and the problem is caused by the commissioner in position at the time. Even the previous commissioner avoided dealing with certain cases because they would have interfered with some other people's interests. So, if you see that this would cause stress in some way you then say let us rather find another way of dealing with it. Like to call the MEC and engage with them to find common ground (Respondent H, 18 August 2021).

Due to the blurred-lines phenomenon, institutions such as the PSC cannot navigate the party and state dynamics. In circumstances where matters of the party are being thrown to the commission, there are no alternative means for the institution to protect its independence. Particularly because, unlike other institutions, the PSC also has a political principle who is a deployee of the governing party. Respondent J also provides a pragmatic analysis of this challenge by saying:

> The lines do get blurred. Like I said, there are cases where I definitely felt like this is political and has nothing to do with the work of the Commission. The one case I had involved the HOD and the MEC of the same department, even muthi allegations were used by both parties and how do we even start trying to investigate a muthi allegation? The issue stems from the fact that the HOD felt that they were more powerful than the MEC and the MEC believed that they had a lot of political power in the province and demanded more respect from the HOD. It went on for a long time and the resolution we ended up arriving at simply meant that both parties needed to take these matters to different institutions because there were a lot of political issues conflated with departmental issues which is probably caused by that blurring of party and state lines. The blurring of the lines simply cannot be ignored. It is there and continues to affect the work we do (Respondent J, 18 August 2021).

Accountability and corruption are not unique to dominant-party systems, as research by Kluver and Spoon (2015) has illustrated by highlighting similar challenges in multi-party democracies as well. However, accountability, particularly in dominant-party systems, is

far more likely to be compromised, according to De Jager (2006), given the influence of the incumbent on key accountability instruments. The empirical evidence discussed suggests that accountability mechanisms and their obstacles in KZN can be strongly associated with the rise of dominance, which has compromised accountability frameworks in the province. This has also resulted in increased allegations of corruption against senior officials and politicians across the provincial government sphere, with many attributing the surge of corruption to the compromised accountability mechanisms in the province.

The political-administrative interface identified in this chapter focuses on the PSC and its work. Empirical evidence collected for this chapter identifies it as a key challenge to be overcome. Its influence is not to be taken for granted. Members of the PSC acknowledge the negative effects this had on their institution and continue to call for change. An analysis of this challenge finds that such an occurrence is classified under the dominant-party context, whereby special interests (dominant party) instead of state (public) interests become a reality.

Concluding Reflections

This chapter attempts to conduct an appraisal of a key state institution, which is the PSC. While anti-corruption is not the sole mandate of the PSC, given the current state of corruption in the country, institutions like the PSC have a critical role in limiting corruption by creating and maintaining effective accountability frameworks. Although accountability institutions face several problems, including capacity, resource limitations, etc., politicisation and interference remain among the most prominent challenges. Because politicisation is directly associated with political will, institutions do not operate in isolation and remain inevitably susceptible to external factors, including political interference and influence. This becomes an even more distinct possibility in a dominant-party setting, given the amount of power and influence incumbent parties have on dominant-party democracies.

From a provincial standpoint, the role of the guardians of democracy in local government necessitates further scholarly enquiry and attention. Evidence obtained from the recently concluded Zondo Commission of Inquiry into State Capture highlighted rampant corruption in provinces such as the North West and the Free State,

implicating senior leaders in government and members of the ruling ANC. While KZN featured little in the Zondo Commission, governance challenges and lack of accountability in the province have been captured in several reports across oversight and accountability institutions, including the Auditor General's reports on the state of municipalities. These concerns highlight the need for a strong and effective PSC operating in the provincial sphere of government, which can help reduce financial mismanagement, corruption, and poor governance in the province. Having looked at the functioning of the PSC from a dominant-party paradigm, this chapter has provided a unique insight into the challenges faced by the institution and its operations in dominant-party settings. However, further research is recommended to investigate how the institution functions in other settings – even more so because with the ever-increasing prospect of coalition governments at the provincial level, institutions like the PSC may face different challenges resulting from this electoral change, and their functioning will have to be monitored closely.

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Chapter 7

A Critical Reflection on the State of Parliamentary Oversight

Rachel Fischer

&

Thabile Zuma

Organisation Undoing Tax Abuse

Abstract

The Organisation Undoing Tax Abuse (OUTA) has assessed the efficacy of parliamentary oversight over the executive, revealing inconsistent improvements over time. Focusing particularly on various portfolio committees, OUTA has monitored parliamentary processes since 2019 to evaluate their effectiveness. Against the backdrop of parliament's inaction during the state capture era and its inability to hold the executive accountable, this chapter exposes the need for a more robust Oversight and Accountability (OVAC) model. Key findings underscore the necessity for well-defined standards in public participation, enabling committees to impact governance through acquired information, and subsequently, offering feedback to the public. Public involvement serves as a crucial pillar of effective governance, offering fresh perspectives on departmental performance. Employing a mixed-method approach, the chapter analyses meeting frequency and financial reports. Qualitatively, it examines Budget Review and Recommendations Reports (BRRRs) from select portfolio committees, assessing departmental status, risks, progress, and areas for enhancement. Results often reveal comprehensive recommendations; however, subsequent follow-through in the subsequent years tends to be insufficient. As South Africa advances towards its 2030 goal, embedded in the 'Decade for Change' and the National Development Plan (NDP), OUTA maintains that a united effort and political determination can realise the NDP's ambition to foster an ethical, capable, and developmental state.

Keywords: accountability, constitution, ethics, governance, oversight, public participation, transparency

Introduction

In South Africa, parliament plays a key role by conducting oversight of the executive's functions, and holding it to account when there is failure in seeing to the interests of the public. Within South Africa's democratic governance framework, oversight and accountability assume paramount importance. The executive holds substantial authority over a nation and its citizens. In a constitutional democracy, a prerequisite for wielding such authority is being answerable to a distinct governmental entity – a tenet rooted in the principle of separation of powers. This arrangement ensures a balance where no single branch, whether legislature, judiciary, or executive, possesses excessive dominance. Ultimately, this framework guarantees that the executive remains answerable to the populace of South Africa.

In 2014, Christi van der Westhuizen wrote Working Democracy: Perspective on South Africa's Parliament at 20 years (Open Society Foundation of South Africa). This is an interesting publication to study, since many issues identified as causes for concern at the onset of the democracy, have been realised and unfortunately damaged the moral and legal fibre of parliament and the electorate to hold the executive and national party to account.

During the first parliamentary term, Van der Westhuizen states that the South African parliament laid the foundations for a democracy. However, by the second term, charges of corruption had emerged. She argues that parliamentary oversight "slammed up against party-political interests" (2014). The limitation of parliamentary supervision of the executive was then established, which allowed for a knock-on effect and systematic curtailment of the parliament to play an oversight role, allowing for future interferences and disruptions by the executive. Unfortunately, an "interventionist executive has to compensate for the consequent weakness in parliamentary benches", and this is done by "using the party pecking order to ensure MPs vote in accordance with the Constitution" (Van der Westhuizen 2014). Unfortunately, after 2009, parliament starts to serve the party interests of the majority. Factors that exacerbate it include the 1) overbearing executive, 2) party hierarchy taking precedence over the constitutional mandate

of parliament, and 3) party discourses that change with internal factional interests.

Parliament is central to building a capable and ethical state, which is also why it is important to also consider the objectives of the National Development Plan (NDP) against the backdrop of parliament's own functions. It is interesting to note that the NDP does not directly address the role of parliament, but it does acknowledge the importance of 'oversight' on social protection in Chapter 11. Under this chapter, Target 81 refers to "[developing] a consolidated institutional framework that supports coherent policy implementation, integrated social security administration, and effective regulation and oversight of the system" (NDP 2012). This can be reached in conjunction with Chapter 14, Fighting Corruption, where Target 105 states that "an accountability framework should be developed, linking the liability of individual public servants to their responsibilities in proportion to their seniority" (NDP 2012). It can be argued that parliament should play a leading role in ensuring that its oversight enhances the various functions promoting social protection. By improving its accountability mechanisms, its oversight can be strengthened. It is therefore important that parliament is approached as a resourceful research site, where its activities, challenges, and achievements can be tracked against quantitative and qualitative markers.

To speak to the need to study parliament, this chapter's foundation is in the Organisation Undoing Tax Abuse (OUTA)'s annual Parliamentary Oversight Reports (PORs) published annually since 2019. This chapter reflects on parliamentary oversight and its successes and challenges over the past ten years. Moreover, it looks at opportunities related to increased public participation. South Africa is within the 'Decade for Change', moving towards the NDP target goal 2030 to achieve a shared vision: to eliminate poverty and reduce inequality. OUTA is convinced that, with political will and cross-sectoral collaboration, the NDP's quest to build and sustain a capable, ethical, and developmental state can be achieved. The chapter will first situate the context of the National Development Plan (NDP)'s aims and objectives, followed by a discussion on the PORs and their findings. The chapter then focuses on the core issue of public participation and presents opportunities for improvement in time for 2030.

The NDP 2030: Challenges and Opportunities Ten Years Later

The year 2022 marks a decade since the publication of the NDP policy document. The NDP set out ambitious developmental goals to be achieved in South Africa by 2030. The plan envisions a South Africa that is economically vibrant, educated, and skilled, with solid infrastructure designed to sustain an active, employed, equal society (IJR 2020). The plan was designed to reduce inequality and eradicate poverty in South Africa. The key goals of the NDP 2030 focus on improvement of education, access to quality and affordable healthcare and an overall improved healthcare system, a reduction in unemployment, and strengthened accountability.

The NDP encourages citizens to be active in their own development, in strengthening democracy and in holding their government accountable. Moreover, the NDP has targets and priorities for the country to create a capable, ethical, and developmental state, enhance economic transformation, strengthen social wage and quality service, and prioritise social cohesion and civil participation when implementing the developmental plan.

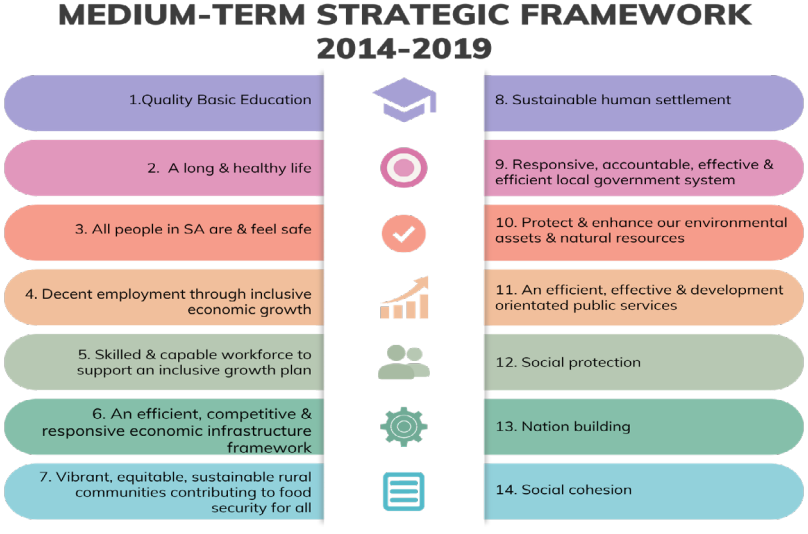

Figure 1: MTSF 2014–2019 priority areas. Source: MTSF (2019)

In 2014, the government adopted the Medium-Term Strategic Framework (MTSF) as a first implementation plan for the NDP policy document, which set out 14 priority outcomes as the first step in implementing robust accountability structures between 2014-2019:

In the 2019 State of the Nation Address (SONA), President Cyril Ramaphosa sharpened the focus on these by outlining seven priorities – captured in the MTSF 2019-2024 – for the 6th Administration (DPME n.d.). The seven priorities are fully aligned with the with the wider scope of the NDP.

Figure 2: MTSF 2019-2024 priority areas. Source: MTSF (2019)

The Bureau for Economic Research (BER) 2020 report assesses the progress in South Africa's developmental state and NDP targets. The research report and evidence suggest that South Africa has developed in some areas, though outcomes have fallen short of the NDP aspirations and the seven priorities for the 6th Administration. Significant progress has not been made by the state in implementing the targets as prescribed in the NDP. Delays and shortcomings in implementation of social and economic reforms have contributed to this, alongside failures to adapt plans and programmes to change the conditions.

The Triple Scourges of Unemployment, Poverty, and Inequality

South Africa has faced a spike in inequality and poverty, unemployment, corruption, and state capture, undermining the state's capacity to provide basic services. Institutions such as

parliament have failed dismally to exercise their oversight duties (SABC News 2022). The NDP has the following key target milestones:

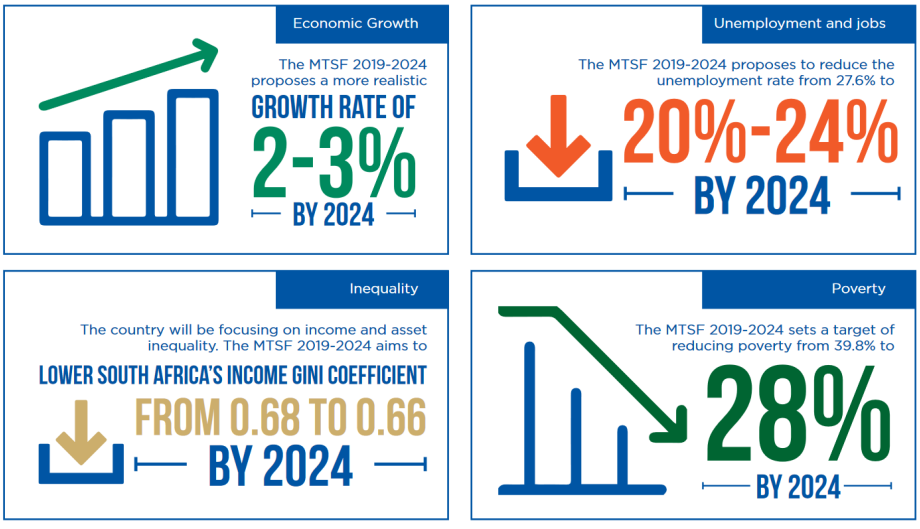

Figure 3: NDP key target milestones. Source: NPC (2012)

According to Statistics South Africa (SSA), in the 2nd quarter of 2022, the unemployment rate was 33.9%, the highest unemployment rate recorded in the quarterly labour force survey since 2008. The NDP has set out to achieve nearly 6% annual Gross Domestic Product (GDP), halve the unemployment rate, and eliminate food poverty. Currently, evidence suggests that the efforts to achieve this goal have regressed since 2012. South Africa was already in an economic recession before the COVID-19 pandemic, and the unemployment rate had hit a record high. The NDP aims to eradicate poverty in South Africa and enhance economic transformation. According to Galal (2022), as of 2022, around 18.2 million people in South Africa live in extreme poverty, with the poverty threshold at US$1.90 per day. Moreover, over 123,000 people were pushed into poverty in comparison to 2021. The headcount was forecast to increase in the coming years. By 2025, around 18.5 million South Africans are projected to be living on a maximum of US$1.90 per day (2020).

To date, the Department of Statistics SA reports that nearly half the adult population of South Africa lives in poverty (2022). According to SSA, 49.2% of the population over the age of 18 falls below the upper-bound poverty line. The upper-bound poverty line (UBPL) indicates an income of R1,183 (US$70.90) per month. On the

other hand, the lower-bound poverty line (LBPL) and food poverty lines indicate incomes of R785 (US$47.04) and R547 (US$32.78).

Furthermore, in the 2016 South Africa's Living Conditions Survey (LCS), it is indicated that 52.2% of women fall below the UBPL, compared to 46.1% of men. Additionally, 74.8% of women-led households follow below the UBPL, whereas only 59.3% of men-led households do. A similar gender gap exists at each line of poverty, with women consistently experiencing poverty more frequently than men. The National Development Plan (NDP) was adopted by the South African government with the intention of acting as a blueprint for eradicating poverty below the LBPL and reducing income inequality across the board. While South Africa is ten years into the phase of its execution, the aftereffects of the pandemic are certainly hindering it to some extent. This plan shows that more government effort and commitment are needed to reduce poverty and, essentially, inequality.

Furthermore, COVID-19 has exacerbated the poverty and inequality rate. Hunger and food security has become a much more pressing issue. For instance, lockdowns have halted employment and left many South Africans with the impossible choice of working to provide food, or staying home to stay safe. Forecasts are currently estimating that the pandemic may have pushed up to 1 million people into poverty. Indeed, the pandemic has set the South African economy backwards by several years, however, the pre-COVID economy was far below the expectations of the NDP.

Building a Capable State

Chapter 13 and 14 of the NDP aim to build a capable state. The BER conducted research to assess the building capacity and the BER Report (2020) states that the success of SA's development outcomes hinges on having a capable, ethical, and developmental state. It requires the state to be protected from undue political interference and for public services to have the authority, experience, and support to fulfil their role. Whether a state is capable or not is often measured by the levels of confidence the public has in state institutions, as well as the frequency of service delivery protests.

The graph below shows the percentage of respondents with confidence in various institutions for the years 2017 and 2019, the highest of which is 42% confidence in the national government:

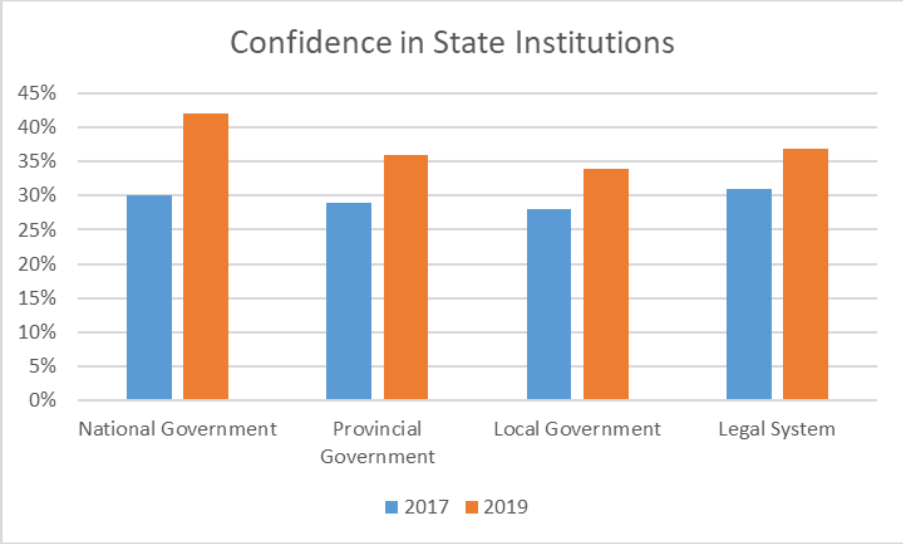

Figure 4: Confidence in state institutions. Source: author's own data from OUTA

According to the BER Report (2020), confidence in institutions reflects whether the objective of building a capable, ethical, and developmental state is being achieved, as a proxy for whether government is successful in fulfilling its functions. The current evidence suggests a large need for improvement across the public and private sectors.

In terms of service delivery protests, according to the BER reports, there was a high number of service delivery protests in both 2018 and 2019.

This reflects the low level of confidence in local government and an increasing level of discontent amongst citizens.

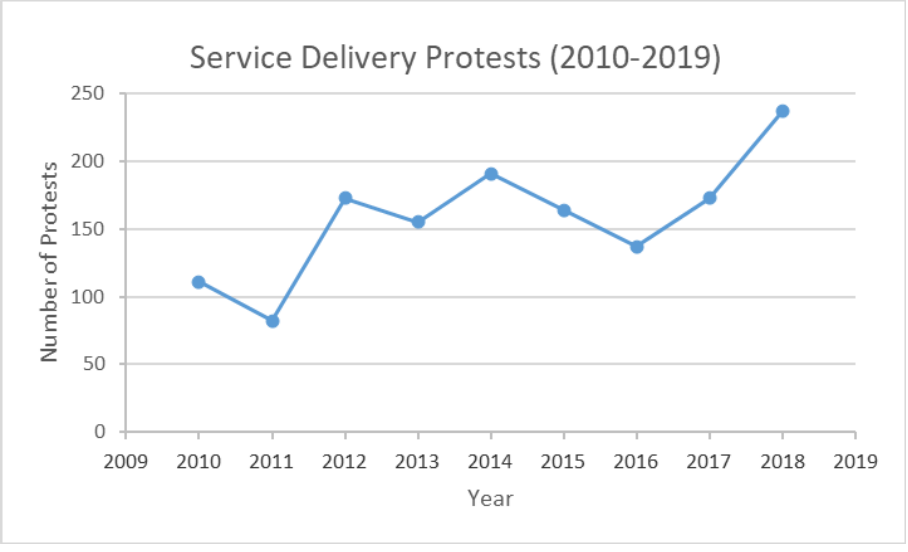

Figure 5 Service delivery protests 2010–2019. Source: author's own data from OUTA

Corruption

The evidence gathered by the NPC is that corruption and poor governance can fatally undermine national development. Evidence gathered by the commission indicates that SA suffers from high corruption that undermines the rule of law and hinders the state's ability to develop effectively and transform its socio-economic system. The National Anti-Corruption Strategy (2020–2030) states that corruption has become endemic in South Africa. It undermines democracy and negatively impacts service delivery, human and socio-economic development, job creation, public trust in government, and investor confidence in the country.

Corruption is one of the greatest impediments to the country's growth and development. For several years, organisations such as OUTA and Corruption Watch have stressed that the state has failed to make real inroads against the causes of corruption. According to the Corruption Perceptions Index (CPI), a respected leading global indicator of public service corruption which scored and ranked 180 countries and territories across the globe, South Africa has a CPI of 44 of 100. This corruption can be categorised follows:

a) high level of maladministration at 18% of all reports;

b) procurement corruption contributes 16%;
c) the abuse of authority contributes 16%;
d) fraud 14%; and
e) misappropriation of resources at 12%.

Even though the whole country is burdened by corruption, the weight falls most heavily on poor citizens, through the impact of the quality and accessibility of basic services. To overcome this, South Africa requires a resilient system consisting of political will, sound institutions, a solid legal system, and an active citizenry that is empowered to hold government accountable. The vision for 2030 is a South Africa which has zero tolerance for corruption, in which an empowered citizen has the confidence and knowledge to hold public and private officials to account, and in which leaders hold themselves to high ethical standards and act with integrity.

The NDP targets four areas of impact in which policies should be implemented to harness accountability and create a zero-tolerance corruption policy. Firstly, the focus of anti-corruption efforts should be on creating a resilient anti-corruption system without political interference. Strengthening accountability and responsibility of public service is a core mandate for the NDP and the government. South African public servants should be made legally accountable as individuals for their actions, particularly in matters involving public service.

Secondly, to build a resilient anti-corruption system, the NDP focuses on strengthening a multi-agency anti-corruption system, strengthening the protection of whistle-blowers; centralising the awarding of large tenders with long-term durations, and giving greater teeth to tender-compliance monitoring offices to investigate both corruption and the value for money aspect of tenders (2012). Thirdly, the NDP aims to create an open and accountable public service. This means that state information, including details of procurement, should be made publicly available to be scrutinised by civil society. Lastly, the NDP aims to strengthen the law, judicial governance, and the rule of law.

With that being said, we have witnessed the abuse of state resources. The country has been hindered by state capture which occurred during the administration of President Jacob Zuma, and the collapse of state-owned enterprises (SOEs). From 2016 to date, the Auditor General of South Africa (AGSA) has expressed numerous concerns about the financial health of local government, key service

delivery institutions, and SOEs. Consistently, AGSA has flagged issues of non-compliance with the supply chain management legislations, political interference in tender processes and state affairs, and the lack of accountability or consequence management against those who misappropriate public funds for their personal agendas.

Corruption poses a threat to good governance and undermines the priority of creating a capable, ethical, and developmental state (Bureau for Economics 2020). Public servants need to be accountable, whistle-blowers need to be protected, and procurement should be closely monitored. According to Transparency International's Corruption Perception Index (CPI), the perceived level of public corruption between 2012 and 2019 in SA did not make any progress. In 2019, South Africa was ranked 70th out of 198 countries.

Background to the Parliamentary Oversight Reports

In 2019, OUTA started to observe parliament and key portfolio committees (PCs) critically. The intention was to delve into the organs of state consisting of the three legs: the judiciary, legislature, and executive. It is a well-known fact that these three functions are about the balance of powers and the separation of powers. Each of the functions ought to hold each other to account and should be free from interference. To review parliament – the legislature – one can best establish whether it successfully holds cabinet – the executive – to account. In addition, it raises the crucial question whether members of parliament (MPs') duties are influenced by the government departments, and whether they really manage to take departments to task should they fail in their mandates.

2019 – OUTA Introductory Parliamentary Oversight Report

In May 2019, OUTA published its report on parliamentary oversight, titled Introductory Report on Parliamentary Oversight in South Africa. This report found that MPs often failed to hold the executive to account, either due to incapacity or to lack of political will to do so. Personal values of integrity, accountability, honesty, and justice can and must be visibly engrained in the day-to-day behaviour of influential public office bearers.

On 14 October 2016, the Public Protector's office published its report on state capture, titled State of Capture. On 15 June 2017, the

National Assembly House Chairperson: Committees, Oversight and ICT, Dr Cedric Frolick, sent a letter to selected PCs, requesting that they investigate allegations contained in the report. On 28 June 2017, OUTA published its own report outlining the major state capture activities the organisation had uncovered. Copies of the No Room to Hide: A President Caught in the Act (NRTH) report were provided to the chief whips of all the political parties represented in parliament as well as the various law enforcement authorities. This report is essentially a legal case file; a compilation of information which was thinly spread in the public domain. It also describes potentially incriminating data sourced from the now infamous Gupta emails in detail and provides potential cases for prosecution stemming from the fact-based opinion narrative.

During the last five years of state capture, there were public hearings in parliament PCs that OUTA concentrated on. After 2017, parliament was instructed by the House Chairperson to investigate state capture. This report provides an account of how they performed.

According to OUTA's understanding, the Parliamentary Speaker's office referred selected sections of the NRTH report to several parliamentary PCs, as it pertained to their spheres of competence: transport, public enterprises, home affairs, mineral resources, and communications. Some also requested submissions independently. Since 2016, various civil society organisations, such as the Parliamentary Monitoring Group (PMG), People's Assembly, MyVoteCounts, as well as the Budget Justice Coalition, have produced analyses of MPs' actions.

OUTA acknowledges that qualitative evaluation of parliamentary performance is inherently subjective. OUTA holds open governance, public participation, and decisive leadership in addressing wrongdoing in high regard; this is the beginning of a project aiming to monitor and improve this. OUTA is confident that the ability to map progress and performance will be continuously improved and refined going forward, and will be done in cooperation with like-minded civil society organisations, relevant stakeholders, and with reference to parliament's own account of its successes and failures during the 5th Parliament.

For the period between 2014 and 2019, the simple quantitative indicator of number of meetings held is used here to ascertain the degree to which committees executed their responsibility to oversee their respective organs of state.

Figure 6 graphically represents the activity of five sample committees which, as mentioned earlier, were made aware of the NRTH report in parliament; it shows the number of meetings that they held over the five-year parliamentary term (2019 is excluded due to this being the election year, with MPs focused on constituency work and preparation for elections). Note that the Parliamentary Monitoring Group ranked the committees in terms of the attendance of its constituent MPs. There are 36 committees with the PCs on Transport having the best attendance, and Mineral Resources coming in at number 24.

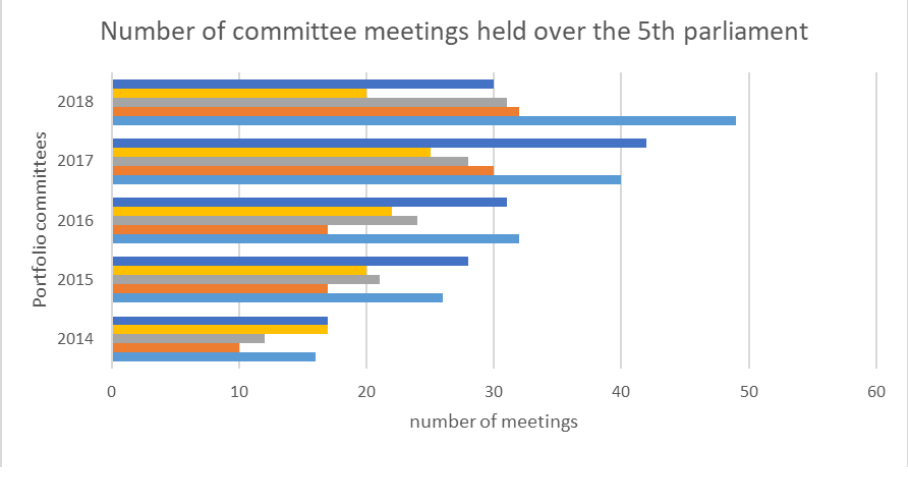

Figure 6: Number of meetings held over the 5th Parliament. Source: author's own from PMG Data

The number of committee meetings held provides evidence of some measure of activity, but does not provide any qualitative insights on whether any given committee was able to utilise meetings efficiently for impactful oversight. Ministers and deputy ministers have extensive responsibilities and cannot be expected to attend every committee meeting. However, it is expected that they should be available at regular intervals to meet with the committee and report on their department's progress.

Various ministers, as heads of the relevant portfolios in the executive department, have mounds of evidence against them of untoward conduct, and allegations of corruption and abuse of their positions. Did they attend parliamentary PC meetings, and were

they accountable for their actions to MPs in parliament? Figure 7 graphically illustrates the frequency of each respective minister's attendance of committee meetings compared to the number of meetings each committee held.

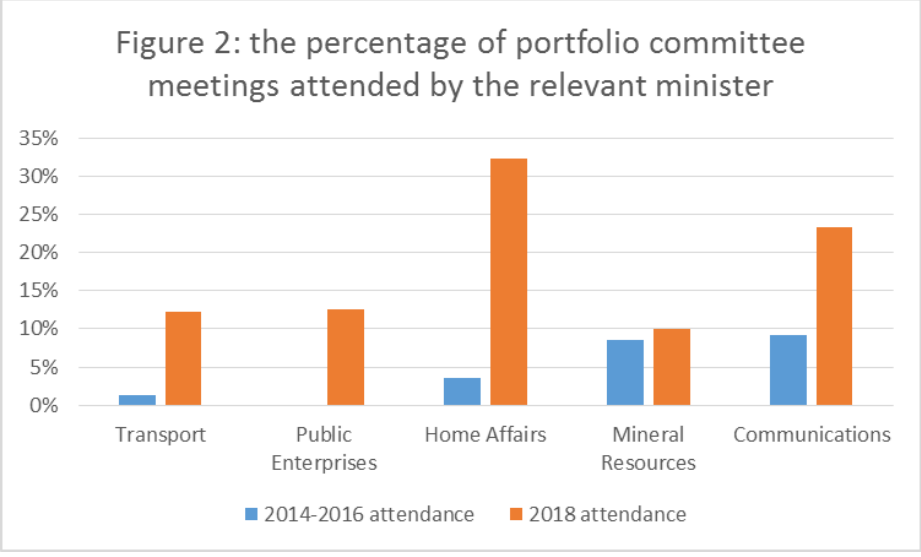

Figure 7: Percentage of portfolio committee meetings attended by the relevant minister. Source: author's own from PMG Data

Since many of these ministers were in office from 2014 until early 2017, committee records for 2014, 2015, and 2016 were used for this analysis. 2018 saw a marked increase in the percentage of committee meetings that were attended by relevant ministers, when compared to the Zuma years.

In evaluating MPs, OUTA considered their overall attendance in parliament and the effectiveness of the committees on which they served, as in the analysis per committee above. Committees were rated depending on whether they responded to state capture allegations in their portfolio, whether they invited and received public submissions, and whether they took any action as a result.

Results indicate that parliamentary performance does not play a role in whether individual MPs continue to hold political office. Parliament is a key leg of democracy and if its members fail to hold the executive to account, the citizens of the country suffer as taxes

are misspent and the looting of state coffers continues unabated. In our analysis, we highlighted that the PCs on Public Enterprises and Home Affairs ultimately did sterling work, while the Mineral Resources, Water and Sanitation, and Transport committees performed poorly. It can only be inferred that the Joint Committee on Ethics and Members' Interests has not effectively performed its oversight function either.

2020 – Parliamentary Oversight Report: MPs Asleep at the Wheel

The 6th Parliament, which took office after the May 2019 elections, has the responsibility of cleaning up from the previous era, together with ensuring that the new executive is held to account. However, OUTA has found the oversight by the 6th Parliament to be weak and inadequate in its second annual assessment of parliament's oversight.

During the 6th Parliament, PCs assessed by OUTA were found to be using significantly less external (non-government) sources than previously. This means that MPs are relying on the very departments that they hold to account for the information on which that oversight is based. It is extremely unlikely that departments would present their weaker sides to parliament, and the opportunity to strengthen oversight through the involvement of civil society input is lost.

There are several findings in the 2020 POR. Parliament's oversight and accountability (OVAC) model needs clearer standards for public participation, the use by committees of such information to influence governance, and feedback to the public. The current system conflates communication and information-sharing with qualitative public participation, which is not necessarily the case. Public participation is a cornerstone of good governance and can provide an alternative view of departmental performance.

During the 6th Parliament, few committees took the opportunity to involve external stakeholders; indeed, during the first year of the 6th Parliament there was less formal interaction at committee level with NGOs than during the 5th Parliament. Of ten committees assessed in 2014 (these were amalgamated to eight committees by 2019), 30% drew on sources other than government in their oversight reports. This improved in 2018, but for 2019, these eight committees failed to include any sources other than the entities they hold to account.

There is a lack of continuity from the previous parliaments, which means that governance challenges identified by the 5th Parliament are not all being addressed in the 6th Parliament. Committee legacy reports on the 5th Parliament were of varying degrees of usefulness. The committees made varying attempts to address problems of state capture and corruption, which was influenced by the legacy reports of the 5th Parliament. In general, there is a lack of concerted action by committees around corruption and maladministration.

Counting the number of meetings each PC holds helps, by providing insight into the number of opportunities MPs have to interrogate concerns. The average number of meetings each PC held rose three-fold from 2014 to 2020, with the PC on CoGTA holding the most at 45 meetings in the first year of the 6th Parliament. Committees were able to move their work to the virtual meeting space. This is heartening, as the committees are the engine room of parliament.

The trend over the 5th Parliament was an increasing number of national assembly PC meetings. In terms of days working, the average number of meetings per year rose three-fold from 2014 to 2020. The PC on CoGTA held the most meetings almost every year, and its number of meetings per year almost doubled from 24 in 2014 to 45 in the first year of the 6th Parliament. Below is the number of committee meetings held over the 5th Parliament and the first year of the 6th Parliament.

It is heartening to see that the 6th Parliament spent more time at work in committee meetings. The impact of COVID-19 and the move to a virtual meeting space has not slowed down the parliamentary committees, with most committees holding as many – if not more – meetings in the first half of 2020 as they did in the post-election half of 2019.

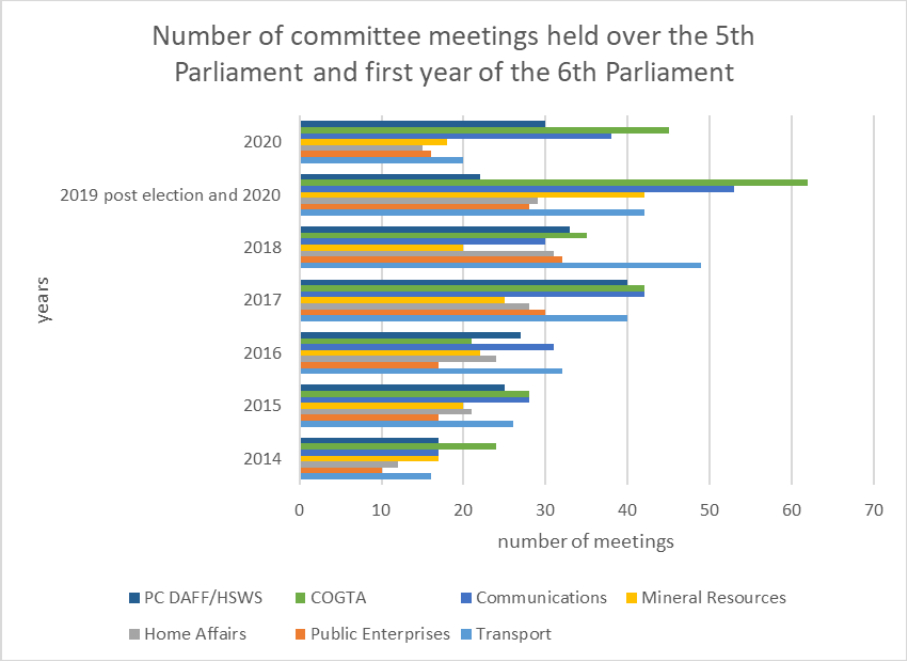

Figure 8: Number of committee meetings held in the 5th and 6th Parliaments (2014–2020). Source: author's own data from PMG

The executive is becoming more accountable to parliament, based solely on the number of meetings which ministers and deputy ministers attend. The same committees that were analysed for the 2019 report were analysed in 2020. However, the reduction of departments and their concomitant committees meant that these were reduced to seven committees. The PCs of Mineral Resources and Energy merged into a single committee. From a quantitative analysis point of view, it is the Mineral Resources committee that was used in this indicator pre-2019. Oversight of the water sector was of interest to OUTA in 2019, and was therefore included with the committee that deals with water and carries out oversight of the restructured Ministry of Human Settlements, Water and Sanitation. Below is the percentage of committee meetings attended by ministers or deputy ministers:

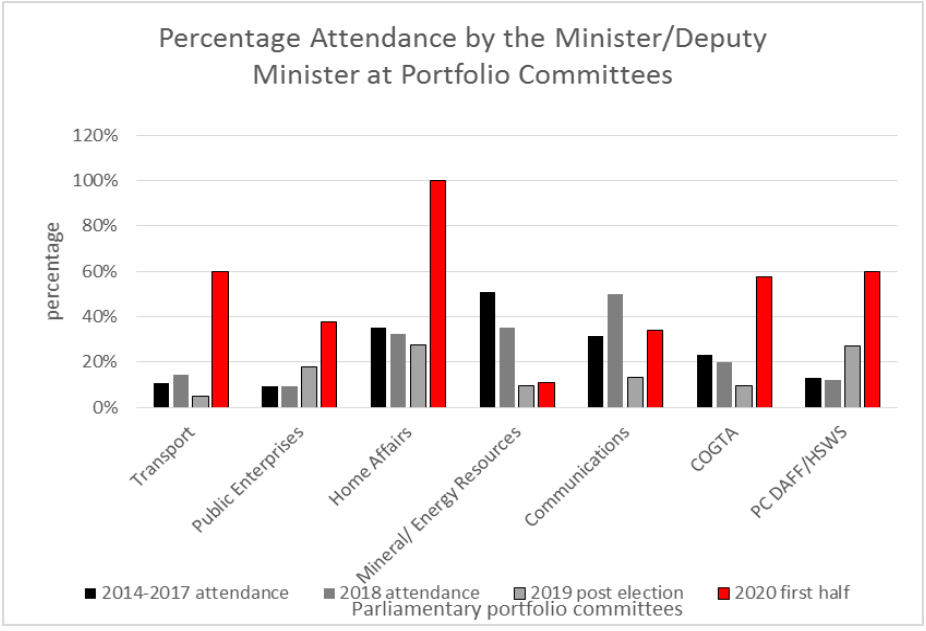

Figure 9: Percentage attendance by the minister/deputy minister at PC meetings. Source: author's own data from PMG

If attending a committee meeting regularly is an indication of accountability, the executive seems to be becoming more accountable to parliament. Committees are busy, but due to time constraints and some MPs serving across several committees, there tends to be a lack of follow through or follow-up with ministers if questions were not on time.

2021 - Parliamentary Oversight Report: MPs Dragging their Feet

OUTA's Parliamentary Oversight Report 2021 found that parliament continues to fail to hold the executive to account. This report was published in February 2022. This was OUTA's third annual report on parliamentary oversight and, like the previous reports, this report found that parliament's oversight of the executive is inadequate, with no significant improvement on previous years.

The report findings include that parliament has failed in its duty of constitutional oversight, some MPs have failed to uphold their constitutional oath of office, the public participation processes are

still inadequate, even some MPs are not heard by parliament, there is no sign of the party constituency offices funded by parliament, and there is a strong need for structural reform.

One cannot ignore the profound impact of the Zondo Inquiry into State Capture's findings. Parliamentary oversight featured prominently in the commission's reports and, by extension, in OUTA's PORs. The following refers: "I think in the current system of oversight… the evidence that I have heard in this commission is as if there is no oversight in parliament," said Deputy Chief Justice Raymond Zondo while listening to evidence about parliament's failures before the Commission of Inquiry into State Capture which he chaired. "So it is like people can just engage in wrongdoing and not only nothing happens, not only that there are no consequences, adverse consequences, but they continue or get given higher positions and nothing happens. It is like there is complete impunity." [1]

For the 2021 report, OUTA concentrated on trying to understand how parliament's support staff and political leadership responded to our findings of 2020, whether they agree, and how oversight might be strengthened for the following years.

In the previous parliamentary oversight reports, OUTA used two indicators to measure whether MPs showed up to work. One was to look at the number of meetings that different committees held. The second was to see how many times ministers attended committee meetings, under the assumption that attending a committee meeting related to a minister's willingness to be accountable to parliament, and to a desire for parliament to want the minister to attend. OUTA was able to examine nine committees. It was noted that there were less committee meetings in 2020/21, due to the level 5 lockdown and adjustment that parliament needed to make to operate virtually. The PC on CoGTA has held an extraordinary number of meetings (99), whereas the PC on DPE (21) appears to be underachieving by comparison. This may relate to the role of CoGTA in administration of the COVID-19 disaster. In monitoring the nine PCs, there was an average of 48 meetings in 2020/21, compared with the average of 38 in 2019/20, which does indicate an increase.

1 5 February 2021. The Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State. Transcript of Day 338, page 14 and page 112. Available online here: https://www.statecapture.org.za/site/files/transcript/352/Day_338_-_2021-02-05.pdf

The figure below shows the appearance by ministers at committee meetings. Given that the number of meetings any one committee holds varies widely, OUTA used the percentage of meetings that ministers attend for an equitable comparison. It should be noted that the PC on Health and the PC on EFF were not examined in the 2019 report, and therefore their data is relatively sparse. OUTA has an interest in following the progress of the PC that oversees water. However, this portfolio has migrated under different ministers and in different departmental configurations. The graphs reflect the recent changes from DAFF to Human Settlements and it should be noted that it has once again morphed, now becoming the PC on Water and Sanitation.

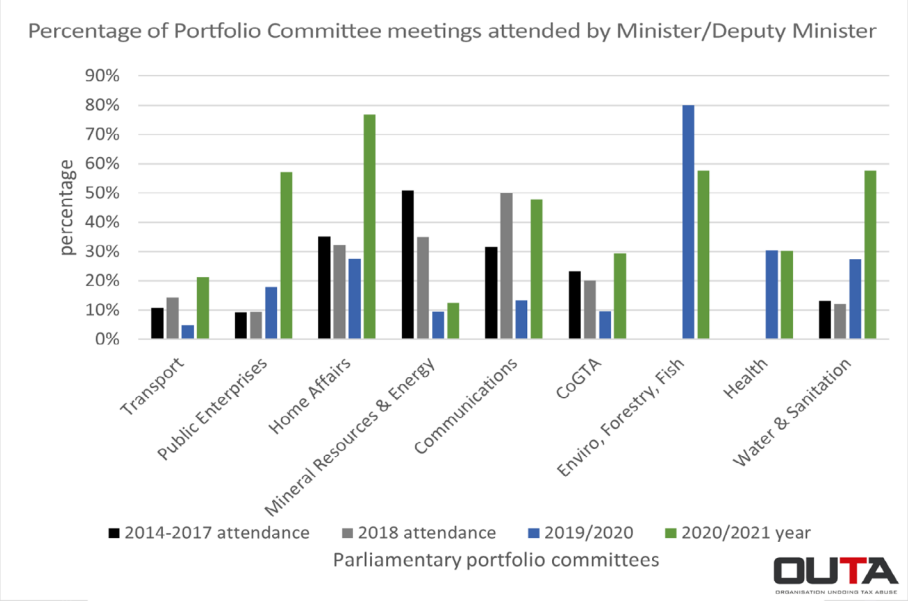

Figure 10: Percentage of PC meetings attended by minister/deputy minister. Source: PMG Data

In the last three years, in which parliament has met virtually, ministers (or deputy ministers) should have been available to attend a high proportion of meetings[2]. This makes sense as ministers/deputy ministers have not had to waste time on travelling to parliament but simply connect via their personal computers. In some cases, this is a marked difference from previous years. Ministers or their

2 OUTA counted both ministers and deputy ministers in the attendance statistics.

deputies have made the effort. However, pitching up to work does not necessarily equate with effective oversight.

For the 2021 report, OUTA attempted to understand what was in the national interest and whether MPs measured the ministers' performance against such national interest. There are a number of guiding documents which illustrate what is in the national interest. These include the Constitution's Bill of Rights, the UN's Sustainable Development Goals (SDGs), and the National Development Plan (NDP). Each year, the president uses the State of the Nation Address to speak to the national priorities for that year. Members of the executive should therefore align their strategic plans with these agendas, and their performance agreements should reflect these as national priorities.

2022 – Parliamentary Oversight Report: MPs Kicking the Can Down the Road

This report found that parliament and MPs have been central to allowing state capture to go unchecked. Despite public criticism, including the strongly critical final report of the State Capture Commission, significant improvement was not found. Many of the critical elements still point to the role of oversight by parliament. For this POR, OUTA identified and evaluated ten portfolio committees.

As captured in the previous PORs, it is important to compare the rates of PC meetings held across the ten PCs, as well as the rate of ministerial attendance. The graphs below capture the meeting and attendance rates from 2012 to 2022.

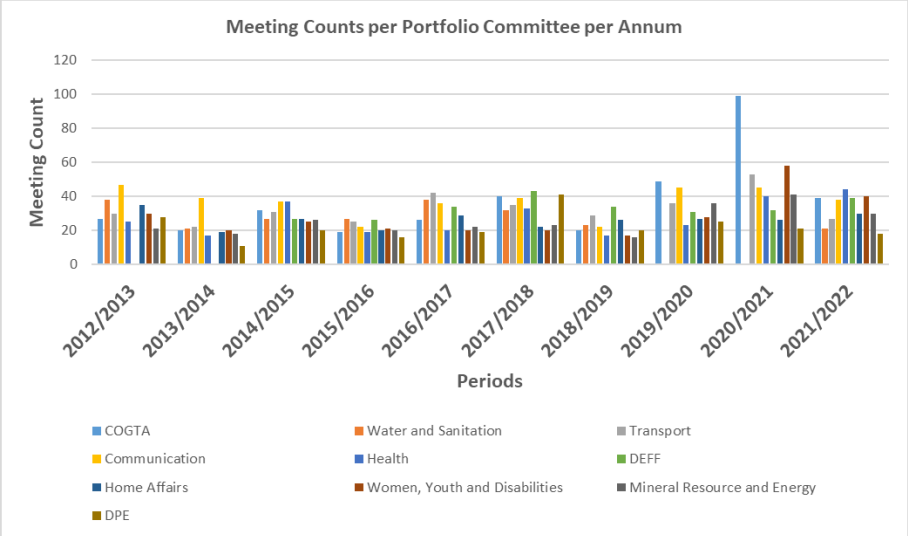

Figure 11: Meeting counts per portfolio committee. Source: PMG Data

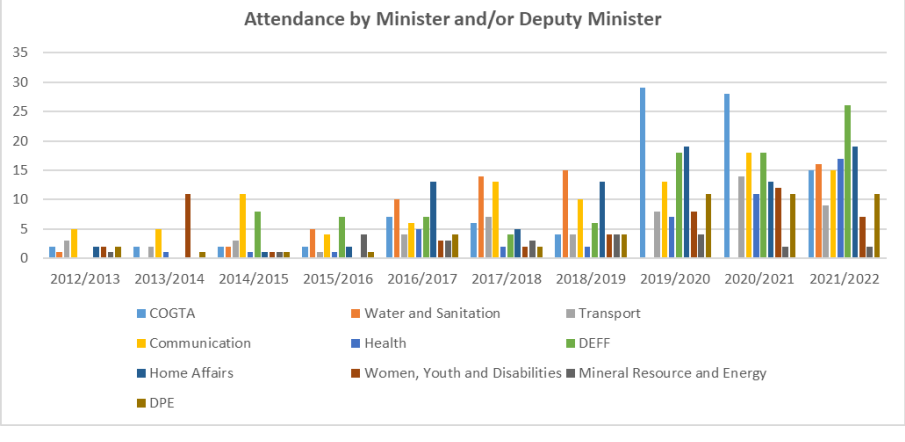

Figure 12: Minister and/or deputy minister attendance. Source: PMG Data

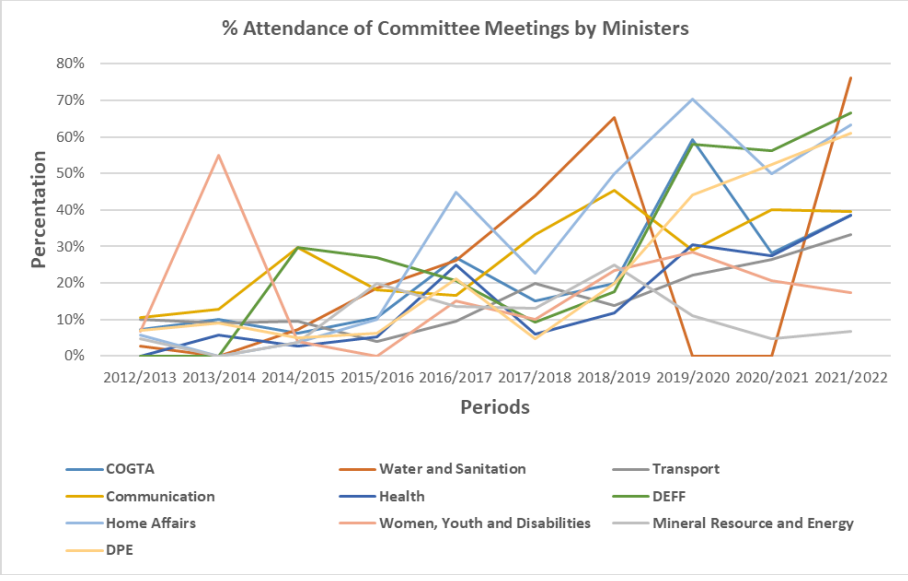

Figure 13: Percentage of portfolio committee meeting attendance by ministers and/or deputy ministers. Source: PMG Data

Comparing the number of portfolio committee meetings with the rate of minister and/or deputy minister attendance, it does beg the question of to what extent oversight of the executive is possible if the representatives of the executive are absent? Parliament defines one of its core functions as oversight of the executive. Parliament's website defines oversight as a function granted by the Constitution to parliament to monitor and oversee government actions, and states that in carrying out its oversight, it focuses on the following areas:

- implementation of laws;
- application of budgets;
- strict observance of laws of parliament and the Constitution; and
- effective management of government departments.

Parliament emphasises the importance of its oversight role in ensuring that service delivery takes place, so that all citizens can enjoy higher quality of life. Parliament identifies the following goals of oversight:

- to detect and prevent abuse;
- to prevent illegal and unconstitutional conduct on the part of government;

- to protect the rights and liberties of citizens;
- to hold the government answerable for how taxpayers' money is spent; and
- to make government operations more transparent and increase public trust in the government.

South Africa is a member of the Open Government Partnership (OGP), a mature partnership of 78 national country members, a growing number of local governments, and thousands of civil society participants. It has co-created over 4 000 open government reforms (OGP n.d.).

Parliament is supposed to represent the public interest, incorporate the views of civil society, and ensure that the executive is held to account. From this initial analysis, we can infer that MPs often failed to hold the executive to account, be it due to incapacity or a lack of political will to do so. Ministers and deputy ministers did not attend committee meetings until the removal of former President Zuma and his replacement with President Ramaphosa.

While there appears to be a lack of action taken by various important committees around corruption and maladministration generally, there are also signs of hope in the determination of many individual MPs to ensure that the rule of law reigns in the public sector. This goes to show that personal values of integrity, accountability, honesty, and justice can, and must, be visibly ingrained in the day-to-day behaviour of influential public office bearers. Parliament is imbued with the power and responsibility to oversee the executive without fear or favour, and when its members are driven primarily by the mandated purpose of representing the public interest, accountability can be the result. Accountability mechanisms and core oversight committees such as the Joint Committee on Ethics and Members' Interests are in place, but these must be utilised with the highest degree of duty and responsibility for them to be effective. Admittedly, the prevailing political machinery and its structure can impede transparent governance and self-discipline among powerful public officials. That is why civil society's inclusion – as well as regular and cross-cutting public participation – in the various mechanisms of accountability in government is so important.

Public Participation: Advancing Social Cohesion and Safe Communities

According to the NDP, active citizenship relates to rights, equalising opportunities, and enhancing human capabilities. More importantly, the NDP emphasises the interdependence of active citizenship and government accountability and responsiveness (2012). Citizens have a civic duty to hold their governments to account and, in so doing, contribute to the shaping and implementation of policies at the national and local levels. Active citizenship therefore matters, not only to promote beneficial exchange between citizens, but also in terms of its potential to contribute to growth and development nationally and thus enhance South Africa's competitiveness. Social cohesion is an important element of the government's planning and policy, and is included as one of the 6th Administration's seven priority areas (2015). Active citizenship is considered an essential component that contributes towards the strengthening of South African society, democracy, and the economy.

Smith (2015) emphasises that active citizenship could be interpreted as the extent to which individuals participate in societal structures and processes. For example, in order to measure levels of active citizenship, one would need to ask to what extent South Africans are involved in their communities, political processes, and how willing are they to commit time and resources to contribute to society.

According to the national treasury, South Africa scored 19% in public participation (2022), which is relatively low, but progressive. In the BER report (2020) it is indicated that South Africans demonstrate a higher degree of collective action at local level. However, it is uncertain whether they can influence decision-making. According to the BER report (2020), a substantial number of respondents believe that political leaders are uninterested in the concerns of the public. People do not believe that their concerns are acknowledged and respected by their representatives. They will not get involved in public participation.

Based on available data, the figure below shows the number of days of public hearings across ten PCs from 2012-2022:

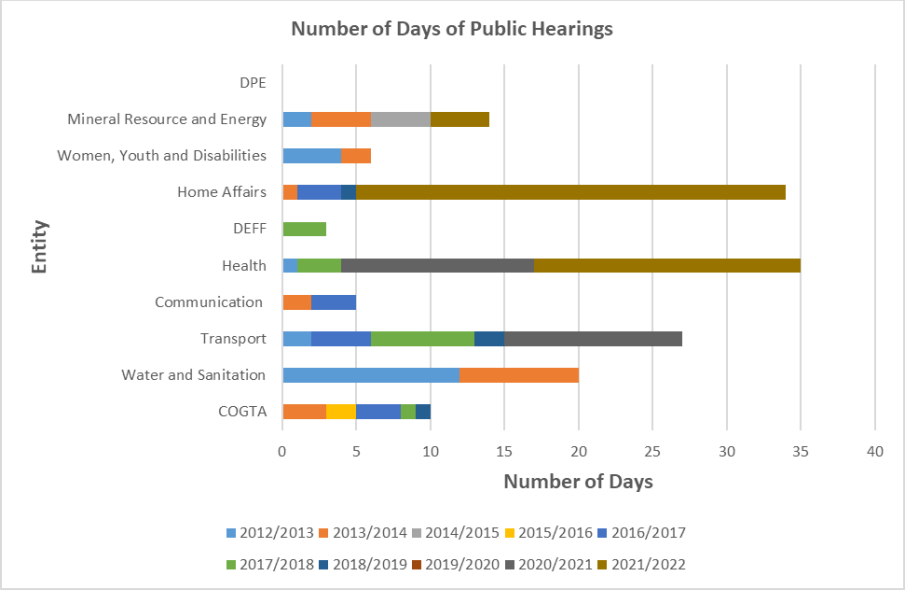

Figure 14: Number of days of public hearings 2012–2022. Source: PMG Data

To support the findings of low levels of public engagement, OUTA's research on POR has highlighted the lack of public participation. A shortcoming of this data is the lack of information on when and where an engagement is scheduled to take place. In many instances, calls for participation were published in newspapers or over local radio stations, statistics of which are not available. To capture OUTA's data, the figures were determined by looking at the number of civil society engagements and public-hearing stakeholder engagements. These events are reported on in the PC meeting minutes as made available by PMG. There was a high number of engagements in legislation, but OUTA argues that public participation must extend beyond this to matters of education and public interest. One of the key recommendations that OUTA makes is to increase public participation in a variety of forms, with a diverse group of representatives.

Challenges and Opportunities in Public Participation

OUTA believes that it is self-evident that civil society involvement in government oversight is valuable. As parliament's key function is oversight of the executive, one means of evaluating its effectiveness would be to see how parliament's operations – particularly the

committee work (given that the committees are the 'engine rooms' of parliament) – has involved civil society.

An undated report (circa 2007, published by the parliament) outlining the oversight and accountability model of parliament (OVAC) identifies the consideration of committees of annual reports of organs of state and the Auditor General's reports as one of the most important aspects of oversight. According to the OVAC report, the current practice of committees is as follows: "To evaluate the work of government from a broader perspective, committees may invite experts from outside government to provide background knowledge and analysis on relevant issues" (OVAC 2009). In addressing public participation, the OVAC report referred to the Constitution, but felt that there needed to be a separate model on public participation. The OVAC report provides an insight into how parliament believes oversight and accountability should function in parliament and – given that this is the guiding document referred to on the parliament website – it is assumed that this is the current model of oversight and accountability.

On parliament's website, there is a report by an independent panel on the functioning of parliament, dated January 2009. This report raises the issue of public participation and the seeming failure of the constituency offices as spaces for MP accountability and oversight. The report once again emphasises the need for a public participation model that has clear standards for public participation and emphasises the need for parliament to ensure that feedback is provided to members of the public and institutions that have made presentations to parliament through public participation processes. Parliament's annual report for 2016/17 alludes to public participation and presents some statistics to show how parliament has been engaging with the public.

Unfortunately, the way such data is presented conflates communication and information sharing with qualitative public participation through public hearings, for example. Page 50 of the Parliamentary Annual Report provides the results of a survey showing ways that people have interacted with parliament. While it is indicative of the need for improvement that 72% of respondents had not participated, it is encouraging to see that that there was some awareness of the ability to participate in committee programmes. Six percent of the participants say that there is plenty of room for improvement. Watching or listening to debates such as the

State of the Nation Address or radio/television programmes is not participation in any meaningful manner but is an indication of the success of the communication strategy.

Parliament's Public Participation Framework (2013) provides some insight into how parliament envisages public participation. The document states that "The vision of parliament is to be an active and responsive people's Parliament that improves the quality of life of South Africans and ensures enduring equality in our society… Public participation remains central to the mandate of Parliament to ensure the participation of South Africans in the decision-making processes that affect their lives."

The document defines civil society organisations as "a wide array of organisations, community groups, charitable organisations, non-governmental organisations, labour unions, indigenous groups, faith-based organisations, professional associations, and foundations" and civil society as "non-governmental and not-for-profit organisations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious, or philanthropic considerations". The public participation model acknowledges that the public needs to be informed and consulted, and that effective public involvement encourages two-way communication with the focus on consideration of public inputs, interests, issues, and concerns.

Hearings, round-table discussions, facilitated public meetings, and interactive small group discussions are listed as possible forms of interaction. The model specifically speaks to the research and content support structure: the implementation of the model requires a dynamic interaction with content-context relevant to specific areas in which public participation is facilitated. Research and content support must play a critical role in collecting, analysing, and presenting relevant information to members to aid the processes of facilitating public participation.

The Parliamentary Public Participation Model envisages a way that civil society could be involved in the budget cycle, including the possibility of providing an alternative view of departmental performance to that presented by government departments under review. Parliament's annual report (2018/19) indicates that the public participation model has been adopted by parliament.

OUTA argues that increasing meaningful and regular public participation – not only on legislation by also on general oversight – will make for a more effective parliament. This speaks closely to the National Development Plan, since it is a South African plan for both the state and the public. This is emphasised by Tinyiko Maluleke in his 20 July 2022 opinion piece where he says that "it (the NDP) will only become a truly national plan when all the citizens see themselves in it, so they may own it and demand its implementation" (Maluleke 2022). As a key planning instrument in South Africa, the National Planning Commission (NPC) must continue to bring the NDP on track by encouraging public participation and bringing a better balance of powers between the executive, judiciary, and legislature.

Conclusion

As per the Constitution, parliament's national assembly must ensure that all executive organs of state in the national sphere of government are accountable to it (Section 55(2) of The Constitution of RSA). Section 56 of the Constitution provides for parliament to gain information or evidence by summoning any person to give evidence or receiving petitions or submissions or representations from any interested persons or institutions. Section 59 states that parliament must facilitate public involvement in the legislative and other process of the assembly and its committees, and includes the right of people and the media to attend any committee session unless it would be reasonable not to do so in an open and democratic society.

In most democracies, parliament has a constitutional mandate to represent the people and to protect fundamental democratic values. "Facilitating public involvement in political decision-making is a key function through which parliament fulfils this mandate. In a global political context increasingly marked by shrinking civic space, parliament's watchdog role is more critical than ever" (Maluleke 2022). In South Africa, parliament has a constitutional obligation to involve the public in its functioning, but to date has been reluctant to implement this to the full. OUTA therefore strongly recommends more concerted efforts to involve citizens in deliberations of public interest. In addition, it is strongly recommended that closer collaboration between civil society, academic institutions, and public entities takes place more frequently. Such collaboration will result in concerted efforts towards attaining the targets set by the National

Development Plan, and lead to more impactful research, as well as implementable strategies.

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Chapter 8

Unravelling State Capture: Preparing South Africa for an Exit Strategy

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Abstract

South Africa is an aspiring developmental state. Thus, it seeks to play a decisively central role in laying the foundations for and actively advancing the attainment of economic development, the general wellbeing of the populace, and the transformation of its society. Yet, the perilous levels and depths of corruption dwarf the country's development efforts. This chapter seeks to examine the phenomenon of state capture, thereby identifying and analysing its enablers, forms, and common trends in the South African case and the Western Balkans through a critical literature review of the existing body of research and document analysis.

Keywords: corruption, state capture, good governance

Introduction and Background

South Africa is an aspiring developmental state. Thus, it seeks to play a decisively central role in laying the foundations for and actively advancing the attainment of economic development, the general wellbeing of the populace, and transformation of its society. Not only can this be deduced from the regime's political rhetoric; it is also inscribed into the country's Constitution (1996). Accordingly, the Bill of Rights entrusts the state with the responsibility to ensure these rights are respected, protected, promoted, and fulfilled. It is against this backdrop that since the dawn of the democratic dispensation, the country has experimented with different macro-economic policy initiatives with little success. At the heart of its

perennial issues, poverty, unemployment, and inequalities reign supreme as they have increased since the democratic dawn.

While it is accepted that the nature of exploratory macro-economic policy trajectory will have successes and failures, as is the case with the South African experiment, it has been proven beyond reasonable doubt that corruption dwarfs all the developmental efforts, especially when such corruption has become systemic and deeply entrenched in key structures of society. The proceedings at, and resulting of, the highly publicised reports into state capture, vividly demonstrate the perilous levels and depths of corruption in South Africa. The perilous levels and depths of corruption require multifaceted and collaborative research-informed interventions. This chapter seeks to examine the phenomenon of state capture, thereby identifying and analysing its enablers, forms, and expected trends in the South African case and the Western Balkans through a critical literature review of the existing body of research and document analysis.

After the methodological outline and related notes, the chapter conceptualises state capture. The discussion considers the ongoing debates in conceptualising or defining the concept. It then settles that state capture is a form of corruption and puts forth a working definition rooted in the good governance framework. This is followed by two case studies covering South Africa and the Western Balkans, which are later discussed and analysed to identify common trends and contrasts. Before the conclusions are made, recommendations that have the potential to lay building blocks for South Africa's exit strategy out of the state capture quagmire are advanced. The recommendations focus on deployment and appointments, private sector roles and society's perception, and emphasis on skills and ethics, professional and industry bodies, and procurement.

Research Methodology

As hinted above, this chapter conducts a literature review and adopts case study research designed to examine state capture. An individual, a group, an organisation, or an event may be the subject of a case study. Case study research could be used to conduct pilot studies, challenge conventional theories, develop new theories, and build on existing theories. To this effect, this chapter identifies and analyses state capture enablers, forms, and expected trends in the South African case and contrasts this to the Western Balkans case

through a critical literature review of the existing body of research and document analysis.

Scope and Delimitations

It is worth noting that the Western Balkans are not discussed at the individual state level, nor do the state capture events relate to a single sector in all the states. Rather, the state capture events and instances are identified to identify how state capture manifests itself in the region, to draw lessons and contrasts for the South African case. As a result, the recommendations made are not targeted at the Western Balkans but at the South African case.

Conceptualisation: Defining Corruption and State Capture

Before any attempts are made to define state capture, it is instructive to define corruption broadly, as the former finds its roots in the latter. Many social and political commentators were left astounded when the then-president of South Africa opined that "corruption is a Western thing" (Du Plessis & Du Plessis 2014). At first glance, one could be tempted to dismiss his utterance outright, simply as a political ploy to evade accountability, as corruption is a phenomenon with negative connotations. However, upon deeper reflection, it would prove to be a worthy exercise to interrogate his assertion.

In his comprehensive treatise on the subject, Šumah (2018) explores the causes, enabling factors, and consequences of corruption; among others, he identifies the role of customs and tradition. In essence, different societies have proven to hold different attitudes towards corruption, a phenomenon that could be referred to as corruption tolerance attitude levels. First, there are societies that have a strong 'gifting custom.' As a result, a 'thank you' gift for a service rendered can be read as an innocent gesture of gratitude and courtesy. Second, as Šumah (2018:68) notes,

> [i]n Europe alone, we can find two extremes; from completely corruption intolerant North to the [corruption] warm South, where corruption is an almost normal, socially acceptable phenomenon. Or the difference between countries with a democratic past, which traditionally prosecute corruption, and

> former socialist countries, where the corruption in the state apparatus was a part of folklore tradition.

Third, societies that hold family or immediate community ties in high regard may perceive it to be a norm to use influence and access to take care or help members as a form of social security (Hooker 2008:1; Šumah 2018:68). Although not exhaustive in description and analysis, the preceding paragraph illustrates that corruption could mean different things to different people. As a consequence, corruption – as a concept – does not lend itself to a universal definition. There are, however, consistently common descriptive and relational words encapsulated in the various definitions put forth by different authors, as will be noted in the subsequent section.

In an aptly entitled working paper, Corruption from a Cross-Cultural Perspective, Hooker (2008:1) defines corruption as simply behaviour that corrupts, for it undermines the cultural system in which it occurs; hence the corrosive effects. That which most authors would identify as corruption enabling cultural norms, customs, and traditions are, according to him, merely signs of culture's characteristic ways of breaking down as cultures tend to fall short of their ideals. Different cultures operate differently in relation to corruption, but ultimately, such different kinds of behaviour can – and do – corrupt nonetheless for different reasons.

The above definition makes corruption a global phenomenon. The United Nations Convention Against Corruption (2004:iii) concurs: "This evil phenomenon is found in all countries big and small, rich and poor … [although] it is in the developing world that its effects are most destructive". The World Bank defines corruption as the abuse of public office for private gain. This definition is consistent with that put forth by Transparency International: the abuse of *entrusted* power for private gain.

Ekiyor (2005) defines corruption as the unlawful use of official power, authority, or influence by an official of a state agency or government to enrich oneself or further one's course and/or any other person at the expense of the public, in contravention of oath of office and/or contrary to the conventions, service standards, or laws that are applicable in relation to one's terms of service and duties. This definition is comprehensive and covers the full spectrum of corrupt activities as outlined below (Department of International Development 2015:12):

- **Bribery**: the act of dishonestly persuading someone to act in one's favour by a payment or other inducement. Inducements can take the form of gifts, loans, fees, rewards, or other advantages (taxes, services, donations, etc.). The use of bribes can lead to collusion (e.g. inspectors under-reporting offences in exchange for bribes) and/or extortion (e.g. bribes extracted against the threat of over-reporting).
- **Embezzlement**: to steal, misdirect, or misappropriate funds or assets placed in one's trust or under one's control. From a legal point of view, embezzlement need not necessarily be or involve corruption.
- **Facilitation payment**: a small payment, also called a "speed" or "grease" payment, made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement.
- **Fraud:** intentionally and dishonestly deceiving someone to gain an unfair or illegal advantage (financial, political, or otherwise).
- **Collusion**: an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
- **Extortion**: the act of impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
- **Patronage, clientelism, and nepotism**: Patronage at its core means the support given by a patron. In government, it refers to the practice of appointing people directly, with or without merit, to serve the interests of the appointer.

The above corruption typologies list does not contain state capture. Naturally, as Godinho and Hermanus (2018), February (2019), Hassan (2019), and others ponder, the question arises of whether state capture is a form of corruption, a conflation of the phenomena or a new malice with which public governance and administration scholars must grabble. Be that as it may, there is consensus that state capture has all the markings of systemic corruption deeply entrenched in key institutions and often committed by key individuals and their allies, both directly and indirectly.

State Capture

As a term, state capture is traceable to the seminal work *Seize the State, Seize the Day: State Capture, Corruption and Influence in Transition* by

Hellman, Jones, and Kaufmann (2000). They draw a clear distinction between petty corruption such as bribery, the general influence that firms have without the recourse for such bribery or private payment on the formation of rules, and administrative corruption, which can be described as a form of corruption wherein grease payment is made to secure, or expedite, the performance of a routine service or necessary action to which the payer has legal or other entitlement.

According to Hellman *et al* (2000:2), state capture refers to a corruption phenomenon that tends to manifest itself in transition countries wherein a network of private firms and key individuals collude to illegally shape the formation of the basic rules of the game through illicit and opaque payments. Hellman and his colleagues (2000:12) further note that incumbent firms, which they identify as influential firms, tend to enjoy inherent influence and market share and therefore do not need to use state capture patronage to open the system, while captor firms, as new entrants or firms with obscure profiles, tend to use state capture patronage to enter the system and affect policy. This definition is consistent with that which is advanced by Transparency International (2019): "a situation where powerful individuals, institutions, companies or groups within or outside a country use corruption to shape a nation's policies, legal environment and economy to benefit their private interests."

According to Godinho and Hermanus (2018), the following are the characteristics of state capture:

- Corruption can be justified as an actor's or group's commitment to furthering public or social interests, thus not for public gain.
- State capture invariably involves private and public actors.
- State capture actors cluster around specific, often key, parts of the state so that they can act collectively. Otherwise, the arrangements for the distributional and regulatory powers of the state will not serve their interests well.
- Actors target the veto-points and cluster where fewer veto-players would need to be captured.
- At the core, once captured through the quiet invasion, governance institutions are progressively repurposed.
- In the intractable state capture network, there is no clear locus of power, and the deals are negotiated and managed by proxies, often in the form of brokers.

Given the above characteristics, the enduring definition of state capture and its studies (Hellman *et al* 2000; Vogrinčič & Prezelj 2020) that has been used in the majority of the existing body of work is limited, in more ways than not, to countries in transition (Pavlović 2022; Godinho & Hermanus 2018) as undue influence or control of the policy-making process seems to be its central feature. Besides the immediate fact that in a globalised and networked world that is a result of globalisation, the definition would fall short, there is a growing body of research that consistently illustrates that state capture has become a common global phenomenon that is in existence even in the most stable socialist, democratic, and authoritarian regimes alike, as much as it bedevils countries in transition.

The USA, for example, despite being punted as the poster child of an actual democratic state, has been found to have also become a victim of the malice of state capture. In his recent seminal work *State Capture: How conservative activists, big businesses, and wealthy donors reshaped the American States*, Hertel-Fernandez (2019) convincingly illustrates how conservative big business and wealthy individuals aligned to the conservatives with cross-industry interests created vast networks through the now infamous American Legislative Exchange Council (ALEC) and used these networks to exert influence to secure conservative policy goals in the United States of America.

In the Western Balkans, which is constituted by different post-communist countries, state capture has become a common occurrence perpetuated by organised crime, government officials, politicians, and highly influential families, as shall later be illustrated in the forthcoming case study section. As noted by Prezelj and Vogrinčič (2020:552), state capture has reached perilous levels such that security, stability, and peace in the region are almost dissipating entirely, unless timely forestalled, because the networks exist and operate in more than one country. Therefore, state capture has evolved beyond the post-communist and transition countries (Transparency International 2019), and must therefore be defined beyond the restricted regime transition context.

For purposes of this chapter, state capture refers to the act of capturing, subverting, and repurposing government agencies, state apparatus, and state-owned companies by often covert networks of individuals and institutions to exert undue influence on the functioning of government machinery according to its legal and democratic prescripts; direct transactions of state-owned companies

to channel state resources for private benefits; and the use of illegitimate (sometimes also illegal) means to mask their activities and evade accountability (Hosken 2017; Charbonneau & Lachance 2015). That is, while it has comparable features with political and administrative corruption (Hassan 2019), at least as observed in the South African case as shall later be illustrated, state capture's unique characteristic is that it permeates government layers and state-owned companies, and perniciously captures and repurposes state apparatuses due to its vast multi-sectoral transnational network, as its essence is a corrupt scheme rather than random corrupt activity. As a consequence, it clandestinely creates a state within a state by deeply entrenching intractable systemic corruption in key institutions. For this reason, others refer to it as a shadow state, parallel state, or criminal/mafia state (Prezelj & Vogrinčič 2020; Chipkin & Swilling 2018; Yakovlev 2006).

The foregoing definition of state capture defines state capture within the theoretical framework of good governance. That is, state capture is likely to thrive under governance conditions in which good governance principles are not adhered to. Transparency International (2020:7) concurs in one of its reports that emanates from the European Commission-funded Ending Impunity for Grand Corruption in the Western Balkans and Turkey as a milestone in a project that seeks to "reduce corruption" and "improve good governance". According to the United Nations, good governance principles include:

- **Responsiveness**: Good governance requires institutions and processes to serve all stakeholders within a reasonable timeframe. This could also imply that enough information is provided timeously, and that it is provided in easily understandable forms and media.
- **Transparency**: Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement.
- **Participation**: This means freedom of association and expression on the one hand and an organised civil society on the other hand, as participation in civil affairs requires that the ability and opportunity to do so, without any unnecessary impediment, should be availed to all.

- **Rule of law**: Good governance requires fair legal frameworks that are enforced impartially. Impartial enforcement of laws requires an independent judiciary system and impartial and incorruptible law enforcement agencies.
- **Equity and inclusiveness**: A society's wellbeing depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires that all groups, but particularly the most vulnerable, have opportunities to improve or maintain their wellbeing.
- **Effectiveness and efficiency**: Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal.
- **Accountability**: Accountability is the cornerstone of good governance. Not only governmental institutions but also the private sector and civil society organisations must be accountable to the public and to their institutional stakeholders. Accountability cannot be enforced without transparency and the rule of law.

Indeed, where good governance is not adhered to, state capture finds a breeding ground to fester and thrive, as the following case studies will illustrate. The first case study relates to state capture as it applies to the Western Balkans, while the second case study relates to state capture as it applies to South Africa, with specific reference to Eskom.

State Capture in the Western Balkans: Transition to Reforms

The Western Balkans have been seeking to join the European Commission, with 2025 set as the target year for them to comply with the requirements. There is growing pessimism, however, that they would be sufficiently compliant by the set target year (Transparency International 2020: 8). At the heart of the pessimism is that, while there are remarkable efforts in the region to establish the rule of law, an analysis of the legal systems and capacities in their judiciaries suggests that more still needs to be done to improve the quality: "examining the political aspect behind the weak rule of law [in the region] reveals a political practice that is very much motivated by patronage and clientelistic networks focused on controlling the state for personal profit" (Transparency International 2020:6). That is, the

Western Balkans have thus far failed to quell and bring under control the phenomenon of state capture in the region, and it continues to pose a threat to political stability (Prezelj & Vogrinčič 2020:551–553; Transparency International 2020:6–8).

As discussed below, there are three common ways in which state capture manifests itself in the Western Balkans. First is the use of law enforcement agencies to intimidate and sanction political opponents. This ranges from making it unconducive for them during elections or using the judicial systems to render their activities and processes illegal. Second, official power is used to indirectly capture state apparatus and agency to prolong or guarantee continued power and privilege. This ranges from privatising or acquiring a stake in an enterprise that enjoys monopoly in a particular sector or tampering with competitive processes to ensure that the most loyal individuals to one's cause or agenda are appointed. Third is designing tailor-made laws that serve a special private interest or interests using official authority and process. This tends to legitimise and legalise the capture.

During the last days of the conflict in Bosnia and Herzegovina, the elites took advantage of the opportunities created by the internationally brokered peace agreements to consolidate and extend their power. The Dayton Agreement, for example, "prioritised ethno-national control of the electoral system and all levels of governance [a result that shaped and legitimised the territorial administration of three ethnic groups]" (Transparency International 2020:9). Naturally, the three groups assumed decisive control over political and economic systems instead of an open econo-political system founded on inclusivity and collaboration.

In Kosovo, leaked phone calls revealed that the members of the Democratic Party (PDK) received undue favourable treatment in the employment opportunities in government and state agencies (Džankić 2018). This was done by irrationally changing members of the selection committee, frustrating and cancelling the open calls when the party members were not receiving sufficient points, or clandestinely disqualifying candidates to make way for the party loyalists (Džankić 2018; Hulsey 2018). Examples include the appointment of the Chief Executive of the Agency for Medical Products, Director for Central Public Enterprises, and Chief Prosecutor of Prizren.

In Serbia, the privatisation project of Minel Transformers was mired by accusations of embezzlement levelled against a member of parliament and a minister in charge of innovation and technological development, Nenad Popović (Transparency International 2020:15). According to the document records, Popović did not fulfil his contractual obligation to invest €7 million in production, pay contributions to workers, and pay dividends to small shareholders. Despite public outcry since 2012, law enforcement agencies are yet to act on the criminal complaint (Transparency International 2020:15).

The Law on Games of Chance was passed in Bosnia and Herzegovina in 2019. Contained therein is the definition of games of chance as an activity of public interest, hence the exclusive rights given to the government through its state-owned Lutrija Republike Srpske in the law. After the law was passed, a tender was haphazardly put out and a controversial Austrian company that lobbied for regulatory changes in the lottery and similar games won it; seemingly having written the rules of the game for the game it already has a near-monopoly on within North Macedonia.

State Capture in South Africa: The Case of Eskom

Following public outcry and three detailed complaints received by the then-Public Protector, Prof Thuli Madonsela, her office instituted investigations that culminated in the State of Capture Report (2016). Among other areas of interest, the report included details on how Eskom, South Africa's only state-owned electricity supplier, was captured by an elite group of professionals and politicians through multinational corporations and strategic deployment to facilitate private gains. Until recently, with the gradual introduction of Independent Power Producers (IPP), Eskom enjoyed an absolute monopoly in electricity production and distribution. Being one of the biggest electricity producers globally, with a market reach that spans no less than three countries in the SADC region, and enjoying large capital funding, it has all the markings of an attractive state-owned enterprise to be targeted for capture.

In the period between 2012 and 2018, Eskom lost nearly R20 billion in irregular expenditure, most of which seems to have been channelled to private gains (Republic of South Africa 2022; Open Secrets 2020:75). A case in point is the Tegeta-Optimum Coal Mine capture that is traceable to a litany of questionable decisions,

appointments, and procurement practices (State Capture Commission Report 2022:551–553).

When Glencore-owned Optimum Coal Mine experienced extended periods of loss-making, and this trajectory was projected to continue by the business rescue practitioner to the tune of R100 million per month (State Capture Commission Report 2022:551), Tegeta purged and captured it; a lucrative transaction that was financed by Eskom. Tegeta was owned by a national and international network nexus between the Guptas and former President Zuma's son Duduzane Zuma and their associates. According to the State Capture Commission Report (2022:551), Oakbay Investments owned 29%, Mabengela Investments 28,5%, Elgasolve 21,5%, and the remainder was owned by two unknown international investors in Dubai.

Careful planning and masterful execution seem to have gone into the Eskom capture. When Eskom had to replace a 40-year-old Exxaro contract that had expired at the end of 2015, the awarding of the contract was postponed for nine months until the synchronised ripe moment for it to be awarded to Tegeta at an inflated cost that is almost twice the average cost of coal supply at Eskom (State Capture Commission Report 2022:551–552). However, the chess pieces were rearranged prior to this ripe moment through deployment and appointment processes.

President Zuma appointed Lynn Brown to replace Barbara Hogan after it was widely reported that the latter refused to take the undue mandate from the Gupta brothers and their lieutenants (Quintal 2018). At the time of her appointment, Minister Brown had already proven to be a Gupta collaborator at Transnet; hence it made tactical sense to President Zuma to appoint her (State Capture Commission Report 2022:561–564) to serve as Minister of Public Enterprises a month before a new Eskom Board of Directors was supposed to be appointed. This ensured that the targeted board appointments would be seen through by the political head, should discretionary authority be necessary.

Meanwhile, the contract that Eskom had to sign for coal supply was being delayed until all role-players were in sync (State Capture Commission Report 2022:551–561). After Brian Molefe and Anoj Singh were both seconded from their executive roles at Transnet to Eskom without any plausible explanation, a new board was appointed. However, a senior official with technical skills objected to their appointment due to their lack of credentials (State Capture

Commission Report 2022:568). Procurement conditions were amended in favour of Tegeta (State Capture Commission Report 2022:551–553). Finally, Eskom appointed Tegeta as the service provider at an inflated cost that seems to have been carefully calculated and prepaid to meet Tegeta's financial needs for it to acquire Optimum Coal Mine (State Capture Commission Report 2022:551). In fact, to ensure that the financial conditions and transactional terms suited Tegeta, Tegeta demanded that Eskom release Glencore from the R2.1 billion penalties claim without any recourse or consideration given to Eskom (State Capture Report 2022:804).

As one of the board members noted, corruption was now a pervasive malice sanctioned from within the board, the executive, and senior management: "I learnt that the name is corruption, but the game is procurement" (State Capture Commission Report 2022:558). Thus, the state capture nexus network used procurement to channel Eskom's resources for private gain. In an environment that is chiefly characterised by a toxic mix of weak internal controls, accountability mechanisms, and consequence management, overlapping board and executive roles violating best corporate governance practices, and a general lapse in governance (State Capture Commission Report 2022:560–561), state capture was bound to thrive. Eskom's procurement policy, for example, allowed for contracts which had been concluded to be extended or modified without an open tendering system nor adequate oversight and scrutiny as per the Public Finance Management Act (State Capture Commission Report 2022:558).

After the damning evidence unearthed during the Zondo Commission, law enforcement agencies have begun to recoup funds, seize assets, and institute criminal charges. These include the Tegeta court petition by the Special Investigative Unit on behalf of Eskom to have the contract set aside; the nullification and withdrawal of pension benefits for Brian Molefe; ongoing criminal cases of Matshela Koko and Molefe – both of whom are former Eskom CEOs alleged to be aligned to the Gupta family business interests – and former Kusile contracts manager France Hlakudi. How the National Prosecuting Authority and law enforcement deal with these cases will be instrumental to South Africa's exit strategy from state capture to good governance.

Discussion and Analysis of the Case Studies

While South Africa is undoubtedly not where it ought to be developmentally, it enjoys a reasonable level of regime stability as a constitutional democracy compared to the Western Balkans that are still transitioning into the level of regime stability. This broad distinct feature seems to be the remarkable difference in how state capture has manifested itself, as illustrated in the forthcoming sections.

The transition period is, by design, characterised by many uncertainties and many blurred lines. This presents opportunities for private interests to capture the policy-making environment. In the case of the Western Balkans, for example, due to law enforcement agencies that are yet to enjoy sufficient independence and clear mandate, law enforcement agencies are easily manipulated to intimidate opposition members as their functioning follows political appetite more so than a clear mandate that is away from active politics, a concern raised by the European Commission as it affects political stability and safety in the region. This is attributable, for example, to why, despite public outcry since 2012, law enforcement agencies are yet to act on the criminal complaint against Popović (Transparency International 2020:15).

Both the South African and the Western Balkans cases have instances of clearly irrational appointments and deployments that were done with sinister motives as part of preparing the network and alignment of the captors. This is a clear indication of how state capture requires a great deal of planning, or should we say scheming, involving proxies and capture agents at different layers of government and state-owned companies, compared to the other forms of corruption that would involve far lesser planning and number of agents, that mostly depend on opportunities and prospects of getting away with the act. This is because power, control, and influence are both the objectives of state capture nexus networks and currencies that both the captured and the captors trade in. The outcomes are multifaceted, ranging from having loyalists in key positions to facilitate transactions, to ensuring delays in, frustrations of, or completely disarming of law enforcement agencies to evade accountability.

One of the predictors of state capture is how the state designs and organises its apparatuses and government agencies. Though for different purposes, both South Africa and the Western Balkans have a history of centralised planning and execution, accompanied by a

culture of secrecy. For the latter, it is characteristic of post-communist states as the Cold War politics necessitated it. For South Africa, as a nuclear power in the region that has had to navigate sanctions while maintaining dominance and use of brute force, a role that Eskom fulfilled, it needed flexibility, centralisation, and secrecy. It is for this reason that procurement policies of Eskom allow for contract extension, for example, under emergency procurement, without competitive bidding and fair value. Naturally, the institutional design in both cases is not compatible with transparency and accountability.

The need for political legitimation in a state capture project tends to depend significantly on whether a country is in transition or undergoing reforms. In the South African case, political rhetoric such as 'radical economic transformation' to dismantle the 'white monopoly capital' was often used to politically legitimate capture and whip up emotions in order to mobilise empathisers for when state capture agents are held to account as observed during the 2021 July protests that preceded the arrests of implicated officials, although the protests remarkably intensified with the arrest of former president Zuma.

As can be observed following the internationally brokered peace agreements when agents of state capture took the opportunity to consolidate and extend their power in the Western Balkans, blurred lines of accountability and conflict of interests create perfect conditions for capture. However – not discounting presence of conflict of interests and blurred functional roles between the board and executive at Eskom as revealed by the Zondo Commission – where there is relative regime stability, as is the case in South Africa, captors use existing regulatory frameworks and procurement practices to achieve the 'legal state capture.' Preferential procurement regulations to support the Broad-Based Black Economic Empowerment, for example, were utilised in conjunction with the economic transformation rhetoric to mask the capture intent and disarm critics using (il)legality as the basis of their criticism.

With a strategic and large company such as Eskom, one would expect that there would be at least internal controls to mitigate against possible abuse of power and glaring irregularities that led to the capture of Eskom. However, these internal processes have been circumvented using both internal and external mechanisms. Internally, executive members either stifled risk and accounting processes by not cooperating, by cooperating as conduits to affect

the state capture project, or by simply intimidating those entrusted with the professional responsibility to identify and mitigate against risks (State Capture Report 2022:812–817). Externally, consistent with state capture *modus operandi* of working through agents and consulting firms, consulting giants such as McKensey and KPMG subcontracted other local firms with agents at both sides in order to secure privileged information which they then used to either suppress governance efforts or hide necessary information that could jeopardise the capture project (State Capture Report 2022:605).

With their cautionary voice, Mazzucato and Collington (2023:68) note that "[it] has become typical across many governments [to contract consulting companies to plan and coordinate projects]." Beyond creating many grey areas that obscure and evade government accountability as these consulting companies tend to regularly hire agents on both sides of their business (Mazzucato & Collington 2023:164–165; State Capture Report 2022:605–817), their infiltration 'infantilises' governments to the point where governments lack the capability to execute even the basic and crucial tasks, including internal controls. Without institutional capacity, especially in strategic state-owned enterprises such as Eskom as high leverage points with which to drive development, South Africa's aspirations to be a developmental state face bleak prospects. It is for this reason that state capture, which is an equivalent of what Mazzucato and Collington (2023:169) call 'plunder networks' facilitated by the proliferation of the consulting industry under the guise of filling the capacity gaps, remain an ever-present threat to governments.

South Africa Beyond State Capture: Positioning South Africa for an Exit Strategy

Generally, any form of corruption needs to be addressed. However, state capture needs to be repelled with a strong sense of urgency and decisiveness. The question of deployment and appointment into key positions is central to turning the tide against state capture, as governance failures and deficiencies are the recurring theme. There is an urgent need to move away the appointment of executive positions from immediate sphere of control of politicians. The Judicial Services Commission's role in the appointment of key legal professionals provides South Africa with a readily accessible example of a commission-based model to select fit and proper

persons to fill key executive positions in state-owned companies and government agencies.

There is a need to emphasise ethics in addition to compliance in running government agencies and state-owned companies. Although, for instance, an official has the legal authority to appoint a board of directors, it is ethically sound to ensure that the appointed directors have the requisite technical and management skills. The same is true for procurement practices where preferential procurement practices trump value for money and quality principles, sometimes in the face of glaring evidence advising otherwise. However, this requires a great deal of political will and multi-sectoral support across society. The call for political will and multi-sectoral support across society has already been echoed by the National Development Plan (2011). The National Economic Development and Labour Council (NEDLAC) is a credible existing structure whose mandate can be broadened to mobilise society in support of strategic national initiatives and interventions, especially the fight against systemic corruption.

The private sector needs to play its corporate citizenship role, not least because corruption increases the cost of doing business, but also because it is found to be complicit in facilitating state capture both at national and global levels. As noted by Open Secrets (2020), there is a tendency not to subject the private sector to the same level of scrutiny in South Africa; although the events that triggered the 2008 global financial crisis suggest that it is a globally common treatment of the sector. This requires intervention at three levels. First, civil society must direct the same level of scrutiny to it, and criticism when found wanting. Second, industry and professional bodies must hold individual companies and representatives accountable when misconduct occurs. Third, the state must institute fines and other sanctions such as suspending companies from its tender services for a minimum of three consecutive years. The suspension of Bain and Company from state tenders and fines instituted against KPMG are good examples of how companies can be held to account.

There are already visible success areas in recouping the unduly received financial benefits and assets forfeitures. However, government agencies must not absorb legal costs of the implicated officials under the guise of having not acted in their individual private capacities at the time of the capture, as is often the case. Further, when penalties are instituted and funds recouped, a national fund

must invest in civil society's robust role in promoting transparency and accountability.

Procurement practitioners and chief financial officers must be accountable to the Office of the Chief Procurement Officer and represent its interests. This removes their strategic mandate from the coalface of political interference at local level, which must also sufficiently empower and professionally protect them enough not to comply with objectionable instructions that are ethically and legally questionable.

While all political parties practise cadre deployment as a standard practice in strategic political appointments, the African National Congress needs to either abandon the policy rhetorically to minimise the abuse of unsanctioned deployment, or introduce internal control measures that will define the scope of application and monitoring. The policy seems to have been abused since its inception by many to appoint key allies, family members, and sympathisers. When this happens on a larger scale, it inevitably creates a breeding ground for irrational appointments that officials with sinister capture motives utilise as an instrument to plant agents of capture who will facilitate the capture.

South Africa has comprehensive regulatory frameworks and institutions that need better coordination and application. However, the chairperson and at least one-third of its council members must be independent private citizens or members of civil society. It must have sufficient institutional and legal powers to institute investigations and refer for prosecution without the need for a political principal's role. Its members could be appointed for a minimum of three years per term, and their appointment could follow the Judicial Services Commission model.

Conclusion and Final Remarks

State capture is a global threat to states and governments. Admittedly, however, countries in transition are more susceptible to capture, as has been illustrated with the Western Balkan states. Yet, as alluded to by Mazzucato and Collington (2023) through their work entitled *The Big Con: How the Consulting Industry Weakens Our Businesses, Infantilizes Our Governments and warps our Economies* and as suggested in *State Capture: How Conservative Activists, Big Businesses, and Wealthy Donors Reshaped the American States* by Hertel-Fernandez (2019), even

established and stable democracies have been embroiled in state capture. The role of consultants, donors, deployees, and consulting companies is becoming prominent in the controversies about state capture in these regimes.

While the Zondo Commission covered many aspects and accounts of state capture, the capture of Eskom has direct and immediate implications for South Africa's ability to build and sustain a capable developmental state. As illustrated in the South African case study, the capture of Eskom took place with clear political support and was aided and abetted by willing enablers in the form of individuals and consulting companies. For this reason, the current decoupling initiative presents an opportunity to dismantle the plunder networks while restructuring to deliver on the Just Energy Transition project effectively. Yet, in this chaos, it remains a possibility that a new capture network could emerge. South Africa must, therefore, remain awake to this reality and continue to promote transparency and accountability in the process.

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Chapter 9

Fostering a Paradigmatic Shift Towards a Product-Service System Mindset from a Product-Oriented Mindset in South African Public Housing

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Abstract

The persistent levels of client dissatisfaction with the South African public housing ecosystem have been traced to the product-oriented nature of the housing delivery process. This has culminated in an overt focus on meeting the criteria of timely delivery and cost-effectiveness whilst negating expected functionality standards, especially concerning the whole lifecycle sustainability performance of the emergent houses. Adopting product- and service-oriented business models has been suggested as a panacea for alleviating this shortcoming. Yet, whilst other sectors have adopted this business model typology to resolve similar issues, the human settlement sector has remained fixated on traditional production-based business models for housing delivery for various reasons. The continued reliance on these business models in South Africa has severely negated the expansion of the supply of decent housing and the upgrading of informal settlements towards improving living conditions as outlined in the National Development Plan (NDP). As its contribution, this chapter seeks to explore and elucidate the

potential benefits to be accrued from the adoption of product-service systems (PSSs) in the housing delivery context, leveraging narratives relating to its successful implementation in the manufacturing sector. A scoping review was used to collect relevant academic and grey literature which served as data for the study. Subsequently a thematic analysis was used for data analysis. This chapter's findings are expected to contribute to the emerging discourse regarding the best approach to resolving the housing challenge in South Africa and other countries in the Global South.

Keywords: business model, construction, product-service system, public housing, servitization, South Africa

Introduction

Section 26 of the South African Constitution states that "everyone has the right to have access to adequate housing, and the government is responsible in taking reasonable legislative measures within the available resources to achieve the progressive realisation of this right" (Shole 2020). To this end, the Department of Human Settlements (DHS) has delivered more than 4.7 million houses since the end of the apartheid era in 1994 (Companie 2020). However, the housing backlog in South Africa sits at more than 2.3 million (Statistics South Africa 2021). Globally, it is estimated that 1 billion people live in areas considered urban slums, with 43% of the urban population in developing countries like South Africa living in slums (Mitullah 2023). This indicates the massive challenge housing shortages poses for South Africa. Yet, the absence of innovative models and frameworks for addressing the extant housing backlog amidst unabating population growth appears to negate the South African government's ability to ensure adequate housing delivery to its citizenry.

It is quite clear that the current business models in the public housing sector, which are geared towards traditional production-based (housing delivery) offerings, have failed to achieve the desired levels of stakeholder satisfaction. This has culminated in an increasing lack of acceptance of these houses due to their perceived inability to satisfy clients' functionality requirements (Teece 2010). Also, the traditional production-based business models have presented difficulties for the building and public housing sectors in South Africa, as they have in many other nations (Chakwizira 2019). Significant housing backlogs have been a problem in South Africa (Chakwizira

2019). In South Africa, there has been a focus on simply producing housing units to meet the impacts of unbridled population growth and rapid urbanisation without due consideration of the end-users' functionality requirements and the sustainability performance of the buildings (Marutlulle 2021; Amoah 2022). This has left debilitating consequences on end-user satisfaction (Qwabe 2018).

Globally, successive scholars have advocated for a paradigmatic shift in how houses are delivered as a veritable means of resolving the public housing deficit imbroglio.. Some of the solutions proposed by these scholars include: lean construction (Isa 2017), the increasing use of prefabricated construction methods (Isa 2017; Kolo, Rahimian & Goulding 2014), the adoption of sustainable construction methods (Moghayedi *et al*), and digitally-oriented innovative and smart construction methods and materials (Osunsanmi, Aigbavboa, Emmanuel, Oke & Ohiomah, 2018; Moghayedi *et al* 2021), among others. Evidence regarding the deployment of these methods in the South African context has been reported in the extant literature (Chakwizira 2019; Isa 2017; Osunsanmi *et al* 2018). Yet, the challenges associated with public housing delivery persists. Whilst this is not a judgement on the utility of the previously mentioned methods and materials, their inability to curb the housing delivery challenges in South Africa remains evident in the rising backlog being experienced. This has engendered increased advocacy for a rethink of the current structure (business model) underpinning public housing delivery in South Africa.

The transformation of relevant stakeholders' (e.g. public and private sector property developers) business models towards product-service systems (PSSs) or servitized business models (SBMs) from the current product-based alternative has been proposed as a panacea for resolving the global housing delivery challenge, particularly as it relates to end-user satisfaction and sustainability performance (Antikainen, Lammi, Paloheimo, Rüppel & Valkokari 2015). Whereas this solution has been deployed in the manufacturing sector, infrastructure sector, and other economic sectors where it has posted optimal performances (Velamuri, Bansemir, Neyer & Möslein 2013; Lindberg & Felixson 2023), its deployment to the housing sector remains nascent, especially in South Africa. Considering the benefits of the PSS/SBM, this chapter proposes that adopting these business models (BMs) will make salient contributions towards addressing South Africa's public housing delivery challenges, by enabling the delivery of optimal value-in-use (Baines & Lightfoot 2013). To this

end, it recommends a paradigmatic shift from a typical product-orientated mindset on public housing in South Africa to a product-service system (PSS) mindset as a panacea.

Literature Review

National Development Plan and Sustainable Human Settlements

Chapter 8 of the National Development Plan (NDP) articulates the plan for revamping the country's human settlements to eliminate the apartheid-oriented patterns (Western Cape Government 2020). The apartheid planning patterns resulted in the spatial segregation of most South Africans, who were forcibly relocated to areas distant from employment opportunities. These areas lacked adequate infrastructure, making it challenging for residents to access societal benefits and actively engage in economic activities. This pattern rendered the affected population unproductive. Efforts at revamping these patterns lie at the centre of objectives outlined in the NDP. The vision of the NDP, in Chapter 8, is to transform human settlements in South Africa by the year 2030. This transformation aims to create equitable and efficient spaces where citizens reside near their workplaces, while also having access to social facilities and essential infrastructure (National Planning Commission (NPC) 2012).

However, the envisaged revamp is being slowly operationalised due to insufficient institutional capacity and a lack of solid instruments for implementation (National Science and Technology Forum 2017). South Africa has recorded significant advancements since 1994. However, the nation is yet to achieve all objectives outlined in the NDP. These goals encompass dismantling apartheid-induced spatial divisions through land reform, establishing more condensed urban areas, providing adequate public transport, and promoting industries and services that utilise local resources and cater to local demands. Despite the implementation of various reforms to the planning system, it is evident that the spatial organisation at different scales continues to be influenced by the historical apartheid legacies. Consequently, some urban areas have witnessed an increase in density, whilst inner-city regeneration has been achieved to a lesser extent. A significant portion of the population has continued to reside in poverty-stricken areas, such as the former homelands, where the employment rate among adults is less than 30%, in contrast to the 55% employment rate observed in

urban areas. Approximately 50% of households rely on social grants or remittances, in contrast to only 16% of households in urban areas, thus causing the rapid growth of informal settlements (NPC 2012).

Nearly thirty years after establishing a democratic system, it is evident that towns and cities have continued to experience fragmentation, resulting in significant financial burdens on households and the overall economy. The exorbitant price differentials within the housing market serve as significant obstacles for most black South Africans in their efforts to advance towards property ownership (NPC 2012). Implementing newly established subsidised settlements has provided housing for approximately 4 million households. However, a common issue associated with these settlements is their considerable distance from viable economic prospects.

The NDP highlights the significant contribution of the physical and social environment (human settlement) to an individual's wellbeing and life chances (NPC 2012). Such contributions stem from the influence of human settlement on an individual's access to educational opportunities, social networks, and public services. Understandably, the transition to 'green' infrastructure and renewable energy sources are prioritised in the human settlement improvement plan, alongside considering the impact of population growth on essential services.

Housing remains an integral component of the sustainable human settlement ecosystem. Therefore, any attempt at remodelling South African human settlements should consider the housing delivery process. Unfortunately, the reportage of the issues relating to tenure security, the public housing backlog due to the underwhelming pace of housing delivery processes, and low quality and poor sustainability performance of housing in the country is replete in extant literature. The implications of such a reality for the nation's quest for sustainable human settlements remain better imagined. As such, it has become imperative that concerted efforts be deployed towards reversing the pitiful trend elucidated previously.

The Current State of Public Housing and Model of Delivery in South Africa

To address the spatial segregation challenges associated with the apartheid regime and the attendant housing shortages, the National Department of Housing (DOH) in 1994 released the White Paper

on Housing, which set out a new national housing vision, policy, and strategies. The white paper introduced four different types of subsidies, namely: project-linked subsidies, individual subsidies, consolidated subsidies, and institutional subsidies. These subsidies, except for institutional subsidies, are argued to have led to the location of public housing on the periphery of the urban centres where land was cheap as compared to accessible land located around viable economic activities. As such, most households had to travel long distances to and from work, thereby spending sizable proportions of their income on transportation (Boaden & Karam 2000; Huchzemeyer 2003).

This reality has impacted negatively on both national productivity and cost of labour. The absence of well-located public housing for low-income and medium-income earners has created a fertile market for the owners of inner-city housing stock and vacant commercial buildings (SACN 2004). The post-apartheid government introduced the National Housing Subsidy Programme (NHSP) after taking power in 1994 as one of its key welfare initiatives to address inequalities in quality of living and access to property (Charlton & Meth 2017). This programme had delivered around 4 million housing opportunities by 2017, in the form of newly built houses for private ownership in low-income or, more recently, some mixed-income, residential neighbourhoods (Charlton & Meth 2017). According to Tissington *et al* (2013), the allocation of these houses involved the ward councillor and local committees. This programme was called the Reconstruction and Development Programme (RDP). The eligibility for benefiting from the grant-funded RDP housing initiative included a maximum household income level of R3 500 monthly, or having similar income deriving from a combination of incomes with a co-habiting partner or depending on contractual competence and being a South African citizen or permanent resident (Tissington 2013). Section 26 of the Constitution of the Republic of South Africa of 1996 and Section 3 of the Housing Act of 1997, read in conjunction with approved policies and Chapter 8 of the National Development Plan (NDP), elucidates the primary mandate of the Department of Human Settlements (DHS). This mandate empowers the DHS to facilitate a sustainable national housing development process in partnership with provinces and municipalities in the country. According to the 2019 General Household Survey (GHS) by Statistics South Africa (Stats SA), slightly more than 81,9% of South African households

lived in formal houses, followed by 12,7% in informal dwellings and 5,1% in traditional dwellings (General Household Survey 2021).

Evidence of the Housing Backlog in South Africa

The country's entire housing backlog has been put at 2.3 million units (Moore 2019; Statistics South Africa 2021). In 2019, the United Nations Human Settlements Programme planned to deliver 470,000 dwelling units, 300,000 service sites, and 30,000 social housing units, and to improve 1,500 informal settlements in South Africa (Sobantu & Noyoo 2022). Provincial governments were mandated by the National Department of Human Settlements to stop housing initiatives immediately (Brühl, le Roux, Visser & Köhlin 2020). This was expected to boost self-help housing as people received serviced sites to build their own homes. As a result, publicly funded housing developments were to be aimed at older people, children, disabled individuals, and military veterans (Department of Human Settlements 2020). According to Stats SA (2018), over 3,9 million (23,3%) of South African households lived in RDP/government-subsidised housing. The Free State, Northern Cape, and Western Cape recorded the highest number of households in such dwellings, as shown in Figure 1.

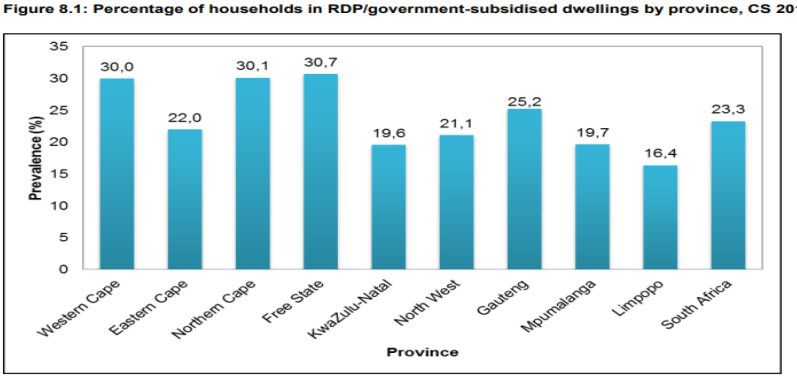

Figure 1: Percentage of households in RDP/government-subsidised dwellings by province. Source: STATS SA (2018)

Lack of Beneficiary Involvement in the Development Process

According to the National Planning Commission (2012), the high demand for human settlements products is exacerbated by the current housing delivery model established after 1994. Many government housing projects have failed due to a lack of knowledge and understanding about the determinants of the Residential Satisfaction (RS) concept (Salleh 2008). The success of housing projects is not only dependent on the provision of housing units but also on other factors that should have been considered during the housing development process (Aigbavboa & Thwala 2014). As a result, there are concerns relating to the ability of the current public housing delivery model to deliver on the nation's expectations due to its nature and fiscal sustainability. The current housing model does not consider the full process and holistic housing value chain. Thus, a lack of beneficiary satisfaction regarding the product (housing solution) has always been observed. However, scholars admit that when beneficiary participation is encouraged and incorporated into the housing development process, the outcomes are more likely to suit local circumstances, ensure community ownership, and ultimately increase the sustainability performance and satisfaction with the housing development (Aigbavboa & Thwala 2014).

Affordability Issues

Another key challenge regarding the current public housing delivery model in South Africa is the lack of affordability. Many South Africans are unable to meet their own housing needs due to high levels of unemployment and relatively low average wage levels (Housing 2014). Furthermore, there is a lack of available urban land for housing, thus increasing informal settlements by the urban poor (Mbandlwa 2021).

Poor Quality and Sustainability Performance

In the 2016 community survey, one of the questions for households living in RDP houses was to rate the quality of that dwelling. The data shows that more than a fifth of households (22%) in RDP houses in the Free State consider them to be poor. It is also worth noting that just 46% of households in RDP/government-subsidised housing assessed them as good quality. Only RDP dwellings in two of the five

districts were described as of good quality, based on differences in ratings at the district and municipal levels. The local municipalities of Tokologo and Mantsopa had the highest proportion of households ranking their homes as being of poor quality (about 23%) (Stats SA, 2018).

Despite the contributions of these RDP houses towards ameliorating the attendant housing backlog, the sustainability performance and quality of these buildings have been undermined by numerous challenges. Issues contributing to these challenges include the building size, lack of proper ventilation, improvements outside of the formal system as a result of small size, affordability problems, lack of appropriately situated land for large-scale housing ventures, misuse of houses by housing recipients leasing them out, and the increasing percentage of informal landlords who create informal housing shacks and corrupt practices in the procurement and delivery processes (Mashwama *et al* 2018).

According to Nasrun *et al* (2014), other challenges include: isolation of relevant professionals and lack of coordination between design and construction because of the sequential approach to project delivery. Project overruns, inappropriate procurement systems, lack of knowledge, ineffective transfer of technology and adoption of innovative practices, and the inability to adopt best practices are other challenges negating the effective delivery of public housing by the construction industry (Baines & Lightfoot 2014).

Business Models in the Public Housing Sector

The construction industry (CI) is known to be a fragmented and complex industry. Its reputation as a slow adopter of technology-based and service-oriented solutions remains legendary. These characteristics are responsible for the industry's fixation on traditional production-based business models (Wikström *et al* 2010). Scholars reveal that the traditional construction methodology which is being deployed during public housing delivery in South Africa remains rather problematic (Nasrun *et al* 2014). Its problematic nature stems from the overt focus on the product and not the ability of the product to deliver the expected service (functionality). Often, this has resulted in the delivery of non-functional assets for construction clients.

Corroborating this perspective, Zarco (2014) opines that the extant business models of project-based firms have traditionally focused on delivering value through the product. In the housing sector, clients only perceive value as having been generated upon receipt of completed buildings which meet the defined project management success indicators of time, cost, and quality (Radujković & Sjekavica 2017). To change this mindset, new research strands on value-in-use and the employment of new business models highlight the essence of creating new solutions which incorporate services as a component of the firm's offering for the client (Zarco 2014).

However, it remains to be seen how the construction industry, particularly the public housing sector, can modify its business models to attend to the growing demands of clients through the incorporation of services in product-offerings as one monolithic offering when delivering housing, as is the case in the manufacturing and infrastructure sectors respectively.

Business Model Canvas (BMC)

The Business Model Canvas (BMC) is considered a strategic management tool to rapidly and effectively characterise and impart a business idea or concept (Osterwalder & Pigneur 2010). Hence, it is utilised to depict all the building blocks of a business, including clients, route to market, value proposition, and finance. See Table 1 and Figure 2.

Table 1: Business model elements. Source: Osterwalder and Pigneur (2010)

Business Model Element	**Description**
Customer Segments	*Defines the distinctive gatherings of individuals or associations that a business venture intends to offer value to*
Value Propositions	*Bundle of products and services that makes a motivation for an explicit client proportion aimed at adding value and customer satisfaction*

Business Model Element	Description
Channels	*Delineates how an organisation communicates with and achieves its client portions to convey value proposition correspondence, dissemination, and sales channels that contain an organisation's interface with clients. Channels are client contact focuses that expect a basic part in the client encounter.*
Customer Relationships	*Depicts the kinds of connections an organisation sets up with explicit client segments. An organisation ought to clear up the sort of relationship it needs to set up with every client segment. Relationships can go from personal to automated, depending on the extent an organisation wants to engage with its clients.*
Revenue Streams	*Signifies the money an organisation produces from every client segment (costs must be subtracted from incomes to make profit) and if clients contain the core of a business model, income streams are its conduits.*
Key Resources	*Key resources enable an initiative to make and offer value proposition, achieve markets, keep up associations with client segments, and acquire incomes. Key resources can be physical, monetary, scholarly, or human.*
Key Activities	*These are the most imperative activities an organisation must make to work effectively. Like key resources, they are required to make and offer an incentive, achieve markets, keep up client relationships, and get incomes.*
Key Partnerships	*The network of suppliers and partners who enable the provider to offer the value proposition*

Business Model Element	Description
Cost Structure	*Depicts all expenses brought about to work a business model. This block portrays the most critical expenses brought about while working under a specific business model. Making and conveying value, keeping up client relationships, and creating income all cause costs.*

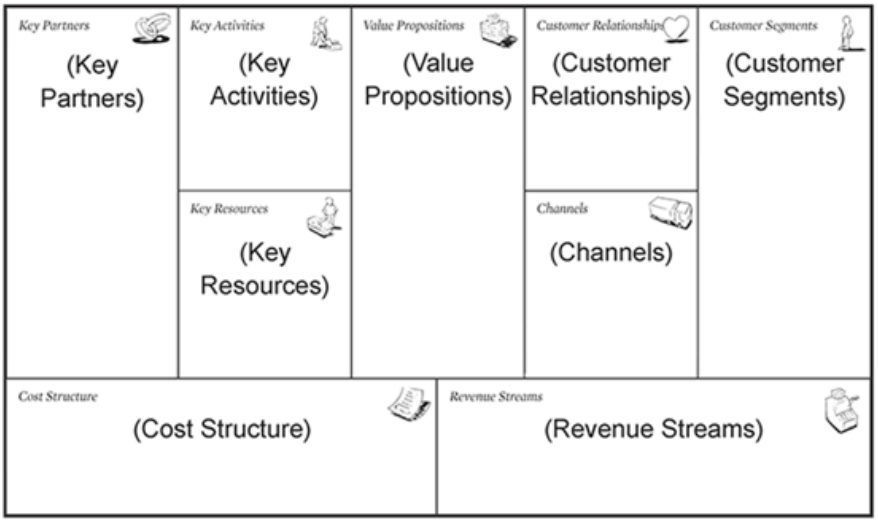

Figure 2 : A typical business model canvas. Source: Osterwalder and Pigneur (2010)

The adaptation of the BMC in organisations is to ensure alignment between management approaches and budget models, thereby optimising financial management performance (Osterwalder & Pigneur 2010). Likewise, it engenders a seamless transition beyond incremental, compartmentalised organisational changes, towards a more incorporated and essential transformation across the organisation and its larger stakeholder environment for truly impactful sustainability-oriented innovation efforts (Adams *et al* 2016). Thus, the BMC focuses on value creation and delivery to clients. Accordingly, this chapter uses the BMC to elucidate the nature of business models guiding public housing delivery.

Conceptualising a Product-Service System (PSS) Approach to Public Housing Delivery

This section draws a closer attention by discussing the concept of product-service systems (PSSs) and the mindset shift from typical product-oriented public housing to a PSS mindset. PSS refers to a business model wherein the integration of products and services occurs through bundled offerings. In lieu of solely engaging in product sales, companies now provide ongoing services in order to cater to the evolving demands of users. The primary focus of PSS lies in enhancing user experience while concurrently advocating for sustainability (Blüher, Riedelsheimer, Gogineni, Klemichen & Stark 2020). This chapter articulates the evolution of the PSS using the manufacturing sector exemplar. Hopefully, the lessons learned from this exemplar can contribute towards effective business model transformation in the public housing sector.

Evolution of PSSs in the Manufacturing Sector

Levinson (2017) describes the manufacturing industry as one of the largest sectors in the economy, employing more than 12 million workers in the United States (US). The industry specialises in producing finished products from raw materials for use or sale in the marketplace, using either direct labour or machines, or a combination of both (Levinson 2017). The sector was regarded as an early adopter of business model transformation initiatives to enhance client satisfaction. This sector deployed servitised business models (otherwise referred to as product-service systems) to deliver through-life value to their clients (Brax 2005). This transformation occurred through a transition from a typical business model offering only products to a new model offering solutions through a blend of products and services (Neely 2008).

Manufacturing Industry in the Pre-servitisation/PSS Era

In the pre-servitisation era, manufacturing companies deployed their traditional business models in delivering products to their clients (Wise & Baumgartner 1999). However, Baines and Lightfoot (2013) note that these companies only focused on producing goods (products) without considering value-add for the end user. In the case of the automobile industry, for instance, companies only produced

parts and sold them to the clients with no added value or services. The servitisation concept evolved from the proposition that clients will stand to benefit from products in a manner that delivers value, when these products are complemented by services (Vargo & Lusch 2004). Also, Smith *et al* (2014) admit that manufacturing companies can discover new business ventures by introducing services into their value chain.

In addition, Brax (2005) also advises that products and services can be combined, conferring competitive advantage over competing products. Further, a few motivations for the incorporation of services into an organisation's product offerings, such as the deepening of client relationships and the benefits expected to accrue from it, have been rendered by scholars (Vandermerwe & Rada 1988; Smith et al 2014).

Manufacturing industry in the Servitisation/PSS Era

Under the servitisation era, manufacturing companies transitioned from being pure manufacturers of goods to offering a blend of solutions and services (Neely 2008). Narratives regarding the transition, nature, and performance are replete in the servitisation literature. The literature highlights the major organisational, financial, customer, supply chain, and market-related hurdles that traditional manufacturers had to surmount to engender successful transitions from product offerings to integrated product-service offerings, to become effective suppliers of coordinated product-service solutions (Robinson *et al* 2016).

Since the successful adoption and implementation of servitisation, the manufacturing industry has continued to experience a kind of cross-industry advancement that offers extraordinary potential for increased competitive advantage in sustainable practices and service delivery to clients in a way that culminates in unbridled levels of value addition and customer satisfaction (Noar *et al* 2018). Thus, moving from traditional business models or traditional ways of delivering products to clients towards PSS/SBM implies a realignment of organisations' business strategies to respond to clients' needs and satisfaction by delivering products that fit the required purposes (Teece 2010). Therefore, the proposition concerning the potential of this transformation in the South African public housing context cannot be considered out of place.

Research Methods

This study employed a qualitative research design using a scoping review approach. Arksey and O'Malley (2005) and Levac, Colquhoun, and O'Brien (2010) describe the scoping review approach as involving a careful procedure for reviewing and synthesising existing literature about the subject matter. The search strategy employed for this study started with the identification of pertinent keywords, like "product-service system", "servitisation", "South African public housing", and "business models". Prominent scholarly databases, such as Google Scholar, Scopus, and Web of Science, were extensively consulted. The inclusion criteria focused on primary research articles, government reports, and industry publications that emphasised the application of PSSs in various economic sectors, including housing within the South African context and beyond.

Every source that was identified went through an intensive screening procedure to determine its relevance. Initially, the titles and abstracts of the sources were examined for relevance. After this initial screening, a full-text review was conducted to finalise the process. As a result of this process, more than 70 sources were used for this study. Following this, the process of extracting data was conducted. This process involved documenting significant findings using predetermined themes. This ultimately resulted in the development of synthesised data that offered valuable insights into the possible factors influencing a probable shift towards a product-service system (PSS) mindset in South Africa's public housing ecosystem. This analysis was conducted using qualitative data analysis (QCA) techniques and was aligned with the predetermined themes of the study as outlined by Braun and Clarke (2006).

Discussion of Findings

Factors Influencing Product-Service Business Model Transformations in Public Housing Delivery (Lessons Learned from the Manufacturing Industry)

The servitisation literature reveals key factors that affect how effectively and successfully an organisation can transform its BM from a product-based one to an SBM/PSS (Trkman 2010). These factors

include knowledge-based assets, strong leadership commitment, and the nature of the organisation's strategies and operations.

Knowledge-Based Assets

The successful adoption of servitisation in the housing sector depends significantly on the availability of relevant knowledge-based assets (KBAs) (Baines, Lightfoot, Benedettini & Kay 2009). Intellectual capital, knowledge of organisations, skills, technology, and relational capital are some of these assets (Baines *et al* 2009; Baines, Ziaee Bigdeli, Bustinza, Shi, Baldwin & Ridgway 2017; Paiola, Schiavone, Khvatova & Grandinetti 2021). These assets have an influence on:

- *Capability development*: Businesses frequently need to grow their skills or develop innovative skills to successfully adopt servitisation. KBAs offer the fundamental framework for constructing these skills, especially when they are gathered over time (Vladimirova 2015).
- *Managing risk*: The transition to servitisation comes with a variety of challenges, ranging from tactical to strategic levels. Understanding, assessing, and reducing these risks can be helped by KBAs, particularly when they are formalised and organised (Neely 2008).
- *Value proposition design*: KBAs help organisations in creating strong value propositions for the services they provide. Organisations may distinguish their offers and produce value-added services by utilising their knowledge and understanding of client demands (Vargo & Lusch 2008).
- *Enhancing client relationships*: Through the transition to service offerings, the nature of client relationships often evolves into more collaboration and long-term relationships. In this context, relational capital, a type of KBA, is essential. Strong relational capital enables businesses to predict consumer demands and modify their service offerings more accurately (Gebauer, Gustafsson & Witell 2011).
- *Continuous development and training*: Since servitisation is a dynamic approach, businesses must constantly modify their products in response to customer input and shifting market dynamics. The flexibility and continuous service improvement processes are made possible by organisational knowledge and learning capacities (Baines *et al* 2009).

Knowledge acquisition is a prerequisite for change as it facilitates servitisation because moving from a product-oriented to a customer-oriented business model entails a sojourn into markets with new and innovative solutions (Rouse *et al* 2011). Therefore, the adoption of the servitisation model necessitates organisational transformation and knowledge expansion. It is important to recognise that incorporating services alongside tangible products entails acquiring and disseminating a distinct set of knowledge, which must be effectively integrated with material products (Lertsakthanakun *et al* 2012). Thus, the availability and effective use of KBAs can substantially affect how successfully the business model transformation towards servitisation is achieved in the construction industry. With such KBAs, property developers may develop value-added services, manage risks, cultivate long-term customer relationships, and remain adaptable in a changing market environment by utilising these assets.

Leadership commitment

In various economic sectors, including construction, the dedication of the leadership is essential to the effective implementation of servitisation. Nie and Kosaka (2014) emphasise that leaders can facilitate a change towards business model transformations, especially as pertains to servitisation transitions. The following are among the numerous aspects of how leadership commitment affects servitisation in the construction industry:

- Strategic planning and management: Leaders are essential in establishing the organisation's vision and course. Their dedication guarantees that servitisation is a long-term strategy that is included into the business's strategic goals (Lightfoot, Baines & Smart 2013).
- Transformation management: The move toward servitisation necessitates substantial organisational transformation. Assuring seamless transitions and support from all stakeholders, committed leaders may drive transition management initiatives (Raddats, Baines, Burton, Story & Zolkiewski 2016).

In a nutshell, the organisational changes necessary for effective servitisation are catalysed by leadership commitment. Strong leadership is especially beneficial for the construction industry due

to its historical focus on products rather than services, as it makes the move to a more service-oriented model.

Organisations' Strategies and Operations

Servitisation represents a BM transformation which facilitates an organisation's ability to transition from selling products to selling a blend of products and services (Blut *et al* 2014). Thus, during servitisation, organisations are known to pursue strategies which acknowledge the introduction of services as a chance to separate from products and accomplish higher consumer loyalty and satisfaction (Trentina, Forza & Perin 2012). In industries with well-established norms and procedures, such as construction, an organisation's strategy and operations are essential drivers in effectively implementing servitisation. These strategies and operations have an influence on:

- Operational adaptability: The day-to-day operations of an organisation must be flexible enough to respond to the changing needs that arise from servitisation. Process modifications, technology integration, and guaranteeing client response are all part of this (Rapaccini, Saccani, Kowalkowski, Paiola & Adrodegari 2020).
- Process transformation for service delivery: In contrast to physical products, services frequently necessitate immediate modification and adaptation. To guarantee constant service quality and delivery, operational procedures must be streamlined (Kowalkowski, Gebauer & Oliva 2017).
- Strategic alignment: Transitioning to servitisation calls for a strategic change from the conventional product-oriented strategy to a service-driven one. To guarantee a seamless transition, an organisation's strategy needs to be in line with the aims of what servitisation seeks to achieve (Baines *et al* 2009).

Organisational strategies and operations serve as the framework and execution system for any significant change. The alignment and flexibility of these strategies and operations, as well as the speed, effectiveness, and eventual success of the shift, all play a role in the construction industry's move towards servitisation.

Figure 3 shows the traditional public housing delivery BMC that is used to date, while Figure 4 shows the expected future state

(a transition from Figure 3) of a servitised BM housing BMC with lessons drawn from the manufacturing industry.

In comparison between traditional public housing delivery BMC (Figure 3) and the projected servitised business model public housing delivery BMC (Figure 4), the tendency for clients to benefit more from the latter becomes clearer. Such benefits will accrue from the service-oriented nature of the latter, which highlights opportunities for enhancing value creation through optimal functionality as highlighted under *value propositions* and *customer segments* in Figure 4. These expected benefits are absent in the traditional public housing delivery BMC. If the public housing sector adopts the concept of product-service systems, learning from the manufacturing sector and implementing the concept in their business models, their clients will stand a better chance of satisfying their needs and being offered products aligned to meet their business model.

Proposed Framework for Servitisation Transition in the South African Construction and Public Housing Sector

Moving from traditional business models or traditional ways of delivering products to more service-oriented business models means that organisations must align their business strategies to respond to clients' needs and satisfaction by delivering products and services that achieve the intended purposes. Through the adoption of servitisation, public housing clients can be offered products that bring about added value. This implies the importance of design for functionality across the product lifecycle. Figure 5 highlights the various components and success factors required for a transition from a traditional BM to a PSS/SBM for public housing delivery.

<table>
<tr>
<td rowspan="2">KEY PARTNERS
Consulting firms
Suppliers
Investors
Contractors
Architects
Quantity surveyors
Construction engineers
Developers</td>
<td>KEY ACTIVITIES
Project design
Appointment of main contractor/professionals
Payment authorisations
Improve project production/performance
Decision-making</td>
<td rowspan="2">VALUE PROPOSITION
Deliver products to clients
Affordability
Time

CHANNELS
Websites
Social media channels
Media platforms</td>
<td>CUSTOMER RELATIONSHIPS
Partnering
Customer referrals
Customer loyalty programmes
Rating and feedback
Accessibility</td>
<td rowspan="2">CUSTOMER SEGMENTS
Agencies (those who are willing to buy and lease)
First-time owners (those who are considering owning instead of renting)</td>
</tr>
<tr>
<td>KEY RESOURCES
Venture capital (financial resources)
Staff/partners (human resources)
Advice (intellectual resources)</td>
<td></td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Design costs (planning stages)
Direct project costs (delivery stages)
Consultation fees (professionals)
Administration expenditures</td>
<td colspan="2">REVENUE STREAMS
Investors
Asset capital
Leasing</td>
</tr>
</table>

Figure 3: Traditional public housing BMC. Source: authors' fieldwork (2018–2022)

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITION	CUSTOMER RELATIONSHIPS	CUSTOMER SEGMENTS
Consulting firms Suppliers Investors Contractors Architects Quantity surveyors Construction engineers Developers	*Project design* *Appointment of main contractor/ professionals* *Payment authorisations* *Improve project production/ performance* *Decision- making* *Research and development* long-term viability environmental conservation user-centric designs community engagement collaboration	Service-orientated products Client satisfaction Whole-life value and quality Efficiency Products aligned to meet client's business model Functionality Leasing instead of owning CHANNELS Websites Social media channels Media platforms	Partnering Customer referrals Customer loyalty programmes Rating and feedback Accessibility Customer involvement in design and delivery of products and services Customer advisory teams	First-time owners Value seekers (those who need reliable and sustainable products) Service seekers (those who are willing to pay for products that are accompanied by services/those who are willing to pay for both products and services)
	KEY RESOURCES Venture Capital (Financial Resources) Skill & experienced staff/partners/ professional (Human Resources) Professional advice (Intellectual Resources)			
COST STRUCTURE Design costs (planning stages) Direct project costs (delivery stages) Consultation fees (professionals) Administration expenditures Marketing expenditures Legal fees			REVENUE STREAMS *Investors* *Asset capital* *Leasing* *Service rendered.* Partnerships	

Figure 4: Projected servitised (product-service) public housing delivery BMC with lessons from the manufacturing industry. Source: authors' fieldwork (2018-2022)

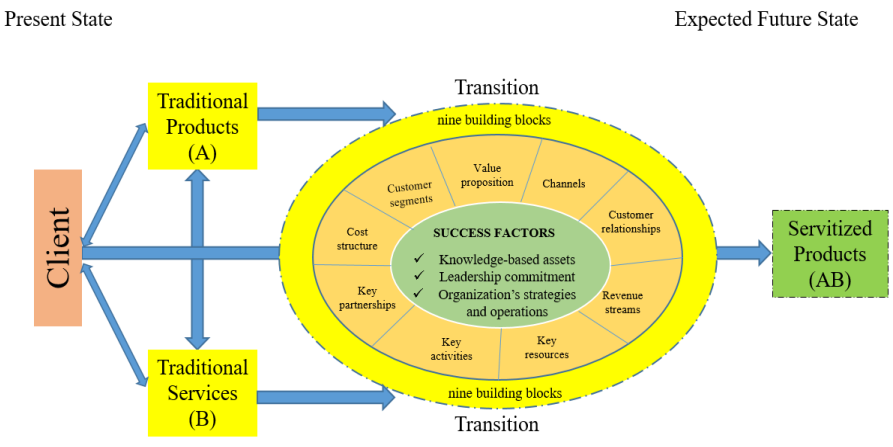

Figure 5: Proposed framework for servitisation transition. Source: authors' own

The above framework for servitisation transition draws attention to the relationship between the BMC's building blocks and established BM transformation/transition success factors, and how this relationship impacts the transition from a product-oriented BM to a PSS/SBM within the public housing delivery ecosystem. In the South African construction industry, the combination of knowledge-based assets, leadership commitment, and organisational strategies and operations are influential factors in facilitating BM transition and achieving exceptional value. The following provides an overview of how each element can be integrated with the Business Model Canvas (BMC) to justify the need for this BM transition with regard to public housing delivery.

Customer segments

The traditional approach to public housing delivery follows a standardised approach that fails to adequately address the distinct needs of beneficiaries. In contrast, adopting a servitised/PSS BM approach provides the opportunity to view housing opportunities as comprehensive product-service offerings. This approach empowers companies to customise solutions to cater to distinct customer segments, such as providing affordable housing options for lower-income individuals or delivering environmentally friendly hereditaments. Property developers' possession of knowledge-based assets facilitates a comprehensive understanding of South

African property market dynamics. This understanding enables the identification and prioritisation of appropriate customer segments and their short-term and long-term expectations in terms of services and value creation. In the same way, leadership commitment within these property development organisations can effectively promote customer-centric strategies, thereby leading initiatives that are tailored to address the needs and preferences of these distinct segments.

Value Propositions

The strategies and operations of an organisation that prioritises servitisation can result in the development of customised offerings, such as "affordable shelter-as-a-service", which encompasses a comprehensive range of services from the initial design phase to post-housing delivery maintenance activities. The traditional housing market frequently excludes a significant portion of the South African population due to the high initial costs, strict mortgage prerequisites, and accompanying financial uncertainties. On the other hand, by implementing a servitisation/PSS framework, property development firms can provide housing-as-a-service, thereby eliminating upfront expenses and allowing residents to either lease residences with a subsequent option to buy or persist with leasing arrangements. Likewise, traditional public housing delivery practices frequently place a higher emphasis on cost considerations rather than sustainability. Adopting a PSS BM would see integrated sustainable housing solutions being offered to prospective occupants at a fee for a duration. In this case, occupants of public housing schemes would have a high degree of certainty concerning occupancy operational costs and compare between different dwellings for the most cost-effective and sustainable hereditament. Furthermore, the property developer retains responsibility for ensuring the sustainability performance of the dwelling over an agreed-upon period.

Customer relationships

This aspect of business management is crucial for maintaining customer satisfaction and loyalty. In a traditional business model, once a public housing project is delivered, the relationship between the client and the property developer is terminated. However, the PSS model encompasses more than just the point of

sale, as it includes service offerings such as maintenance, upgrades, and consultations, which facilitate ongoing interactions and provide ongoing support. Therefore, leaders who emphasise cultivating customer relationships could establish a brand reputation centred around enduring partnerships instead of mere transactional connections. Similarly, the utilisation of knowledge-based assets can contribute to a comprehensive understanding of the business culture and client expectations in South Africa, thereby influencing the development of effective strategies for fostering relationships.

Revenue Streams

Within the traditional business model, the generation of revenue predominantly stems from single construction projects. By adopting the strategy of servitisation, companies could expand their sources of revenue by incorporating service contracts, maintenance fees, and consultation charges into their business model. Transformational organisation strategies and operations can facilitate the attainment of this objective.

Key Resources

The utilisation of materials in the traditional business approach may be influenced by conventional practices, resulting in waste and unacceptable decision-making leading to wastage. By placing emphasis on a service-oriented approach, there is the potential for a collective effort to employ sustainable, renewable, or recycled materials, thereby mitigating environmental impact and minimising waste. Similarly, the traditional procurement system places emphasis on sourcing materials primarily based on their cost and availability. In contrast, the PSS model centres around implementing procurement policies that prioritise utilising sustainably sourced materials, locally available resources, and recycled materials. This approach aims to ensure the long-term sustainability of resources and foster community engagement. By leveraging knowledge-based assets, gaining insights into the most recently developed innovations in construction technologies, identifying local material sources, and accessing skilled labour in South Africa, informed decisions can be made regarding resource allocation. By demonstrating a strong commitment to leadership, leaders have the ability to guarantee

the allocation of resources necessary for their acquisition and ongoing maintenance.

Key Activities

Traditional design approaches often place emphasis on immediate demands and costs. PSS models encompass sustainable design principles that prioritise the long-term viability of projects, preservation of the environment, and user-centred designs, thereby ensuring the functionality and eco-friendliness of these endeavours. Stakeholder engagement and collaboration are recognised as crucial activities within the construction and housing sector. The traditional model demonstrates limitations in terms of engaging with local communities and stakeholders. In contrast, the PSS model places a higher emphasis on involvement of the community, co-design, and collaboration. This approach ensures that projects are customised to local needs, demonstrate respect for customs and cultural differences, and make positive contributions to local environments. This transition should be evident in the everyday operation of the organisation, and it can be facilitated by modifying the strategies and operations of the organisation.

Key Partnerships

In the context of a traditional business model, partnerships are predominantly transactional in nature, driven by the principles of supply and demand. The PSS model adopts a collaborative approach, wherein partners collaborate to devise sustainable solutions that include various stages, such as sourcing and construction methods. By leveraging knowledge-based assets, companies can identify potential partners, thereby facilitating strategic collaborations. Likewise, this approach will facilitate the creation of partnerships focused on educational programmes, interactive sessions, and the sharing of expertise, thereby promoting the broad adoption and implementation of optimal sustainability strategies within the industry.

Cost Structure

Traditional business models typically prioritise upfront construction costs, whereas the PSS solution model places emphasis on the

complete lifecycle of a structure, encompassing design to demolition. By adopting a PSS model, potential cost efficiencies can be identified over the long term, including reduced expenses related to maintenance or retrofitting. The principle is equally applicable in the context of risk mitigation. Unforeseen costs arising from environmental or societal issues may be encountered. However, the implementation of a PSS prioritises sustainability and community involvement, thereby mitigating potential risks such as environmental harm and conflicts within the community. This approach ultimately leads to a reduction in unforeseen expenses. Therefore, the process of adopting servitisation necessitates a comprehensive reconsideration of operating costs, with a shift in focus towards service provision, customer training, and support, rather than traditional production costs. This transformation also entails the need for strategic and operational improvements within the organisation.

The servitisation business model, when supported by knowledge-based assets, leadership commitment, and strategic alignment of operations in an organisation, has the potential to bring about a significant transformation in South Africa's construction and public housing sector. This approach facilitates a transition towards comprehensive, long-lasting strategies that have the potential to generate sustainable benefits for clients and improve the marketplace.

Implications and Recommendations

Several industries have successfully used the PSS strategy. This paradigm combines providing goods and services, providing answers that address client requirements. For instance, in the automobile industry, there is the Power by the Hour programme from Rolls-Royce. This strategy delivers locomotion as a service rather than concentrating on selling jet engines. Customers pay according to the actual engine consumption, while Rolls-Royce handles maintenance and repairs (Neely 2008). In the appliances and electronics industry, Xerox manages print services, for instance: Xerox offers document management services in addition to photocopier sales, handling regular maintenance and optimisation (Tukker 2015). Similarly, in the agriculture industry, one illustration is AGCO's farming-as-a-service. They offer a range of blended services, including management of agricultural operations, maintenance, and machinery (Kowalkowski, Gebauer & Oliva 2017).

In the construction and housing industries, the concept of the product-service system entails a shift from selling products (such as houses or building materials) to providing comprehensive solutions that may include design, construction, maintenance, and even management of services. The construction and housing sectors have used the PSS paradigm, for instance with prefabricated and modular housing. Certain companies specialise in offering prefabricated or modular housing options, where they not only manufacture the modules but also provide services for site preparation, assembling it, and ongoing repair and maintenance. The reason this model works is because it offers clients an all-inclusive source for housing; this eliminates the burden of dealing with different suppliers and guarantees quality from manufacture to assembly (Gibb 2001; Wasim, Vaz Serra & Ngo 2022).

PSS Applicability in the South African Public Housing Sector

With its demonstrated success records in other industries, the PSS approach presents an ideal solution for the South African construction and housing sector, both addressing the industry's unique problems and capitalising on its future growth opportunities. The research findings that are presented above provide more in-depth analyses of the PSS model's features and capabilities. These comprise of:

- *Economic constraints:* In light of South Africa's economic difficulties, the PSS model can enable shared risks and lower initial capital investments while providing a more predictable pricing framework (Wang, Ke & Cui 2022).
- *Infrastructure development*: PSSs, which can offer comprehensive solutions covering design, construction, and maintenance, can assist South Africa's attention on projects related to infrastructure, such as housing and transportation (Kuhlenkötter, Wilkens, Bender, Abramovici, Süße, Göbel, Herzog, Hypki & Lenkenhoff 2017).
- *Sustainable construction:* By ensuring that infrastructures are not only constructed to environmental standards, but also maintained as such right through, PSSs could foster green construction and sustainable infrastructure (Tukker 2015; Blüher *et al* 2020).
- *Employment opportunities and skill development:* Since PSS is a service model in its nature, long-term projects may promote skill growth and provide a long-term job prospect (Baines *et al* 2014; Chetan, Vidyapeeth & Director 2023).

Conclusion

This chapter sought to explore product-service system adoption and implementation, learning from the manufacturing sector in a bid to highlight the prospects of its adoption in the public housing sector. It is expected that such adoption would guarantee value for the client through the delivery of end-products that are complemented with services to meet the client's purpose/use. The extant PSS and BMC literature helps to develop a conceptual framework for elucidating BM transitions from the traditional public housing delivery BM to a public housing delivery PSS/SBM. Moreover, this chapter also used the phenomenon of PSSs as a strategy towards attaining the concept of servitisation, since it is used as a marketable set of products and services capable of jointly fulfilling customers' needs in an economical and sustainable manner.

Finally, the chapter emphasises that a transition from the traditional BM to a PSS BM may not succeed in the absence of knowledge-based assets, leadership commitment, and appropriate organisational strategies and operational guidelines in property development organisations. Thus, this chapter accentuates that a transition towards a PSS-oriented public housing delivery system would require changes in the composition of most of the nine building blocks articulated within the BMC. Also, it posits the essence of relying on the success factors mentioned previously in facilitating this change in composition, taking due consideration of the contextual peculiarities in the South African public housing sector. The successful adoption and implementation of PSSs could potentially result in a service-oriented public housing model rather than product-oriented housing model.

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