# "A Learning State? A case study of the post-1994 South African welfare regime."

**A thesis submitted in fulfilment of the**

**requirements for the degree of**

**MASTER OF ARTS**

**of**

**RHODES UNIVERSITY**

**by**

**Sthembiso Handinawangu Mungwashu**

**Supervisor: Professor Jimi O. Adesina**

**Submission: February 2011**

**ABSTRACT**

This thesis examines the processes of policymaking in South Africa, as expressed through the shifts in income maintenance policy. The thesis focuses on the processes leading to the establishment of the South African Social Security Agency (SASSA), as its case study. SASSA is the institutional framework for the delivery of social grants. Our intention is to test the efficacy of what we have called 'state learning' in the South African context.

Therefore, the overall aim of the study is to assess the capacity of the 'state to learn' in the process of policymaking as expressed through the shifts in social grant administration and the institutional framework of social welfare in South Africa. The subsidiary goals of the research includes mapping changes in the system of social grants administration since 1994 in order to assess the sources of the shifts in its institutional framework; to assess processes and responses within the state that result in policy shifts and the extent to which these can be considered dimensions of state learning; to assess the power of ideas in the policymaking process and to assess the influence of non-state agencies/actors in policy contestation and learning processes. This is essential, because social policy, especially welfare policy research in post-apartheid South Africa, has focused on the economic value of policies and not the political processes in policymaking.

For the framework of analysis the study draws on theories of learning, especially at the organizational or institutional level. We start from the perspective that policymaking and implementation cannot be reduced to a neatly ordered schema (Lamb: 1987:6). Further, that policy change and policymaking are "iterative, haphazard, and highly political processes, in which the apparently logical sequences of decision-making, may turn out to be the reverse" (Lamb, 1987:6). This is mainly because state building is a complex affair and a contested terrain; policy learning and making are neither benign nor do they involve the state working in isolation (Sabatier, 1998). To understand processes of policymaking in South Africa, we rely on content analysis of primary and secondary materials or documents and in-depth interviews with key informants involved in the policy process. The documentary sources include records of parliamentary debates, green and white papers on social welfare, ANC party documents, presidential task force reports, newspapers, magazines and court judgments.

The study reveals that the establishment of SASSA lends itself to the idea of 'state learning'. Learning is indicated in South Africa by the capacity and ability of the state to stimulate ideas, debate ideas to establish ideational matrixes as well as paradigms that have informed the development of policy, take ideas and implement them to try and solve mismatches between the intention of the state and the outcomes and the ability of the state to produce policy.

out of mental blocks. I thank him for the phone calls and offering insight and support that goes beyond what one can ask of a 'sibling.'

I also extend my heartfelt gratitude to my friend and husband, Godfrey Mutaya Msisha; whom I left right after our honeymoon to return to Rhodes University to complete this work. Throughout the two years he was a source of comfort, strength and much needed intellectual stimulation. I thank him for his patience and support.

Above all Glory be to God!

## DEDICATION

To my mother: Rudo Shalom Mhosira. Many women do noble things but you surpass them all. This work is a testament of your unfailing love and selfless surrender. Thank you, mother for carrying me through to this stage.

# ACRONYMS & ABBREVIATIONS

**AG**: Attorney General

**ANC:** African National Congress

**ASGISA:** Accelerated Shared Growth Initiative of South Africa

**BA:** British Agency

**CEO:** Chief Executive Officer

**CIU:** Co-ordination Implementation Unit

**CODESA:** Convention for a Democratic South Africa

**COSATU:** Congress of South African Trade Unions

**CPS:** Cash Paymaster Service

**CRSS:** Chikane Committee for Restructuring Social Security

**DDG:** Deputy Director General

**DSD:** Department of Social Development

**DSS:** Department of Social Security, UK

**FFC:** Financial and Fiscal Commission

**FNB**: First National Bank

**GCIS:** Government Communication and Information Systems

**GDP:** Gross Domestic Product

**GEAR:** Growth, Employment and Redistribution Strategy

**IDASA:** Institute for Democracy in Africa

**IMF:** International Monetary Fund

**ISA:** Integrated Streams Approach

**KELA:** The Finland Social Security Institute

**LRA:** Labour Relations Act

**LRC:** Legal Resources Centre

**MEC:** Member of the Executive Council

**MERG:** Macro-Economic Research Group

**MinMec:** Ministerial Committee

**MS:** Multiple-Streams

**NCOP:** National Council of Provinces

**NEC:** National Executive Committee

**NEHAWU:** National Education Health and Allied Workers Union

**NDR:** National Democratic Revolution

**NGOs:** Non-Governmental Organisations

**NP:** Nationalist Party

**NPM:** New Public Management

**NWC:** National Working Committee

**OECD:** Organisation for Economic Co-operation and Development

**OL:** Organisational Learning

**PCAS:** Public Co-ordination and Advisory Services

**PSAM:** Public Service Accountability Monitor

**PSC:** Public Service Commission's Investigation into the Social Security Services

**PTA:** Parent Teacher Association

**SAA:** Social Assistance Act

**SAAG:** South African Auditor General

**SASSA:** South African Social Security Agency.

**SACP:** South African Communist Party

**SAIMAS**: South African Institute for Management Scientists

**SANGOCO:** South African Coalition for Non-Governmental Organisation

**SITA:** State Technology Agency

**SIU:** Special Investigation Unit

**SMG:** State Maintenance Grant

**SOCPEN:** Social Pension System

**SVB:** *Sociale Verzekeringsbank*

**SVR:** Social Insurance Council, Netherlands

**TAYLOR:** Committee of enquiry into a Comprehensive Social Security for South Africa.

**UK:** United Kingdom

**UP:** United Party

**USA:** United States of America

**UWC:** University of Western Cape

**WPISP:** Welfare Payment and Information Service Project

**ZBOs:** *Zelfstanding bestuursorgaan*

# LIST OF TABLES AND DIAGRAMS

**Diagrams**

# TABLE OF CONTENTS

## CHAPTER ONE:
## INTRODUCTION AND METHODOLOGY

This study is aimed at understanding the process of policymaking, policy review and policy implementation, in South Africa, as expressed through the shifts in its income maintenance policy. The focus in this study is on post-Apartheid South Africa's social welfare policy regime as it relates to income maintenance, especially the processes that led to the setting up of the South African Social Security Agency (SASSA), as the institutional framework for the delivery of social grants. A further aim is to track changes in the institutional and policy framework for social security administration from 1994 to 2009. It is important to understand the extent to which changes and shifts in income maintenance policy reflect on the state in terms of policymaking, policy evaluation and adjusting or shifting policies in response to the outcomes of the policy assessments. According to Lindblom (1980:5) "policy refers to a programme of action adopted by a person, group or government or the set of principles on which these are based." Essentially it means that 'policy' has a dual character, being both the normative underpinning of action as well as the programme of action itself. Consequently policy learning or the concept of the learning state refers to 'changes in thinking', not just any change in thinking, but a structured, conscious thinking about a specific policy issue (Kemp and Weehuizen, 2005:3).

A further aim of the study is to understand policy diffusion; ideas; sources of 'state learning' as well as the capacity of the state to 'learn'. We will examine the sources of pressure both within and outside the state that have led to 'learning' and the shifts in policy. For this purpose, we will examine the sources of state information, how the state identifies important changes in the environment that affect the results of its policies and actions that help develop capacity to make adjustments in policy. Embedded in this enquiry of the learning state is the role of the African National Congress (ANC), which has been in power since the end of apartheid, in engineering and steering the policy changes. In addition, it is important to examine the intra-state dynamics (within and between government departments) and civil society engagements that have shaped the post-Apartheid welfare regime in South Africa.

## 1.1 Context of Study

Throughout the course of history, societies have tried to develop mechanisms and policies to try and assist the disadvantaged and poor (Holscher, 2008:114). These mechanisms have been institutionalised to varying degrees in the form of policies, legislation, state bureaucracies and civil society organisations (Holscher, 2008:114). In many countries, South Africa included, these mechanisms take the form of social welfare policies. Kotze (1995:67) suggests that social welfare 'includes all those activities geared towards achieving the highest possible form of independence and natural fulfilment of each of the members of society.' In addition it also involves activities which are designed to enable individuals, families, groups and communities to cope with social problems of challenging conditions (Maqubela, 1997:6).

In the case of South Africa a large portion of the population are either poor or unemployed and thus require state intervention for their livelihood (Pauw and Mncube, 2007:28). For this portion social security provisioning in the form of welfare grants (cash social assistance) is an important source of income (Lund, 1993:22, Bhorat and Leibbrandt, 2001:200, Mac Quenne *et al*, 2002; Van der Berg, 1997:1 and Kruger, 1992:3). In post-apartheid South Africa increasing expenditure has not always been a preferred policy direction (Makino, 2004:8; IDASA Budget Information Service, 2000). In fact, the initial direction in the first years of democracy was a shift away from cash transfers through social grants to a more 'developmental' social welfare approach (Midgley and Tang, 2001).

Developmental social welfare addresses the economic and social dimensions of welfare and seeks to identify social interventions that have a positive impact on economic development (Wilensky and Lebeaux, 1965:139, Midgley and Tang, 2001: 245). Coming into power in 1994, the ANC was faced with the challenge of a fragmented social security system and as such reforms of the social assistance programme have been in an effort to produce safety nets in line with the Constitution (Bhorat, 2001:56). Gray (2006:s56) maintains that the "broader policy context of South Africa's attempted transition to developmental welfare was characterised by competing ideologies". In its pre-election manifesto, the *Reconstruction and Development Programme* (African National Congress, 1994) the ANC committed itself to a social-democratic ideology (Gray, 2006). This commitment was developed through an elaborate consultative process which culminated in the publication of the White Paper for

Social Development (Department of Welfare, 1997), a policy document that has since served as the baseline for all subsequent policies. In parallel to this process, the government also introduced a macro-economic policy—the *Growth, Employment and Redistribution Strategy* (GEAR)—which led to a reduction in social cash assistance for a period of time. As evidence of this, in the six years after its inception from 1995/6 to 2001, the old age grant only kept up with inflation in two years (1997/8 and 1999/2000), resulting in a decline in real terms in the value of the grants in the period (IDASA Budget Information, 2000). The proposition of the GEAR entailed a system of financial austerity as a policy stance to inform fiscal policy, which stood in diametric opposition to the thrust of the government to ensure that efforts were made to lift the poor from poverty by equalising opportunities. What was evident during the period of RDP is that welfare was not treated as a core issue in the RDP as compared to other policy areas such as water, housing and electricity which are also social protection instruments (Van der Berg and Bredenkamp, 2002). Unlike the housing goal of building over one million houses in five years (ANC, 1994: 1.4.2) there was no such target set for social grants. Rather, the welfare policy goal was stated as '... to minimize dependency on the state' (Ministry of the Office of the President, 1994: 3.12.11). However, with the advent of the Constitution in 1996 came a mandate upon the state in accordance with Section 27 that:

> 'Everyone has the right to have access to social security, including, if they are unable to support themselves and their dependants, appropriate social assistance'.

The right has since been read and decided by the Constitutional Court to mean a progressive realisation of the rights in accordance with the resources that are available to the state. The meaning of 'progressive realisation' was discussed at greater length in the case of *Grootboom and Others v the Government of the Republic of South Africa* ([2000] ZACC 14 (21 September 2000) *and Government of the Republic of South Africa and Others v Grootboom and Others* ([2001] [1] SA 46).

Therefore, this competition of ideological stance begs the question what is 'developmental' about the "developmental social welfare approach?" Especially in light of the fiscal policy versus some views like those of the former Minister of Social Development, Zola Skweyiya, who referred to the social grants as a 'trampoline that enables many people in these households to jump over the barriers of economic and social exclusion' (cited in Hassim: 2005: 638); recognising the importance of the social grants to beneficiaries, especially in the

context of unemployment (Hassim 2005:638). Together with Minister of Finance, Trevor Manuel (2004), both key ministers recognised the widespread poverty, especially amongst black women and children.

Along with these efforts and with the conclusion of constitutional negotiations in 1994, the ANC had "to confront the dilemma of redistributing wealth resources in the context of continued provincial control over allocation of financial resources for welfare in which the central government was responsible for coordination and funding but not delivery" (van Nierkerk, 2008:370). The government's initial transformative strategy tasked provinces with managing the implementation, administering grant applications, and making payments (Department of Social Development, 2004). This it did mainly through contracting private companies to pay out social grants. However, with independently elected provincial governments overseeing this process, "priorities and policies varied across the provinces and the national government did not have enough control to ensure efficient and equitable distribution of the social grants" (Pauw and Mncube, 2007:22). In addition, payment through private companies was erratic and irregular. This led to fragmentation of the post-apartheid state and further marginalisation of a majority of South Africans who are dependent on state assistance (van Nierkerk, 2008:362).

In 2000-2002 the government appointed a Committee of Enquiry into a Comprehensive Social Security for South Africa, later named the Taylor Committee after its Chair Vivienne Taylor.  Suffice to say, policy engagement in social welfare policy was and is not only limited to the work of the Taylor Committee. The government since 1996 was already concerned with the nature of the state of welfare in an independent South Africa and thus engaged thoroughly in searches for answers through committees like the Chikane Commitee for the Restructuring of Social Security (CRSS) (1996) and Lund Committee on Child and Family Support (1996) to mention a few. However, the Taylor Commission assumes prominence and is mentioned here because, for the first time in the history of South African social policy, a committee of enquiry's mandate included investigation, policy recommendation and budgeting to cover an integrated set of areas of intervention with the government departments related to the provision of social security. It addressed in particular the national pension system, social assistance grants, social insurance schemes, unemployment insurance, and health funding and insurance.

The Taylor Commission (2002) identified a number of problems with post-apartheid institutional administration. Alderman (1999: 9) noted that there are '...some anecdotes that fraud exists at various levels in [the] social security system.' Van der Westhuizen and Van Zyl (2002: 45) suggested that 'the capacity to deliver [was] a greater obstacle to the rollout of grants than the lack of funds' (Van der Westhuizen and Van Zyl, 2002: 45). In addition to re-fragmentation, the privatisation of social grants payment has resulted in additional problems. The decentralised private payment contract system weakened the capacity of the state to take advantage of the economies of scale and negotiating power that accrue in single grant payout systems; this in turn undermined effective management of information and control (SASSA Annual Report, 2007/08:9). Delays in processing and approving grant applications, and difficulties in accessing payments once approved also undermined the effectiveness of the system [*Kate v MEC for Welfare, Eastern Cape*, 2005 (1) SA 141; *Jayiya v MEC for Welfare, Eastern Cape and Another*, 2004 (2) SA 611 (SCA) and *Director General, Department of Welfare, Eastern Cape Provincial Government and Another v Ngxuza and Others*, 2001 (4) SA 1184 (SCA)].

## 1.2 Motivation for the study

In spite of developments and shifts in income maintenance policy there is a shortage of literature highlighting the political processes that have led to these policy shifts (Makino, 2007). The studies by Seekings and his colleagues (Nattrass and Seekings, 1997; 2001a; 2001b; 2002; Matisonn and Seekings, 2002), Friedman (2002), and Friedman and Chipkin (2001), have been concerned with social security; in particular income maintenance from an economic or technical point of view. Others have been concerned with the impacts of income maintenance on poverty or the fiscal impact of various policy options (Ardington and Lund, 1995; Lund, 1999; Case and Deaton, 1996; Bhorat *et al*, 2001; Bhorat 2003; le Roux, 2002; van der Berg and Bredenkamp, 2002; Samson, 2003; Babson *et al*, 2002; Samson, Mac Quenne *et al*, 2002; Meth, 2002; de Swardt, 2003 and Thurlow, 2003). However, as highlighted by the Taylor Commission (2002), engaging with the political processes leading to social policy and welfare programmes is important.

It is also important because, ultimately, policy sets out both the objectives of governance and the outcomes on which governments are judged (Booysen cited in Venter and Landsberg, 2006: 163). Policy greatly influences the extent of the legitimacy that governments enjoy, and this effect is visible far beyond policy statements. Central to this thesis is the idea that policy is never static; a policy is subject to continual change, as the policy process advances from adoption of the policy through to implementation and actual delivery of services. For example, the legislation for the establishment of SASSA was passed in Parliament in 2004, but the agency only became functional as of 2006; however, prior to this Act coming into existence there were various other policies put through the process of trial and error. Realising this state of affairs, the pursuit of understanding in this thesis is also premised on a clear understanding of Krasner's (1978) cautioning that policy should never be treated as a

> Vector diagram in which a series of pressures are brought to bear on the state which then moves in the direction it is pushed by the strongest societal forces (Krasner, 1978:26).

This makes this study all the more important and interesting because of the uncertainty and inclusiveness of the policy process.

## 1.3 Importance of the research

The 'learning state' is an important concept in welfare policy reform because policymaking and implementation cannot be reduced to a neatly ordered schema (Lamb, 1987:6). As Lamb notes (1978:6), policymaking is often "iterative, haphazard, and a highly political process, in which the apparently logical sequences of decision-making may turn out to be the reverse". This is mainly because state building is a complex affair and a contested terrain; policy learning and making are neither benign nor do they involve the state working in isolation (Sabatier, 1998). Instead the role of citizens, interest groups, international and local forces, political, economic and social forces are important. In the process of state building, society's most complex issues command the attention of the government for solutions, and because of the varying pressures, influences, limited budgets and changing expectations, solutions are rarely permanent (Bennett and Howlett, 1992:279). According to Hugh Heclo (1974:305), "policymaking is a form of collective puzzlement on society's behalf; it entails both deciding and knowing". In this context "policy invariably builds on policy, either in moving forward with what has been inherited or amending it, or repudiating it" (Heclo, 1974:305). For Heclo

(1974), the assessment of previously enacted measures and their socio-economic consequences impacts on policy decisions which in turn impacts on the process of social learning.

According to Balla (2001), state policy-adoption decisions are influenced by information gained in information networks through interactions between states, organisations of state officials, non-governmental organisations and civil society groupings. Embedded in the interactions of these various groups is the role of ideas and knowledge and the impact they have in the process of policymaking (Hall, 1993:225). For the purpose of this study, no assumption is made that such interactions are non-conflictual. Indeed, the assumption is that policymaking is a highly contested terrain. Similarly, no assumption of linear rationality is made about the outcomes; new policies are not inherently more rational or 'better' than previous ones.

## 1.4 Definition of concepts that will inform the research

*Income maintenance:* will be used in this study to refer to the distribution of cash in the event of the interruption of employment, including retirement, disability and unemployment. It will also be used to refer to social grants for children and old.

*Learning state*: is an idea adopted from our readings on organisational learning. This concept will be used in this research to mean 'changes in thinking', not just any change in thinking, but a structured, conscious thinking about a specific policy issue. In this study the specific policy issue being addressed is welfare administration in the form of social grants.

*Policymaking:* is," the process by which governments translate their political vision into programmes and actions to deliver outcomes and desired changes" (Modernising Government White Paper, 1999).

*Policy implementation*: is "the process of putting into effect or carrying out an authoritative decision of government. It puts the objectives of policy adopters into action in effort to accomplish desired results" (Bowman, 2008:1).

*Policy review:* is the "ongoing assessment of results and impacts of policies with a view to affect policy change in order to adjust policies and implementation initiatives so that strategic objectives and anticipated outcomes are achieved" (de Coning, 2008:78). Policy review is

and should always be an inherent objective in 'every' policy formulation and analysis in order for there to be the adoption of preferred policy options.

*Social Welfare:* 'includes all those activities geared towards achieving the highest possible form of independence and natural fulfilment of each of the members of society.' (Kotze, 1995:67) In addition it also involves activities which are designed to enable individuals, families, groups and communities to cope with social problems of challenging conditions (Maqubela, 1997:6).

*State:* It is important to address the problem of reified discourse, since we are according an entity called 'state' human capabilities. For the purposes of this study, 'state' is understood as a cluster of inter-related socio-political institutions which have the monopoly of collective and coercive power as it commands attention from the civil society (Mohiddin, 2007:12). In addition we use "state" to refer to policy makers within the context of the state beyond the particular individual or cohort of policy makers (Lindblom, 1980:15). As such the concept of the state will be used as a collective noun for human agencies as opposed to one actor or an inanimate institution.

## 1.5 Goals of the Research

The overall goal of this research is to assess the capacity of the 'state to learn', as expressed through the shifts in the policy and institutional framework on social welfare in South Africa. The research is designed to address the following:

(a) To map the changes in the system of the social grants administration since 1994. In the context of this overarching objective, we are concerned with sources (within and outside the state) that contribute to shifts in policy and the institutional framework on social welfare in South Africa.

(b) To assess the responses and processes within the state that result in policy shifts, and the extent to which these can be considered dimensions of state learning.

(c) To assess the power of knowledge and ideas in the policymaking process, as expressed in the changing framework of welfare administration.

(d) To examine what happens when a 'state' changes its mind and the processes involved in turning new ideas into policies and law.

(e) To assess the influence of non-state agencies/actors in policy contestation and learning processes.

## 1.6 Research methods, procedures and techniques

The main empirical focus of the thesis was the South African Social Security Agency (SASSA); which is used to address some of the main and subsidiary goals of the research. The study is based on qualitative data. The primary research techniques were content analysis and in-depth interviews.

The study was primarily based on an in-depth analysis of historical and other documents consisting of government and non-government documentation on social policy; policies on welfare and documents from which instances of state learning could be extrapolated. These documents included publications by the government, civic-organisations; non-governmental organisations including political parties and think tanks as well as groups tasked by the government to undertake research that informs policies on the welfare regime in South Africa.

Furthermore, data for analysis was also obtained from parliamentary debates, green and white papers on social welfare, ANC party documents, presidential task force papers, newspapers, magazines and court judgments. These primary government documents were obtained from the Department of Social Development Library; research participants and the internet. Some of the historical documents of the ANC were obtained from the **University of Witwatersrand Cullinan Library** and **University of Cape Town African Studies Library**. We also spent the period from April 2009- August 2010 doing internet searches for newspaper articles that reported on the developments of income maintenance policies in South Africa, problems with the social grant administration, media publications by Ministers or any other influential figures in policy circles and the responses of the public to these problems.

The research was primarily exploratory. It aimed at finding instances of learning and understanding occurrences of learning in the process of policymaking related to social income maintenance policies in South Africa from post-Apartheid to about 2009/10. This was done by gathering as much information as possible on the problem of 'state learning.' The

data capturing process was more focused because we made use of the single case study method. Making use of the case study method allowed the investigator to concentrate on specific instances in an attempt to identify detailed interactive processes which may be crucial, but which would have been invisible in a large-scale survey. Further, the case study provided a three-dimensional picture of the matter under investigation by better illustrating relationships, structural political issues and patterns of influence within the context of policymaking and learning (Remenyi, 1996). Alasutaari, *et al* (2008: 214) maintain that the *raison d'être* of case study is deep understanding of particular instances of phenomena. It focuses on issues of greater complexity, such as policy implications; which is an area of interest in this research. The case study was informative about state learning. This is because the method goes beyond a mere assessment of demographics and statistics, to the views and personal experiences of various individuals who were/ are involved in the policy making, implementation, evaluation and decision making stages of welfare policy and its various constellations.

In this vain; Yin (1981) and Winegardner (2004) are in agreement on the opinion that when the goal for research is to understand rather than to predict; to interpret rather to manipulate the phenomenon to be studied, the case study is said to answer the how and why of research. Furthermore, the case study lends itself well to the process were the aim of the researcher is to interpret and to inductively develop constructs. Also according to Stake (1994) the case study method is appropriate when detailed information on a particular case in context is sought and when the goal of the researcher is to describe and understand human complexities within that particular context. Bassey (1999:30) notes that in the case study, issues are indicated, discovered or studied so that a fairly deep understanding is possible. He further argues that:

> For the case study this is particularly important in that sufficient data are collected for the researcher to be able to explore significant features of the case [and] that another essential feature is that the study is conducted mainly in its natural context (Bassey, 1999:44).

For example, inquiry into the social phenomenon of policy evaluation *may* benefit from counting the number of policies introduced, number of reports, and the debates, comparing the current from the past. But this is not enough for deep understanding. In as much as such data can be generalized. Grasping how welfare policy was made in South Africa and the people involved in the process required an understanding of various socio-political factors,

including, understanding the contextual underpinnings and nuances of the policy process (quantitative projections tend to destroy the meanings and innuendos and nuances of processes). Furthermore, it required one to understand the personal perspectives/ proclivities of those involved in the process, because they were able to provide rich contextual material rather than just looking at the wording or counting of policy documents, green papers, white papers and various portfolio committee reports. This is because policy-making is a process that is co-constructed by the people who participate in it; their experiences, beliefs and values that needed to be studied in order to understand the meaning of policy, both in the past context as well as its present contextual implications and underpinnings.

Contexts, circumstances and their effects on each case may provide a fuller picture of the larger phenomenon under study (Alasutaari, *et al*, 2008:217). The case study method provides a profound respect for the complexity of social phenomenon, because it leans towards an interpretivist approach; it encourages the researcher to be alert to patterns of activities and the variety of meanings that participants ascribe to their experiences. According to Alasuutari, *et al*, (2008:217), "contextuality is an aspect of dynamism and complexity of a case. Case study researchers recognize that cases are shaped by their many contexts- historical, social, political, ideological, organizational, cultural and philosophical." In line with this, one can say that, policy can be subjective, and may be influenced by the political parties of the day, with this realization it becomes essential at this point to analyze, who in the political arena has a direct influence on politics, how they become a determining factor and to what extent policies stem from these unclear relationships. This is relevant in the case of South Africa, were the ANC has been in power for 15 years and reports in the media and studies done have shown how policies are first suggested at the national conferences of the ANC, which are then later debated in parliament, until they become policy and later become legislation that is enforced by every sector.

In as much as this method was useful to gain insights and thorough understanding of the phenomenon of policy-making; this method was not without its limitations. The method was time consuming and extremely involving, because the investigator had to ensure that she recorded and detailed every event. According to Bell (1999) there is no room for generalizations because a case in point is not representative of the whole. Hence, the case study in this research was  not meant to produce standardized set of results, but to produce coherent and illuminating descriptions of phenomenon in a situation based on and consistent

with a detailed situation. That is the reason why this research was both exploratory as well as descriptive.

In support of the case study method we used content analysis to understand all the information that had been gathered. Content analysis is 'any technique for making inferences by systematically and objectively identifying special characteristics of messages' (Holsti, 1968: 608). This method was important within the context of this research to allow for one to draw inferences of state learning in South African in the process of policy making regarding the changing institution of social security.

In addition to documentary analysis through the use of content analysis, key informant interviews were also conducted in June, July and August 2010 with some Director Generals Social Grants and Social Welfare in the Department of Social Development; Directors General Grants Administration, SASSA and key officials at SASSA; one ANC member and University lecturers who were influential and still remain drivers of the social policy and state learning process that was under investigation here. This entailed the use of semi-structured interviews to further augment and clarify the information collected from the documentary sources. For the purposes of this study there were a limited number of informants, because the study also relied heavily on the use of documentary data.

Further, it was important to add an interpretive and inductive thrust to the analysis of the research material. Our intention was to extrapolate if learning has occurred? How it has occurred? Who has driven the process of learning? And if there is an understanding that the processes of policymaking and policy change are in fact instances of learning. As such it became important to understand the meaning that various drivers of policy make of the phenomena. Their understanding of the phenomena that we have termed here 'state learning' helped us to easily identify some patterns of meaning that emerged. Also hearing their view on the question assisted to also infer certain issues concerning the nature of policymaking for social welfare, and social grants in particular. By listening to their personal opinions the researcher was able to understand both the richness of the policy process, but at the same time to understand the underlying tensions both within and outside of government.

## 1.7 Ethical considerations

Honesty, openness and accountability were the guiding ethical pillars in this research. Where interviews were conducted, the purpose of the interviews was explained to the participants. Furthermore, participants were made aware of the research objectives and the fact that the research falls under a project on Transformative Social Policy, administered at Rhodes University, by Professor Jimi Adesina. Furthermore, prior to the interview process participants were emailed a copy of the question in advance to allow them to turn down the offer to participate in the research upon reading the content of the research questions. After such process every interview proceeded on the premise of informed consent having been obtained. However in cases when private information was shared or where participants requested to be anonymous, such confidentiality was respected and maintained at all times during the research process (Babbie & Motoun, 2001:527; Kumar, 1996:113-114).

## 1.8 Thesis Outline

Chapter 1: **Introduction**

This chapter has set out the background to the thesis, as well as the methodology, methods and research techniques that were employed in the thesis.

Chapter 2: **Literature Review**

The chapter will provide an analysis of international literature on policy-making as state learning. The discussion will also entail an analysis of policy-making in international circles as well as policy-making in South Africa with the purpose of drawing out the nature of what we will call and study as 'learning'.

Chapter 3: **Agentification**

This chapter attempts to contextualises the rationale behind the establishment of agencies in general in order to locate within this, the context of developing SASSA as a supposedly "one-stop shop" delivery agency for social security benefits in South Africa.

Chapter 4: **History of welfare reform in South Africa**

This chapter will attempt to highlight some of the policy contexts within which reforms in the institutional and administrative system of welfare provision have taken place

Chapter 5: **The Institutional and Administrative Framework for social security in South Africa.**

This chapter aims to discuss the challenges to the institutional/ administrative/delivery system for social assistance in South Africa. Discussing these challenges is important in order to better assess the shift from decentralised, to centralised social security delivery mechanisms.

Chapter 6: **The dynamics of establishing SASSA**

This chapter details the reform process for the establishment of SASSA. Importantly it deals extensively with the goals of research outlined in Chapter One. In order to understand the reform process, the chapter relies heavily on key informant testimonies in order to give depth to the discussions in Chapters Four and Five. It also details the move from decentralisation to centralisation.

Chapter 7: **Conclusion and Recommendations**.

Links the several chapters in this thesis and answers the question of whether South Africa is a 'learning state' or not. It also highlights some of the issues that came out from the research process that have implications on the South African state in general and its capacity to learn.

# CHAPTER TWO:
# CONCEPTUALISING THE 'LEARNING STATE': A LITERATURE REVIEW

## 2.1 Introduction

In this study the concept of the 'learning state' is meant as both the conceptual and analytical framework. The concept is based on the idea of organisational learning in the public sector as well as policy and/ or social learning. As will be shown in this review the concept of the 'learning state' has yet to be used in the study of government policy reforms in the discipline of sociology, therefore, definitions will be drawn from various other disciplines: Psychology, Social Policy and Political Science. State learning is an important concept in the study of welfare policy reform, understanding that policy-making and implementation cannot be reduced to a neatly ordered schema (Lamb, 1987). As Lamb (1987:6) notes "policy-making is often iterative, haphazard, and a highly political process, in which the apparently logical sequences of decision-making may turn out to be the reverse." This is mainly because state-building is a complex affair and a contested terrain; policy learning and making are neither benign nor do they involve the state working in isolation (Sabatier, 1998). Rather; the role of citizens, interest groups, international and local forces, political, economic and social forces are crucial. In the process of state-building, society's most complex issues command the attention of the government for solutions, and because of varying pressures, influences, limited budgets and changing expectations, solutions are rarely permanent (Bennett and Howlett, 1992: 279).

These state building exercises and processes invariably lead to the reform of government policies, in order to meet the various pressures from within and outside of state institutions. As we will show in this review these processes of policy reform involve learning for the state, either from itself or other countries and institutions. According to Hugh Heclo (1974:305), "policy-making is a form of collective puzzlement on society's behalf; it entails both deciding and knowing." In this context "policy invariably builds on policy, either in moving forward with what has been inherited or amending it, or repudiating it" (Heclo, 1974:305). In light of these brief introductory remarks this chapter aims to review both international and South African literature on state learning in its different forms. Further, we will analyse the international literature on policy-making as state learning. This will involve an analysis of policy-making in international circles as well as policy-making in South Africa with the

purpose of drawing out the nature of what we will call and study as 'State Learning' in this thesis. This will be applied to post-Apartheid South African welfare regime, in particular the establishment of SASSA as a mechanism for the delivery of social grants.

However, it is important to highlight at this stage that our abstraction of the study was not carried out at the lower stage of policy learning, were we would have merely focused on agentification and other theories relating to the agency relationship. But our intention as we will attempt to show is to introduce the concept of state learning as a viable theory in the study of policymaking. Further we will also attempt to test the efficacy of using such concept in the study of policy making and understanding the various cycles of policy change.

## 2.1.1 Defining the State

For the purposes of this study, "state" is understood as "a cluster of inter-related socio-political institutions which have the monopoly of collective and coercive power as it commands attention from the civil society" (Mohiddin, 2007:12). In addition we use "state" as a proxy to refer to policy makers within the context of the state beyond the particular individual or cohort of policy makers (Lindblom, 1980:15). As such the concept of the state will be used as a collective noun for human agencies as opposed to one actor or an inanimate institution. However, it is important at this stage to address the problem of reified discourse, since we are according an entity called 'state' human capabilities. As mentioned above 'state' refers to policy makers within the context of the state beyond the particular individual or cohort of policy-makers. This is because the organisation called 'state' is not a single, coherent entity; it includes a plethora of organisations, individuals, departments, agencies, councils, assemblies, and networks. Furthermore, the state is filled with people who are administrators and non-administrators, which means that the state is not an impersonal entity, although it might come across as being one.

## 2.2 THEORETICAL REVIEW OF THE 'LEARNING STATE'

## 2.2.1 Learning conceptualised

Learning state is a variable of Organisational Learning theory. Learning is conventionally said to occur when individuals assimilate new information, including that based on past experiences and apply it to their subsequent actions May (1992:332). In psychology, it is defined, as the revision of cognitions and beliefs as a result of the transformation or recoding of information based on the observation and interpretation of experience (Anderson, 1995; Bowler, 1975). Furthermore, learning emphasises the importance of cognition and the redefinition of interests on the basis of knowledge which affects the fundamental beliefs and ideas behind policy approaches (Stone, 2004: 545). Learning has also been defined by specialists in Development Studies as being commonly associated with a change in how we understand and interpret the reality surrounding us (Carlsson and Wohlgemuth, 2000:8). Carlsson and Wohlgemuth (2000:8-9) note that learning "is not a purely intellectual phenomenon, but a process which is linked to a change of practice." Furthermore, they also highlight that learning does not only involve an identification of a problem and proposing a solution. Instead for learning to be said to have occurred the solution must have been put into practise (2000:9).

It is important to highlight from the beginning that there is an inherent internal diversity and contest in the nature of state policymaking of both agencies and actors to such an extent that knowledge, beliefs and ideas may not be commonly shared. Instead those who have higher capacity to impose their position or belief will triumph at one point and impose their solution to what they consider to be the problem. At each point there will be diversity of opinions on the nature of the problem; source of learning; ideas that are considered credible; the solutions not simply considered as being available but prudent and the implementation strategies. In other words the power dynamics within the state are central to policymaking and shifts in the state learning process.

With this in mind, the concept of the 'learning state' as used here refers to changes in the state of knowledge (Lyles, 1992, 1988), and involves knowledge acquisition, dissemination, refinement, creation and implementation. It concerns the ability to acquire diverse information and understanding so that this knowledge can be exploited (Fiol, 1994: 404), and the ability to develop insights, knowledge, and to associate among past and future activities (Fiol and Lyles, 1985, p. 811). Bierly, *et al* (2000: 597) define "learning as the process of linking, expanding, and improving data, information, knowledge and wisdom". Organisational knowledge is stored partly in individuals in the form of experience, skills and

personal capability, and partly in the organisation, in the form of documents, records, rules, regulations and standards; which is crucial to the question of institutional memory. (Weick and Roberts, 1993). Part of knowledge between an organisation and individuals is complementary and part of it incongruent to each other's belief systems. Institutional memory maintains the organisational knowledge base, acts as the foundation of knowledge accumulation and creation, and reflects the absorptive capability of organisations. . Consequently, Huber (1991) proposes that 'an organisation learns, if through procession of information, the range of its potential behaviour is changed'.

Similarly, Olson and Peters (1996:4) emphasise "the ability to detect and correct errors and thereby to improve the functioning of systems". In these and other definitions, based on the psychological and organisational learning literature, the emphasis is on widening the repertoire of potential behaviour, not on actual behaviour. This distinction between ideas and policies is also present in Heclo (1974:306), who defines policy oriented learning as "relatively enduring changes in thought or behavioural intention that result from experience and/or new information concerned with the attainment or revision of policy objectives". Hall (1993:278) broadens Heclo's view that learning is limited to 'intention' by indicating instead that beyond intention there is 'attempt'. This is seen in his definition of policy learning as "a deliberate attempt to adjust the goals or techniques of policy in light of the consequences of past policy and new information" (Hall, 1993:278). In his view it means, learning is indicated when policy change is the result of such a process.' The extension of Heclo's (1974) view is important because intention is often associated with what the individual 'has in mind' in doing something. Attempt is an active effort to bring something to effect; which is often seen in policymaking processes-especially when the original aspects of legislation are dropped because of opposition or negotiation.

Policies change in many different ways. Some are new innovative and others represent abrupt departure from previous ones; others are incremental refinements of earlier policies (Hogwood and Peters (1983). Why polices change is not a well understood concept. Until recently the major explanation for this phenomenon was grounded in the belief that public policies, like other state actions, are influenced by 'societal pressures' (Bennett and Howlett, 1992:285). This idea has been rejected because it presupposes a passive government whose actions are driven by social pressures and conflicts (Jenkins-Smith, 1993; Hall, 1993; Heclo, 1974). In other words, it sees the impetus for policymaking as exogenous to the state itself. In articulating this objection Walker (1974:3),

observed that 'it is doubtful that the development and behaviour of great public bureaucracies can be understood if they are conceived of as exclusively passive or defensive agencies reacting to influences flowing into them from outside their boundaries and gaining power only as a reflection of the size or influence of their immediate constituencies'. He contends that an important source of influence of civil servants; consultants and other policy specialists is their ability to shape the intellectual premises and performance measures employed by policy-makers (Walker, 1974:3).

The same is true of the processes of reforming welfare policies. According to Hemerijck and Visser (2003: 8), "welfare reform involves a system-wide search for a new, economically viable, politically feasible, and socially acceptable social and economic repertoire." Having this mind we may take the occurrence of reforms as an indicator that learning may have occurred, but, as will be shown in this thesis, this needs independent verification.

In light of the above, we define learning operationally as a change of ideas or beliefs, skills or competences as a result of observation and the interpretation of experiences. However, the 'change' need not be change of the underlining belief or ideology because it could, for example, be a shift in beliefs involving a refinement without a fundamental shift in ideology. Such ideational changes should be 'relatively enduring' (Heclo, 1974:306) in order to count as instances of learning (Anderson, 1995:4). Ultimately then, we say that, 'Learning State' or 'policy learning' highlights 'changes in thinking', not just any change in thinking, but a structured, conscious thinking about a specific policy issue (Smith, 2004: 1-2). It is important to also highlight that learning is not only limited to that, but also includes instances of unconscious learning that are only identified upon articulation. This is relevant because of the nature of the entity being dealt with here: 'state' which is not an impersonal entity, but one constituted by agency and actors.

## 2.2.2 The Subject of Learning

Hall (1993) posits that the question of who learns is intimately related to the larger theoretical debates surrounding the role of the state in the public policy process. In these debates the first argument is that learning takes place solely during the process of intra-governmental stages of policy cycle, which goes hand-in-hand with theories of state autonomy (Hall, 1990: 3). Secondly, learning in government can be conceived as a response to the imperatives which emerge in the societies they govern: the significant actors here will be societal actors who create the conditions to which state actors must respond (Hall, 1990: 3-4; Heclo, 1974:306). Accordingly, Heclo

(1974:305-306), in light of this debate argues that; learning is driven by social forces, as such "policy change is the natural by-product of; economic development,  the outcome of popular electoral control of leaders and party competition, the result of interest group pressures or the emergence and growth of administrative expertise." Heclo (1974:308), proposes that the subject of learning "are political actors who are capable of influencing policy change- the 'middlemen' at the interfaces of various groups who have access to information, ideas and positions outside the normal run of organisational learners". Policy middlemen then seem to be key actors in the process of political learning and resulting policy changes. They also seem to be the transmission belt by which changes in the socio-economic environment are transmitted to government. However, Heclo (1974) can be faulted for not clarifying who exactly qualifies as a political broker and what qualifies them for that position.

On the other hand; Howlett and Bennet (1992:280) contend that Sabatier (1992) refines many of the notions utilized by Heclo as he attempts a marriage of interests-based and knowledge-based public policy theory. Sabatier (1992) adopts Heclo's (1974:305) definition of learning as involving "alterations in policy relevant behaviour caused by experiences". He argues that a particular kind of policy subsystem, 'the advocacy coalition' is the agent of learning (Sabatier, 1988; 1992). These advocacy coalitions are said to consist of both state and non-state actors. Included here are actors at various levels of government active in policy formulation and implementation as well as journalists, researchers and policy analysts, and activists who play a role in the generation and dissemination of policy (Sabatier, 1988:31). For Sabatier the agent of learning is the policy network.

Another view is proposed in, Hall's (1993) approach which includes both state and societal actors as the predominant agents of learning. He argues that "state autonomy from societal forces is the condition which allows policy formulation to be characterised by learning rather than conflict" (Hall, 1993: 15). The principal agents of learning in his view are 'the officially- sanctioned experts' operating in a given policy field. However, it is noteworthy to highlight that reading the work of Hall (1993) one is left with a question about the relationship which exists between these officials and the public or between the state and society? This is an important question when trying to understand both the policymaking process and the causes of these changes in policy, because there is a significant distinction in the policy continuum from society to political society and then to the state. Hall (1993), however, seems to share several elements of Sabatier's (1988) focus upon the pivotal role played by policy subsystems in the learning process, but without an explicit recognition or description of the actual subsystem responsible. This research will try and analyse

all these conceptions of learning to decipher the subject and/ or the agents of learning in the context of welfare policy-making in South Africa.

## 2.2.3 The Object of Learning

Bennett and Howlett (1992:283), suggest that, Heclo (1974) argued most strongly that the policy process should be viewed more as one of learning rather than as a process of conflict resolution, so that what is learnt is policy itself. It seems that from Heclo's (1974) work what is learnt, are the experiences of other jurisdictions. His view is limited in focusing on 'one' jurisdiction which is only one of many sources of learning. Learning in one jurisdiction can be emphasised, especially when it follows the failure or unintended consequences of previous policy. Nonetheless, though Heclo (1974) is quick to argue that learning is not simply about information and analysis, he also assures us that power does matter, and policy middlemen learn not only about what has been done by past government efforts, but also about how it was done. Thus he provides an analysis of the nature of political processes and institutions which actually adopt policy.

Sabatier (1988) on the other hand argues that learning is not so much about organisations as it is about ideas. He argues that the glue that holds together advocacy coalitions is 'deep core beliefs' held by their members (Sabatier, 1988:144). Sabatier, (1988:146) further argues that these coalitions are relatively impermeable to change, meaning that coalitions are not usually involved in their alteration. In his view policy-oriented learning, therefore, generally involves the following: improving one's understanding of the state of variables defined as important by one's belief system; refining one's understanding of logical and causal relationships internal to a belief system; and identifying and responding to challenges to one's belief systems (1988:150-151). In view of this one has to keep in mind that, the problem with Sabatier's (1988) position is to be impervious to endogenous learning by the coalitions themselves.

 Hall (1993) has a different understanding of who learns. He has an elaborate conception of what is learned in the process of social learning, a conception which is quite similar to that of Sabatier (1988). However, Hall's (1993) conception of the object of learning is much broader than that of Sabatier (1988; 1992); extending to the goals of policy makers. Hall's (1993) approach renders an attractive framework for empirical research. In this study we have summarised Halls' understanding of social learning at greater length.

As will be shown below the concept of learning, especially as it relates to organisations and the state is conceived by different schools of thought in various ways. For our purpose we will examine two, organisational learning and policy learning. Suffice to highlight that systems approach could have also fit in as an approach here. As will be shown organisational learning and policy learning are theories preferred to Systems Approach among other things, because it is excessively functionalist and does not take into account the broader context organisations (Webster, *et al*, and 2003:30); its assumption of linear rationality also makes it unsuitable.

## 2.3 APPROACHES TO LEARNING

## 2.3.1 Organisational Learning

Organisations are said to learn if knowledge based on past experience is incorporated in organisational skills, procedures and cultures (Corlsson & Wohlgemuth, 2000:9). The process of learning in organisations reflects organisational interests, structures, functions and decision-making contexts (Vince and Saleem, 2004:135). According to Simon (1997:2-3), it is the process by which an organisation gains new knowledge about its environment, goals and processes. Simon (1997:3) posits ways in which organisations learn: (1) individuals within the organisation learn some new fact or procedure, (2) the organisation 'ingests' outsiders with knowledge not already in the organisation, and (3) the organisation incorporates new knowledge into its files and computer systems. As a broader organisation the government also learns. Vince and Saleem (2004:135) argue that: "Organizational learning therefore is seen as both a social and a political process." It happens with and through other people. It is relational by nature, and therefore there is a likelihood of conflict (Gherardi, *et al*, 1998). Leeuw, *et al*, (1994: x) defines organisational learning as the 'process of detecting and correcting error' and states that evaluation is a key to organisational learning in the public domain.

However, despite general agreement that organisations can learn and that learning is essential for organisational survival, there is contention about some fundamental questions: who learns organisations or individuals in organisations? What do they learn? And why do organisations learn? To try and answer this we say that, Organisational Learning (OL) is not simply an aggregation of individual learning nor does it occur in the absence of individual learning.

Simon (1997:228) contends that an organisation's collective knowledge (both facts and procedures) is composed of two subsets, knowledge in the minds of its individual members and knowledge in its files and records. As such he concludes that organisational learning is how an organisation acquires knowledge (Simon, 1997:228). Another view is that of Agyris (1992) who states that learning occurs when, an organisation discovers that; its actions have either led to an intended outcome. Or when the organisation identifies and corrects a mismatch between intended and actual outcomes. It is it important to know from the beginning that it is the actions that are performed by individuals in organisations that lead to learning; but it is the organisation that develops. Furthermore, answers are also found in interactions between an organisation and the public domain. The influence of the public domain is that it is constituted by diverse external sources to create a public discourse within which stakeholders, the government organization and politicians all look for collective choices that can command public consent. Ransom and Stewart (1994) argue that many problems facing the public domain are those that typically have no simple solutions, making learning in public organizations all the more important.

Organisational learning is important in clarifying what we are terming 'learning state' as will be explained here. In support of our concept of the 'learning state' some scholars have produced arguments about public sector policy learning that can be imported to clarify what we are deeming an occurrence of learning. The starting point is an understanding that a simple transposition of the private sector work on OL cannot be read across to government sector departments and agencies. As Warwick (1975: 204) commented at a more general level:

> It is not enough to unpack a briefcase with concepts and measures developed in other settings, unload them in a public agency and expect them to encompass all of the worthwhile reality to which they are exposed.

Yet Bozeman (1987) points out that in many senses all organizations are public, and that arguments for the distinctiveness of public and private organizations are often overdrawn. Like large companies, government agencies are 'public' in many aspects of their business, respond strongly to external stakeholders (such as the media, market analysts and major investors) and cope with legal, economic and environmental regulations (Bozeman, 1987). This is an agreeable argument that governments like private organisations also have a massive influence exerted on them by various external stakeholders and various regulations, so the question is whether this

conception can safely be used to analyse the viability of the conception of a state as learning entity?

This was exemplified by the work done in the UK. The 1999 government White Paper on Modernising Government famously proposed that 'the public service must become a learning organization' (National Audit Office, 1999:56). The clear intention of the ministers was to signal that OL would play an important part in a 'continued drive for responsive, high-quality public services' (Auluck, 2002:109). But of course 'the Public Service' is not (and cannot be) a single organization, nor could it remotely learn in a standard way. McNabb (2007:126-7) defines a learning organization as one that is inherently agile: 'one that is quick to identify, digest and apply the lessons learned in its interactions with its environments. For public-sector organisations, this involves developing innovative solutions to the constantly changing legal, political economy and social environment. In similar vein, Common (2004:38) argues that:

> In the public sector [organizational learning] can be regarded as the ability of an organization to demonstrate that it can learn collectively by applying new knowledge to the policy process or innovation in policy implementation. Implementation also involves learning, through piloting innovative services and structures. It is also argued that organizational learning can improve the policy-making capacity of government, whereas policy learning helps to explain what is learnt beyond the confines of government, and how it is learnt.

Therefore, 'organisational learning is both a social and political process (Vince and Saleem, 2004: 135). Beyond organisational learning, on a wider level, governments and policymaking communities also have specific methods of learning that are detailed in policy learning theories. Therefore, organisational learning feeds into conceptions of policy learning that will be discussed below.

## 2.3.2 Policy Learning

Unlike organisational learning policy learning occurs when policy makers adjust their cognitive understanding of policy development and modify policy in light of the knowledge gained from past experiences (Stone, 2004). Bennett and Howlett (1992) distinguish three kinds of policy learning: government learning, lesson-drawing and social learning. Simon (1997) highlights that government learning (Etheredge, 1981), like organisational learning,

involves an increase in intelligence and effectiveness. What is questioned in such type of learning is not the policy instrument or the programme goals instead their implementation is what comes under scrutiny. Lesson-drawing involves a broader set of actors-policy networks that learn about the effectiveness of possible policy instruments in achieving the desired goals (Rose, 1993). Again programme goals remain unquestioned. What is questioned is the best way to bring about the desired results. Finally, social learning involves an even broader set of actors, both inside and outside government, and challenges the beliefs and values that undergird policies in question (for example, public versus private provision of social services) (Hall, 1993). As a result, what emerge from social learning are shifts in policy paradigms.

Peter Hall's (1993) [see also Bennet and Howlett, 1992; Deutsch, 1963; Etheredge, 1981; Heclo, 1974; Olsen & Peters, 1996 and Sabatier and Jenkins-Smith, 1963) model of different orders of 'social learning' and paradigm shift is an influential approach to organisational learning. Departing from a state-centred institutional focus, Hall's (1993) idea of 'social learning' becomes even more relevant and attractive; it takes into account the manner in which societal developments outside the state have bearing on policy and how ideas can link the state, civil society and by extension, international organisations. Hall (1993) borrowed from Hugh Heclo (1974)  the idea of policy learning and the view that policy actors are involved in the 'puzzling' or 'powering' of knowledge whereby '...much political interaction has constituted a process of social learning expressed through policy' (Heclo, 1974:305-306). Therefore, learning occurs when policy-makers adjust their cognitive understanding of policy development and modify policy in light of knowledge gained from past policy experience. The idea of policy learning is then informed by an understanding of policy failure providing impetus for placing new ideas on the policy and political agendas (Kemp and Weehuizen, 2005:6-7). With increasing policy failures greater interest is shown in alternative ideas and 'politicians will have particularly strong incentives to seek out and embrace ideas that challenge the policies of their opponents' (Hall, 1990:73, see also Skogstad, 2007). Hall (1993) utilises an instrumental definition of learning arguing that learning serves the object of better goal attainment by governments.

According to Hall (1993:280-290) there are three orders of learning: first, second and third order. The first order change involves 'satisficing' and minor adjustments in the precise settings or policy instruments. Second order learning is characterised by re-tooling, limited

experimentation and introduction of new policy techniques. This involves more obviously political and strategic factors (Hall, 1993:280-281). Changes at these two levels are characteristic of normal politics. "Normal policy making" is characterised by "incrementalism" and "bounded rationality" (Hall, 1993:283-284). Third order change[1] involves a radical shift in the 'hierarchy of goals and sets of instruments employed to guide policy' (Hall, 1993:284). This order of change involves significant departures in policy on the basis of a completely different conceptualisation of policy problems.

Hall (1993:287-289), exemplifies his argument through an analysis of the shift from Keynesianism to monetarist macro-economic policy in Britain. Keynesian economics in the post World War Two era was the 'prism' through which political actors saw the economy as well as their role in the economic sphere (Bradshaw, 1992). However, unanticipated developments such as stagflation could not be explained within the prevailing paradigm or curtailed with the usual policy devices (Bennett and Howlett, 1992: 10-15; see also Skogstad, 2007:1-2). "By the mid-1970s, the theoretical framework and its chief proponents were increasingly discredited by the seemingly intractable nature of problems. A new range of actors entered the policy fray as conflict over the appropriate course of action widened. In the absence of consensus and in a highly competitive context expertise acquired a politicised character" (Hall, 1990:68). The decay of the Keynesian framework led to a multiplication of economic commentary or what Hall (1993:287-288) refers to as an expansion in the 'marketplace in economic ideas' with contributions from the media, polling organisations, as well as more specialised groups such as consultancies and research institutes. In the confrontation between Keynesian and monetarist ideas in Britain social scientists were divided on the validity or superiority of either paradigm. Consequently the paradigms were judged in political rather purely scientific terms (Skogstad, 2007:1-2). One has to note that this decline of Keynesian economics was quite rapid and was facilitated by the rise of conservative political parties in the US, UK and Europe. This led to the rise of New Public Management (NPM) which insisted on deploying market principles in public administration.

---

[1] The role of organised interests such as business associations, trade unions and promotional groups should be considered, particularly the manner in which they have a capacity to perceive policy failure and redefine interests. Such groups have significant capacities to 'puzzle' in their own right and recognition of this capacity is all the more important in policy settings where such groups may be incorporated into policy formulation and/or implementation (Stone, 2000: 11).

Keeler (1993:433-436), in his work on extraordinary policy-making provides a critique of a component of Hall's (1993) work on incrementalism by illustrating the inadequacies of an incremental approach to decision-making. At issue in his work are the factors that lead to the opening up of "macro-windows" which provide opportunities for profound policy changes (Keeler, 1993:433-436). The first factor is the achievement of a large, first time victory in an election (Keeler, 1993: 444). This promotes the belief that the public demands far-reaching policy change and thus mandates the new government to act. According to Keeler (1993:437-8), "the governing party in such a case is propelled by both a large majority in the legislature and by strong pressures from people inside the party." Booysen (cited in Venter and Landsberg, 2006:168) concurs with these views and notes that incrementalism provides decision makers with much less scope for evaluation and action because of limited alternatives.

These alternatives may only differ marginally from the existing policy, because new policy is constrained by all that preceded it, but interestingly it could also involve a fundamental rupture in policy direction. The rise of Neoliberalism is a case in point. Policy in such cases therefore has a remedial and corrective effect. According to Anderson (1997:11), incrementalism seems to only be applicable to policy-making in periods of policy succession than times of policy innovation or termination. As such this explanation does not provide a case for situations where there is a complete change in policy (Lane: 1990:7). Suffice it to say that; policy options have almost always been developed by 'epistemic communities' allied to the new governing party and spent the years leading to the electoral victory developing and merchandising the alternative policy instruments. For example in South Africa, there was certainly quite a conscious 'preparing to govern approach to policy formulation outside of government.' What this raises, again, is how we understand policymaking and the role of extra-state entities, including think-tanks and policy workers in pushing particular policy instruments that are subsequently adopted by the party when it begins to govern.

Therefore, despite criticisms Hall (1993) extends his work on policy learning in the concept of "social learning" which is defined as "a deliberate attempt to adjust the goals or techniques of policy in response to past experience and information" ( Hall, 1993:278). The definition denotes in essence that policymaking is a process by which policy makers attempt to understand why certain initiatives may have succeeded whilst others failed. As such learning

is said to be present when policy changes as a result of such a process.[2] More precisely, as King and Hansen (1998:78) note, the concept of social learning "contains three elements. The first is the presence of intellectual manoeuvrings as a component of the policy making process" (King and Hansen, 1998:78). The second element is "the reaction to previous policy: a process of learning may be said to occur when policy makers respond to failures of a past policy, draw lessons from experience and incorporate these into the making of new policy" (double loop learning Agryis and Schön, 1978). Finally, the model reserves a place for "experts specialising in specific policy areas and working in relative autonomy from politicians and social pressures" (King and Hansen, 1998:78). As such, social learning involves a broad set of actors, both inside and outside of government, and requires challenges to beliefs and values that undergird the policies in question (Bennett and Howlett, 1992:276).

According to Deacon (1999:18), it is not automatically the case that learning will be institutionalized in the programmes and policies of organisations or governments. However, Hall (1993) argues that what emerges from social learning can sometimes be a shift in policy paradigm. Often such fundamental shifts will also involve personnel change- a regime change as well as ideological changes.

## 2.4 The Role of Ideas in Policy Learning and Policymaking

According to Balla (2001), state policy-making and adoption decisions are influenced by information gained in information networks through interactions between states, organisations of state officials, businesses, non- governmental organisations and civil society groupings. Embedded in the interactions of these various groups; is the role of ideas and knowledge and the impact they have in the process of policy making (Hall, 1993:225). For the purpose of this study, no assumption is made that such interactions are non-conflictual. Indeed, the assumption is one of policymaking as a highly contested terrain. Similarly, no assumption of linear rationality is made about the outcomes; new policies are not inherently more rational or 'better' than previous ones.

---

[2] It is noteworthy to highlight that this does not mean that policy becomes better or more efficient as a result of learning. Just as a child can learn bad habits, governments also learn wrong lessons from a given experience. Although learning usually improves the capacity of the state to attain policy goals, it need not always do so, and a governments overall goals may also be open to question on other grounds.

According to Lieberman (2002: 697) paying equal attention to ideas and institutions is necessary for the analysis of policy change. Studying policy ideas is crucial to understanding both the construction of reform imperatives Cox (2001: 464) and the content of social legislation (Béland and Hacker, 2004). This is because ideational forces may become an independent variable that must be understood within specific institutional arrangements. Accordingly, Lindblom (1980:6) observes that "the deliberation of public policy takes place within a realm of discourse (...) Policies are made within a system of ideas and standards which are comprehensible and plausible to the actors involved." On similar lines Hall (1993:279) argues that "...customarily policy makers work within a framework of ideas and standards that specifies not only the goals of the policy and the kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing." In explaining this, Hall (1993:287), when discussing the British economic policy-making process, argues that the play of ideas was as important to the outcome of the policy as was the contest for power. Nevertheless, it is important to reckon that 'powering' and puzzling often go together. The terms indicate a struggle for power and the intellectual work of resolving- powering falling within the realm of politics, whereas puzzling falls within the realm of ideas. Both are dimensions of the process whereby policy changes, especially in democratic politics whose institutions tend to combine the two.

This is mainly important considering that within the policymaking context "politicians compete for office precisely by offering new solutions to collective problems which appeal to the electorate" (Bennet and Howlett, 1992: 215). As such, competition for power may in itself be a vehicle for social learning. Social learning is especially relevant when discussing the role of ideas in the process of policy making and learning (Hall, 1993). This is because it implies that ideas are central to the policymaking process. It seeks to draw particular attention to, and emphasize, the importance of ideas.

The proponents of social learning argue and remind us that state-society relations cannot be described adequately in terms of the "pressures" that each exerts on the other, whether through parties, organised interests, administrative organs or policy networks (Hall, 1993:290). The state is linked to society through a flow of ideas between the two spheres (Lavis, 1998:8-9). Politicians, officials, the spokespersons for interest groups, and policy experts, all operate within the terms of 'a' political discourse (Anderson, 1990: 41-45). The result is that the terms of political discourse generally have a specific configuration that lends

representative legitimacy to some social interests more than others (Bennet and Howlett, 1992). "It delineates the accepted boundaries of state action; associates contemporary political developments with particular interpretation of national history; and defines the context in which issues will be understood" (Bennet and Howlett, 1992:238). Suffice to say however that, though they may engage with the political discourse it does not mean that participants in the policymaking process operate solely within the confines of political discourse. Often, different factions of state functionaries are linked to different policy factions and epistemic communities outside the state. Understanding this is important for this thesis because most often than not competing policy paradigms often exist within the same geo-temporal space as will be discussed at a later stage.

Kingdon's (1995) agenda setting theory can also provide insights about the specific role of ideas in policy-making. Importantly so, is the distinction in his work between agendas and alternatives to try and identify actors and ideational processes in stages of the policy-making process (Kingdon, 1995). The concept of agenda refers to 'a list of subjects or problems to which governmental officials, and people outside government closely associated with those officials, are paying some serious attention to at any given time' (Kingdon, 1995:3). It also refers to a cluster of issues considered as the 'pressing problems of the moment', and alternatives representing the policy options available to solve these problems (Kingdon, 1995:4).Consequently, agenda-setting is the process that narrows the 'set of conceivable subjects to the set that actually becomes the focus of attention (Kingdon, 1995:3). Agendas and alternatives are the product of interactions between three autonomous streams through which social and political actors mobilize in order to promote specific issues or policy options (Béland, 2005:6). An understanding of the following: problems, policy and political streams might assist one in understanding the relationship between ideas and institutions in the policy making process.

### 2.4.1 Problem stream: agendas

It is important to note that issues are numerous, yet a state cannot address all of them at once. Nevertheless some problems "fade away because attention dies and some are cyclical and tend to correct themselves overtime" (Kingdon, 1995:106). Moreover, because policy-makers can only focus on a few core issues simultaneously, the political construction and

selection of problems on the agenda constitutes a phase of the policy-making process. Bureaucrats, elected politicians and the public generally become aware of social problems through statistical events, spectacular focusing events, or feedback from previously enacted policies (Kingdon, 1995:90-164). In light of this then, the problems on the policy agendas are frequently constructed through social learning. Further, as Hall (1993) and others have argued principles and contributory beliefs embedded in specific policy paradigms shape most if not all of the learning processes. In a manner of speaking one can note that the conception of what the problems are and how they should be defined very often depends on previous policies, "which establish some groups as authoritative voices in particular field and make others less credible" (Weir, 1992:18). As such the problem stream is influenced greatly by existing policy legacies.

## 2.4.2 Policy stream: alternatives and paradigms

The policy stream gathers together policy experts working for academic institutions, governmental agencies and interest groups. They become involved in a 'policy community' related to a specific policy area, were they frame alternatives and legislative proposals that stew in what Kingdon(1995:117) calls a "policy primeval soup", which contains many policy ideas floating around that "combine with one another in various ways". Kingdon (1995) rejects the rationalist visions of policy-making, which starts from the assumption that policy ideas always emerge as responses to well-known problems, he states that some experts and interest groups can promote a policy alternative in the absence of a clear problem to solve. We stress here that most alternatives are grounded in policy paradigms, which constitute the structured intellectual belief of policy decisions. Such paradigms serve as "road maps" to experts and policymakers by "providing them with a relatively coherent set of assumptions about functioning of economic, political and social institutions" (Béland, 2005:8). Moreover, state capacities and administrative structures frame the action of bureaucrats in charge of policy design (Skocpol, 1992).

Policy ideas and political institutions interact within and outside of state boundaries, and paradigms are institutionalized through policy implementation and formal social learning processes like commissions and expert panels (Bennet and Howlett, 1992). At a deeper level a country's political institutions can also shape the way policy-makers construct, perceive and

select policy alternatives that are subjects of debate (Dobbin, 2004: 15). Finally, "alternatives and agendas have a dialogical nature; each of them exists only in opposition to other policy ideas available in a particular policy environment at a precise moment in time" (Béland, 2005:9). On the one hand, policy entrepreneurs supporting new alternatives not only depict them in a manner that appeals to the public, but also attempt to undermine public support for existing problems (Lavin, 1998) because often than not policymakers are themselves the target of such policy merchandising rather than the public *sui generis*. On the other hand, if new policy ideas become popular, those committed to established alternatives and paradigms either integrate them into their frameworks or justify their exclusion (Bennet and Howlett, 1992).

For example the Social Security question in the USA in the late 1990s.

> On the one hand, experts and politicians supported reform from pay-as-you-go old age insurance to savings--argued that the federal old-age insurance programme constituted a "bad deal" for current and future workers. According to them, population ageing would take enormous fiscal resources from the young and future adults. This represented an attempt to undermine the political support for the existing federal old-age insurance programme. On the other hand, excellent stock-market performances, the growth of private savings schemes, and growing public profile of the discourse over "social security reform" encouraged those who opposed this policy alternative to support the investment of social security surpluses in equity" (Béland and Waddan, 2000).

Therefore, as highlighted in the section on organisational learning public domains and political alternatives are important in the formulation of ideas in the learning process.

### 2.4.3 Political Stream: paradigms

The political arena is a structured arena of conflict in which ideological frames for "weapons of mass persuasion" related to existing social and institutional forces become relevant

(Kingdon, 1995: 5). Officials in the process of fighting for various positions secure their own future in the bureaucracy by propounding new ideas to various dilemmas (Beer, 1982:218).

However as a result of the interface between these three streams there is production of various road maps for experts and policy makers: policy paradigms. A policy paradigm is a framework for policy makers which are embedded in the language that policy makers communicate about their work (Kingdon, 1995). An understanding of paradigms is made from analogies that many scholars have drawn from the work of Thomas Kuhn (1962). The use of his scientific perceptions to policy work shows that there is a trend from the first paradigm to the third one. In the first paradigm, learning here involves 'incrementalism' and 'satisficing' (Lindblom, 1980: 15; Hall, 1993:280-81)) and routinized decision making. Secondly, there are shifts in policy which result from a change in the locus of authority over policy (Hall, 1993:280). In this case there is usually contestation for authority and power over the issues of complexity and technicality. Finally, in the third phase "policy experimentation and failure play a key role in the movement from one paradigm to the next" (Hall, 1993: 280-83). Shifts in this level are likely to involve the "accumulation of anomalies, experimentation with new forms of policy and policy failures that precipitate a shift in the locus of authority over policy which initiates a wider contest between competing paradigms" (Hall, 1993:280; see also Howlett and Bennett, 1992).

Though ideas play a crucial role in understanding policy processes it is important to note some criticism of the approach to ideas vis-à-vis policy that we noted from the discussions above. There is a problem with the concept of state or social learning as propounded by state theorists: it is presented in the sketchiest of ways. This is because the role of ideas is emphasised, but those who use the concept have yet to develop an overarching image of the way in which ideas fit into the policy process or a conception of how ideas change overtime. As such it is important in this thesis to explore the role of ideas in the context of social welfare policies.

Further, the concept of social learning that was used here is being critiqued because it seems to have been accorded with the notion of an autonomous state. As such social learning has been treated as a dimension of policymaking that confirms the autonomy of the state, but as we have already shown policymaking is not something that takes place solely within the state

structures. All these arguments will be explored in this thesis aiming to show the capacity of the South African state to learn.


## 2.5 Process of learning through policy transfer.


According to Haas (1990:316) "any departure from an existing policy requires learning on the part of the policy makers or the penetration of political objectives and programmes by new knowledge." In this study the process of learning will be shown to be as a result of what has been termed by policy scholars- policy transfer. Policy transfer can be defined as "a process in which knowledge about policies, institutions and ideas developed in one time or place is used in the development of policies, institutions etcetera, in another place and time" (Dolowitz, and Marsh, 1996: 344). Further, it can also be seen as a form of "decision making by analogy, using another entity's experience as a source of ideas and evidence" (Mossberger and Wolman, 2003: 428). In order to give a clearer picture of this creature called policy transfer, Dolowitz, *et al*, (2000) provide an analytical framework within which a description and a framework of the process of policy transfer is provided. This is based on nine questions:

(i)     Why and when do actors engage in policy transfer?

(ii)    Who transfers policy?

(iii)   What is transferred?

(iv)    From where are lessons drawn?

(v)     Are there different degrees of transfer?

(vi)    When do actors engage in policy transfer and how does it affect the policy making and policy transfer processes?

(vii)   What restricts policy transfer?

(viii)  How can researchers begin demonstration occurrence of policy transfer?

(ix)    How can policy transfer help our understanding of policy failure? (Dowlowitz, *et al*, 2000:9).


The above questions undergird the understanding of the theory on policy transfer. However, we will not explain each one of them in great deal here because this section will not attempt

to provide an exhaustive analysis of the issue of policy transfer. Instead our intention is merely to introduce it as a basic concept that will be useful in providing insight into the process of policy change, and the question of state learning as it relates to the establishment of SASSA as method of effectively delivering social security in South Africa. The questions posed above will be answered at greater length in relation to the establishment of SASSA in Chapter Six.

Regardless of not providing an in-depth analysis of the theory of policy transfer it is pertinent to realise that policy transfer is inescapable in the process of developing policy, mainly because interdependence is a defining feature of politics and the prevalence of globalisation which ensures that no country can insulate itself from the influences of others. Parsons (1996:234) in support says that:

> As the world economy in particular is transformed by new modes of production and trade, and as transnational corporations and institutions come to exercise more influence and power, so the capacity of national policy-makers to frame their own agendas is diminished. Public policy now takes place in a world system as well as in national political systems.

Therefore, in relation to the study underway the question of policy transfer is crucial to our understanding of state learning because it gives a basis upon which analysis of both ideas and policy choice can be placed within policy debates. Further, it is crucial in this study because, "the transfer of ideas or programmes is underpinned by deeper and prior processes of learning" (Stone, 2001:8). In support of this view are Knoepfel and Kissling-Naf, (1998: 346) who suggest decisively that policy transfer is a social and collective process founded on exchange between groups. This is in line with the thread of the discussions and arguments highlighted earlier in this chapter involving the role of ideas in the process of both policy development and the process of state learning in general.

The nature and substance of the transfer process can be elusive in certain instances because the general processes of learning have implications for the character and degree of transfer. As Stone (2001:13) argues "learning may lead to policy transfer but it may also produce other policy outcomes or no apparent outcome." It has been argued that the reason behind transfer can be some form of dissatisfaction or problem (Dolowitz and Marsh, 1996:346). Behind this idea is the reasoning that it is when routines stop providing solutions that it becomes necessary to engage in a search for knowledge from other jurisdictions to inform policies in the troubled jurisdiction. Dolowitz and Marsh (1996: 347) qualify this occurrence of

dissatisfaction as resulting from perceptions within that there is policy failure. This will be shown at greater detail in this thesis starting from the processes of change in the delivery of social grants in South Africa and developed in Chapter Six which discusses in detail the questions of policy discontent and contestations that surrounded the policies for social grant administration and delivery.

As a general point, transfer is a process that is often facilitated within networks, similar to the ones described and discussed earlier in relation to the role of ideas in policy making. Networks are vehicles for the spread of ideas and structural location for social learning (Stone, 2001: 32). Further, "transfer can also be facilitated by organisations outside and between the state. In other words, policy transfer is just as likely to be achieved by mechanisms embedded in markets and networks as in the hierarchies of the state" (Stone, 2001: 17). Suffice it to highlight at this point that, the content of actors that are engaged in the process of policy transfer can affect both whether transfer occurs and whether it is successful (Dolowitz and Marsh, 2000: 8). Actors range from civil servants, consultants to networks of policy entrepreneurs and other non-governmental organisations. The information on both policy networks and those involved in the debating of ideas has been discussed at length in previous sections and is applicable to the process of policy transfer.

Dolowitz and Marsh (1996:351) propose that "there are different degrees of transfer: this can involve straightforward copying of policy, legislation as well as various forms of emulation, synthesis and hybridisation, and inspiration." they elaborate on each of these gradations of policy transfer and highlight that "copying involves direct and complete transfer; emulation involves transfer of the ideas behind the policy or program; combinations which involve mixtures of several different policies and inspiration were policies in another jurisdiction may inspire policy in another jurisdiction (Dolowitz and Marsh, 2000: 13; Rose, 1993). However, there is indication that different types of transfer will be influenced by the nature of those who are involved in the process and at which stage within the policy making process, the transfer occurs. This will be shown at greater length within the context of this study, and previous sections have also alluded to this fact.

This section has attempted to give a brief description of what policy transfer entails. It is beyond the scope of this thesis to give an in-depth analysis of the theory. However, it should be noted that the theory will become useful, especially within the context of understanding some of the processes leading to the idea of SASSA, the nature of the agency model and the

implementation of such a method of delivering social grants. It shall be shown in Chapter Six that policy transfer played a crucial role within the policy discourse and the agenda setting process.

## 2.6 THEORETICAL CONTEXT OF POLICY MAKING IN SOUTH AFRICA

International literature cited above has shown the expanded use of the theories of organisational learning, political learning and social learning as applied to state action and policy-making processes. We are not aware of similar research that has been done that applies these theories to the study of institutional arrangements of welfare provision in post-Apartheid South Africa. However, in the case of South Africa scholars tend to focus on the Integrated Streams Approach. South African scholars, Booysen and Erasmus (1998), produced what they termed the Integrated Streams Approach (ISA). ISA includes three core components for the analysis of policy making: policy actors, clearing houses and documentary stages. Unlike, Kingdon's approach (1995), ISA does not conceptualise three distinctive streams that occasionally converge and, in those moments, provide the breakthrough for agenda-setting and policy statement (Booysen, 2006). Instead, ISA conceptualises the process as one continuous stream that can be dissected, at any given point in time, with attention to at least these three dimensions. An attempt will be made to show the workings of ISA in the following discussion.

## 2.6.1 INTERGRATED STREAMS APPROACH

According to Booysen and Erasmus (1998:15) public policy-making in South is "viewed as an ongoing and interactive process." It can be assessed in terms of a contextualised, cumulative and integrated 'stream' of actions that combine to deliver policies, directives for their implementation, and continuous midstream adaptations of the policy in order to achieve the policy objectives (Booysen and Erasmus, 1998:15). In a statement that triggers this approach to policy making Heidenheimer *et al* (1990:12) notes, '…we must think not of this or that newsworthy decisions, but of many streams of decisions and interactions that culminate into processes of choice.' Simply put, unlike the systems approach that can trace

everything rationally and in a linear method. The process of policy-making is convoluted and cannot be limited to a couple of phases. In the policy-making process, new actors continuously join the process, and thus affect the substance of policy. As such an invariable consequence is a constant shaping of policy. Therefore, earlier influences might lose their impact either because of success or failure in affecting the policy in an early stage.

This section tries to integrate the three components- clusters of policy actors, documentary stages of emerging policy and the clearing houses. This will be done with the intention to clarify and to bring further understanding of the public policy-making process in South Africa.

## 2.6.1.1 Clearing houses

Apart from the clusters of policy actors which comprise of core individuals and institutions, there are a range of institutional focal points that channel policy initiatives and demarcate action, that are called clearing houses. Booysen (2006: 183) clarifies that they are landmarks or forums along the process of policymaking. For example, political parties like the ANC, task groups, the National Assembly, the National Council of Provinces (NCOP) and the Office of the President (Schrire, 1989:4). Other examples include community organisations and public participation forums like, the ANC policy forums, NGOs represented by the South African Coalition for Non-Governmental Organisations (SANGOCO), interest groups to mention a few (CDE, 1999:20).

Furthermore, the greatest clearing house within policy structures in South Africa is the Office of the President. It is believed that in this clearing- house there "are collaborative axes of politicians-cum-policy bureaucrats that cooperated under the auspices of the President" (The Star, 2004). Parliament and its various institutions continue to constitute consecutive landmarks along the route of policy adoption. In theory parliamentary committees (including portfolio committees), the National Assembly, and the National Council of Provinces (NCOP) direct emerging policy (City Press, 2005). In the adoption cycle, state departments are usually the location for further evolution of the relevant policies, especially with regard to implementation (CDE Report, 1999:18-22). The Government Communication and Information Systems (GCIS and the Policy Co-ordination and Accountability Services (PCAS) structures within the Presidency fulfil clearing-house functions in that they can

advise to pass, halt or reconstitute policies at virtually any point in the cycle (Mail and Guardian, 2005).

Nevertheless, in all its importance the clearing-house cannot stand alone without the influence of other stages and influences from different circles in the policy process. As such a "clearing-house approach" alone only provides partial perspectives on policy-making processes. So we turn to another focal point in the policy process: documentary stages.

### 2.6.1.2 Documentary stages

This includes discussion documents, government directives, White papers, legislation, regulations for policy implementation and Cabinet memoranda on progress with policy implementation (Booysen and Erasmus, 1998:15). In extra governmental domain, the process might be driven by petitions, community letters or narratives regarding the need for policy (Booysen, 2006: 170-173). If, and when the government views these as representing a wider community need, they may become formalised and the government may issue discussion papers for community assessment inputs (Booysen, 1998:170-173). The intra-government part of the policy is linked to the production of government memoranda, policy documents of various statuses including discussion papers, Green Papers, White Papers, draft legislation and finally the regulations and subsidiary legislation to cover policy implementation (Booysen, 2006: 176) documentary phases have self-evident links to the clearing-houses and policy actors.

### 2.6.1.3 Policy actors

In keeping with the work of Sabatier (1991) on policy advocacy coalition; in the South African context policymaking occurs with the involvement of various "policy actors" who organise into policy communities and networks to initiate, direct or influence policymaking (Booysen, 2006:176). Policy actors organise themselves into political communities according to an issue at hand (Sabatier, 1991; Booysen, 2006). The policy communities consist of relatively small groups of participants with interests in a specific issue or that concerns central government. Generically this community might consist of national and provincial politicians from the different parties, officials from the civil service, representatives of the

non-government community and leaders of relevant groups (Booysen and Erasmus, 1998:15-16). They vary according to variations in issues, but they form a core component of the policy process which influences this process greatly (Sabatier, 1991).

However, it is important to distinguish policy networks from policy communities. Laffin (cited in King, 1990:16) conceptualises policy community as "a relatively small group of participants with interest in a specific set of issues or concerns to central government." It is generally composed of politicians, officials, representatives of government and non-governmental agencies, and leaders of "responsible" interest groups (Laffin, 1990:16). There are stringent criteria for entrance into these communities, which may include expert knowledge, a senior position in an appropriate organisation or a reputation for getting things done. In contrast, an issue or policy network is less sharply delineated. Membership is more open and more often conflictual than not. According to Connolly (1990:116), policy community constitutes the core of a policy network. Benson (1990:116) defines a policy network as "... a complex of organisations connected to each other by resource dependencies". In light of the above I move to a deeper contextualisation of policy-making in South Africa.

South Africa has gone through three distinct policy phases. In the early 1990s concern was for policymaking, which stage later transformed by the second term of the democratic government into one focusing specifically on implementation, as seen in government initiatives to document the 10year review of government action (Booysen, 2006; Samson *et al*, 2008). However, by the third term of democratic governance, one sees a shift which included emphasis on policy coordination from the centre, combined with strategic interventions to counter implementation problems. The discussions below provide more depth.

In South Africa, the most powerful policy generating cluster in politics centres on top government, in particular Cabinet, the Presidency and the structures of the governing party, the ANC (CDE Report, 1999:16). As elsewhere, political leaders in South Africa interpret needs that they identify on the basis of, for instance, opinion polls, observation of international trends, or interpretation of community mobilisation patterns (Booysen, 2006:178). The process does not follow a linear projection from the articulation of a need to the eventual adoption of policy (Booysen, 2006:179). Top executive structures in South African politics, especially the Cabinet and the specialised Cabinet clusters, constitute the

predominant policy-initiation actors. Note, that, public policy-making is intimately linked to the exercise of power (Heclo, 1974:306). The allocation and citing of power in a particular political system determine both who makes the decisions and the extent of autonomy of decision-making that will be exercised in the process. Hill (2005:26) observes: "...the study of the policy process is essentially the study of the exercise of power in the making of policy, and cannot therefore disregard underlying questions about the sources and nature of power.' As such another core component in the policy-making process is the Cabinet. With its links to the Presidency it forms a core agency in policy-making and implementation.

Between 1994 and 1999, the Offices of the President and the Deputy President performed central directing and coordinating functions (Business Day, 1996). From 1999 the integrated Office of the President assumed these functions. The Presidency underwent a range of internal transformations in the period since 1999. Booysen (2006:180) further notes that; by 1997, parliamentary study groups were being brought into the policy process. Links between national and provincial policy processes were increasingly coordinated. The ANC stressed that it wanted to ensure that provincial structures would be part of the process of policy development. In the provinces under the control of the ANC, each provincial NEC had a person who was specifically responsible for the coordination of policy. All these persons were brought together in the ANC National Policy Forum, the place where ANC cadres meet and consider policy options. The ANC described these internal policy relations as a system of dynamic, interactive contact between policy groups from Parliament and the provincial legislature (ANC, 1999).

With progression of years and dynamic shifts in the governance structure of the country, the Presidency in 1999 introduced a further effort to enhance policy coordination in the form of a chief directorate for cooperative governance in the Policy Coordination and Advisory Services (PCAS). From 1999 there was formation of what is known as the PCAS structures in the office of the President which was added as a significant core component of the policy cluster; meant to "exert influence before policies are even conceived" (Jacobs, 1999). The PCAS' influence was both in monitoring of the progress of delivery through policy implementation, and in gate-keeping and transmitting departmental concerns into the policy generating sites of the Presidency (Jacobs, 1999:42). Jacobs (1999:81) writes that, "'previously', 'policy made at national level would be referred to provincial level for implementation, without the necessary regard for the specific provincial contexts and conditions". Regardless of all these efforts, Jacobs (1999:83) notes again that, information

from central government confirmed the low success of the coordination efforts in the policy-making process of the government. Picard (2005) attributes this failure in policy coordination to the bureaucratic legacies of paternalism. The result of these legacies was that most executives across South Africa continued to view themselves as being accountable, only, to their Provincial Premiers, and not to a system of functional intergovernmental coordination and national Ministers (Booysen, 2006: 181).

To counter these failures, by mid-2000s the Presidency constituted a formidable policy machine, both initiating and coordinating the implementation of policy (2006:179). One needs to take cognisance of the fact that this position of the Cabinet in the policy-making process is indicative of the interactive nature of policy structure. This is well illustrated by the links of the Cabinet to the ANC as the party that has been in power since the end of apartheid.

## 2.6.2 Role of the ANC in Policymaking

The Cabinet is linked to various ANC structures such as the National Working Committee (NWC) and the National Executive Committee (NEC). According to ANC reports (ANC, 2005) the NEC and NWC respectively are essential driving forces in the policy process through various sub-committees. The role of the ANC has been undoubtedly noted in the policy process, Mboweni (1997) highlighted in his speech that the ANC Policy Unit had more influence over policy in the first-five year term of ANC governance, even though this influence waned in the second and third terms of the ANC government's governance. An example of the ANC's role was seen in the meetings of its National General Council in 2005 which meeting was influential in monitoring both policy directions and implementation (ANC, 2005).

When considering the role of the ANC in policy-making it is imperative to bear in mind its internal structures, alliances and external associations. Mboweni (1994:69) observed the following : "... the policy process in the ANC has a number of layers... the constitutional structures; the policy departments, the positions of the allies of the ANC (in particular Cosatu); the experiences of developing countries, the lobbying efforts of capital, the media, western governments, and independent commentators and policy research of the IMF and World Bank..." This shows that the elected bodies of the ANC constitute its important

constitutional structures. At the fore of the policymaking process is the occasion of the annual ANC Conference which has been noted by scholars and government officials alike to be the highest decision making body in the ANC, even though it does not initiate new policies (ANC, 1997). This Conference is where policies that have already been proposed are accelerated and confirmed (The Argus, 1997).

The policy organs within the ANC changed around the period of transition from Mandela to Mbeki. The ANC policy department was superseded as the core policy organ. Mboweni (1994) notes that; the ANC policy department during the transition years assumed a pivotal role in national policy processes; spanning both ANC and national policy.  The process was as follows: reports from the ANC's NEC subcommittees went first to the ANC policy department and then to the NEC (ANC, 1997, Bond, 2000). In this regard Mboweni (1994) expressed important and controversial sentiments that show the hold of the ANC on the policymaking processes; "Parliament thinks that it can make policy on behalf of people. This is not so, [Parliaments'] role is to implement ANC policy". However, after the Mandela era, Mbeki introduced a major shift in which the Office of the President subsumed these roles played by the ANC; reducing both the ANC policy department and parliamentary committees (Booysen, 2006: 180). The policy functions of the ANC and its functionaries were depleted by the upcoming role of the PCAS. As a result of this in the early to mid-2000s the PCAS, except at the highest levels, also turned out to have relatively limited political impact. At its epicentre, a small number of powerful individuals constituted driving forces that approximated the policy influence of the President himself.

Of importance also is ANC's alliance relationship with various stakeholders in the policymaking process. One such relationship is its alliance with the SACP and COSATU which Booysen (2006:180) considers to be a "privileged cluster" albeit with fluctuating influence on public policy-making process. It was noted of this relationship that, while the ANC and its immediate structures acted as gatekeepers in deciding which influences form alliance partners were and/or are permitted, the ANC continued to place a premium on the continuation of the alliance. This resulted in various ebbs and flows of acrimony and contestation among partners, which invariably also had and still has an impact on the process of policy-making in South Africa (Bond, 2000; Gumede, 2005). These contestations stemmed from the fact that whereas the tripartite alliance remained united on goals of socioeconomic transformation and the eradication of poverty, policy alternatives on achieving these goals remained the crux of intra-alliance debates (Hassim, 2005). This alliance relationship has

continued to be bombarded by constant conflict, muddling and lines of influence over policy this is because of the overlapping membership between the alliance partner organisations.

Questions will always be raised about the nature of the alliance relationship and the credibility in the policy-making process (Hassim, 2005). Booysen (2006:180) notes that as advocacy agencies, COSATU and the SACP were outspoken in their criticism of many government policy directions, especially with regard to the macro-economic policies and the pace of transformation. However, a dichotomy existed in this alliance relationship because these same alliance leaders who spewed criticism against the government, where also heads of various government departments that were at the fore of contentious policy implementation, especially issues concerning privatisation (Gumede, 2005; Hassim, 2005; Booysen, 2006). The result of this is that leaders in the SACP and COSATU, once they became leaders in both provincial and local government, toned down their opinions. Of course, it might seem like a development for policy coordination, but it is short of that, because it means other policy partners are subsumed in this whole policy-making process. Invariably, it takes away the voice of the poor and the common man on the street, and centralises power in the government as well as Presidency. The result of this was that by mid-2000 policy practice was, generally characterised by the contraction in the influence of consultative and participative policy institutions in forums.

As a result of these failings and frustrations with the realisation of the policy objectives led, by the mid-2000s. An effort was made to try and renew explorations of intergovernmental relations, particularly, with the intention to increase provincial and local governments' accountability to national government. This is especially, accountability to the coordinating policy mechanisms within the office of the Presidency (Business Report, 2005; City Press, 2005a).

**Conclusion**

This chapter started off by locating the definition of the learning state for the purposes of this study. Learning has been conceptualised to indicate a change of ideas or beliefs, skills or competences as a result of observation and interpretation of experiences. To recognise learning there has to be an indication of a change in thinking about a policy issue. Furthermore a discussion of approaches was carried out this was done with the intention to locate a theoretical underpinning for the work to be carried out in this thesis; and it was shown that the theory of social learning offers a more comprehensive and compelling

argument for one to understand changes in policy. Then, the context of South African policy making was illustrated this was with the intention again of highlighting how policy processes operate. This is important for this study because the establishment of SASSA as an agency was grounded in the dynamics of the policy processes of the government.

# CHAPTER THREE:
## AGENTIFICATION AS LEARNING IN SOCIAL SECURITY ADMINISTRATION

## 3.1 Introduction

Social security represents a significant proportion of government expenditure, and as such requires good administration, careful management and strict control. From the time of the inception of social security administration in South Africa during the apartheid era, this function has been plagued by a plethora of problems as documented in various research projects (Van Niekerk, 2007; Lund, 1998, 2008, Chikane, 1996; Taylor, 2002; Public Service Commission, 1998, Reddy and Sokomani, 2008). Some of these problems include: lack of prompt and efficient delivery, unresponsiveness and lack of appropriate institutional arrangements. Equally, administrative problems such as poor service delivery, insufficient administrative capacity and fragmented policy implementation at national and provincial level, unacceptable levels of fraud, little inter-departmental coordination, insufficient record keeping, the absence of integrated data system and accountability problems abound (Olivier *et al*, 2000:9; Reddy and Sokomani, 2008; Lund, 1998; Van der Berg, 1997; Van Driel, 2008; Plasket, 2003). The purpose of this chapter is not to discuss the depth or nature of these problems, as they will be discussed in another chapter.

In order to solve these problems, it seems that the emerging philosophy and trend in public discourse in the South African public sector is, that "bureaucracy stifles prompt, efficient and effective service delivery and thus, the need for innovation and flexibility in the operations of government" (Koma, 2005:6; Jonker, 2001:231). Osborne and Gaebler (1992:xxi) agree with this notion that the renewed focus of government is on all levels not contained so much in what they do, but how they operate. The ultimate objective, being to transform government from state bureaucracy into: "an innovative, flexible and responsive organisation that is solutions oriented and continually seeks to identify mechanisms to enhance service delivery (Jonker, 2001:243). The aim of this chapter is to provide a context for learning in social security administration and its institutional arrangements as evidenced in the move away from Weberian bureaucracies towards the establishment and use of autonomous executive agencies to deliver many public service benefits, but importantly for this study, social assistance grants. Moreover, this chapter attempts to contextualise the rationale behind the

establishment of agencies in general in order to locate within this the context of developing SASSA as a supposedly "one-stop shop" delivery agency for social security benefits in South Africa.

The focus on SASSA in this study is grounded in an understanding that it is a major break from the federal, in house, system of administration that existed in both apartheid and post-Apartheid South Africa till about 2006. One would ask why it is essential to focus on one organisation when enquiring about state learning: the creation of SASSA, as will be argued in this thesis is very significant as it provides an example of radical design. This goes against the notion provided by Halligan (2003:1) that "democratic governments normally have limited capability for radical design". Furthermore, as Pollit, *et al* (2001:275) point out,

> The setting up of agencies is perhaps of special interest, since agencies generally represent the organisational form closest to the traditional bureaucracy--the general-purpose ministry or department of state. Other decentralised systems are further out of the core-state enterprises, previously state provided services that have been contracted out to private sector providers, public-private partnerships…agencies could be seen as a marginal case-as the form of organisation considered suitable for activities that can be shifted out from the core of government departments, but not very far.

So, as will be shown here, SASSA is an organisation that carries out a function that was moved from the core of government: Department of Social Development, but is still under the purview of state legislative and constitutional mandates.

## 3.2 Defining an agency

There are various debates surrounding what can be termed an agency for the sake of public service administration. Suffice it to say at this juncture that, this work does not aim to provide a thorough exposition of the debates, but will touch on a few to locate a working definition. There have been various definitional challenges associated with the term agency, because of various contestations surrounding the nature of organisation that can qualify to be called an agency (Greve, *et al*, 1999; van Thiel, 2000; Pollit, 2003). Scholars (Pollit, 2001; 2003; van Thiel, 2000; Yesilkagit, 2010) seem to agree that for an organisation to qualify for agency status it has to be autonomous and positioned outside the hierarchies of a ministerial department-there the consensus ends. In simpler words they are in agreement that the starting point in accessing agencies:  is any organisation that stands at arm's length from its parent ministry and carries out public functions that are not primarily for a commercial purpose (Yesilkagit, 2010). The various debates will be outlined below.

Verhoest (2003:6) stresses that to qualify under agency classification; different public organisations can be differentiated along six dimensions of organisational autonomy. As such, in his view, the major defining factor is autonomy. Verhoest, *et al* (2003:6), for example, distinguishes between six types of autonomy: management, policy, structural, financial, legal and interventional autonomy. These different categories of autonomy highlight the degree of exemption from ministerial control and the nature of constraints that fall on the agency's decision making powers. This categorisation is too limited in its scope, because it focuses too much on autonomy at the expense of the nature, structure and public service responsibility dimensions of the organisation.

Thynne (2004) for one proposes other views on the categorisation of organisations. He lists five categories of agency types: ministry/department, executive body, statutory body, constitutional body; company/trust/association-thus the categorisation is dependent on the legal status of the organisation. Importantly, the conception of Thynne (2004) is that an organisation is distinct due to the legal document used to establish it, as well as the organisation that delegates power to the agency. As such Thynne's argument hinges on the question of the degree of autonomy vis-à-vis political oversight (Thynne, 2004). Again this author raises an important quality that could be included in the classification of organisations, but falls short, because his conception is vague and extremely myopic in light of unending reforms of public organisations and inter and intra state dynamics that shape legislation. Furthermore, there are many other variables to only limit the classification to the legal documents that lead to the establishment of the organisation.

Pollit (2003) does a better job and provides an extensive categorisation on agencies. He argues that organisations are counted as agencies if "they have some degree of disaggregation…and also some degree of autonomy (2003:7). The categorisation relies on functional qualities:

> That the organisation should have a public law status, is functionally disaggregated from ministerial hierarchy, enjoys autonomy of departmental bureaus, but is nevertheless linked to the ministry or department of state in ways which are close enough to allow ministers or state operatives to alter the budget and the main rational goals of the organisation" (Pollit, 2003:6).

A central feature to the definitions above is the notion of autonomy. However, Yesilkagit (2004:120) notes that the first two definitions are limited in their view and then the third one

is too restrictive in that it pin points elements and does not allow for the application of this definition to wider organisations. Instead she suggests that an agency should be defined as

> A public organisation with executive tasks that may enjoy some degree of autonomy on one or more dimensions for example, management and then less on others like legal standing and budget configuration (Yesilkagit, 2004:120).

Suffice it to reiterate a point made above, this work does not aim to give an expose of debates surrounding the terms agency, and as such this study adopts the definition put forward by Pollit (2003). This is specifically because; this work aims to study a particular agency: SASSA and this definition, is broad enough to cover the agency. It is also instructive to indicate some of the crucial elements that are telling of agency status:

> "(A) they are at arm's length from the main hierarchical spines of ministries- a degree of structural disaggregation;
>
> (b) They carry out public tasks at national level;
>
> (c) Their core staff are public servants;
>
> (d) They are financed, in principle at least by the state budget; and
>
> (e) They are subject to at least some administrative law procedure" (Pollit, *et al*, 2001:275).

## 3.3 Agentification as part of a larger trend

Pollit, *et al*, (2001:272) indicate that "during the last 15 years, this category of public body has become a popular vehicle for executing a wide range of functions in a large number of countries". The OECD also notes that many countries have seen the merit in the agency model (OECD, 1995:32). Scholars (Hood and Schupert, 1988; OECD, 1995; Polidano, 2000; Pollit and Bouckaert, 2000; van Thiel, 2000; Pollit, *et al*, 2001) have argued that the move towards agencies "is part of a wider trend towards decentralisation and autonomisation within many public sectors" (Pollit, *et al*, 2001:275). The trend started with attempts to separate policy formulation from implementation in the OECD countries (Halligan, 2003, Rowlands, 2003). This came as part of the broader institutional framework that saw countries reform the organisation of public administration under the combined pressure of budgetary constraints

and socio-economic evolution, to better respond to the observed malfunctioning of the administrative system (Pollit & Bouchaert, 2004).

In the OECD, this was motivated by the need to do away with ministries with general competence in favour of organizations specialized in a limited field of competence in order to create expertise and sufficient critical mass to increase efficiency of public organizations (Caulfield, 2004). The thinking here was that smaller organizations would be easier to manage and consequently they could have closer ties to the policy environment from which it derived its mandate (Van Thiel, 2000; Verhoest & Laegrein, 2004). Furthermore, Legrain and Auwers (2006:2) argue that the reasoning behind this process was a belief that "a more specialized civil service would enable the political authorities to focus on more strategic decisions and less on operational details, with a consequence that decision making in the public sector would be improved and the influence of the political world on public policy cycles would be reinforced".

However, the effects of agentification did not end in the management processes, instead it led "to the split of the policy process into different phases (agenda setting, policy formulation, decision making, policy implementation and evaluation) and allocated them to various organisations, each one being responsible for all or part of the state of the policy cycle" (Legrain and Auwers, 2006:2). At the same time as there was a split in the policy processes, the administration system was inevitably confronted with coordination problems where "where the quality of various policy outputs was not enough to guarantee the quality of outcomes" (Legrain and Auwers, 2006:2), thus necessitating shift to other innovative methods of administration and delivery. This shift was founded in the paradigm of fading relevance of the hierarchical structures of Weber's bureaucracy for public administration. The diffusion of these ideas was one of the strongest public sector trends in the 1990s, making the era to be referred to as "age of agentification" (Halligan, 2008:20). Diffusion of policy forms a core of learning in policy making, because countries facing a new problem are likely to turn to other countries who may have already tried different solutions to it as a source of inspiration, meaning that, policy ideas that make their way into one system are likely to be adopted by another system (Champion and Bonoli, 2009:16).

The South African example of the acceptation of this diffusion trend is the recent centralisation of social security administration in the form of a social security agency. The ideological underpinning of the establishment of this agency follows a similar line of thinking

that bureaucracies are ineffective and less responsive to the needs of the citizens as argued by Jonker (2001:243) that "the emerging philosophy in South African public sector is that bureaucracy stifles prompt, efficient and effective service delivery and thus there is a need for innovation and flexibility in the operations of government." It then goes without saying that this reform is to a greater extent influenced by international trends in so far as transformation of the bureaucracy is concerned, which in itself is an indication of learning.

## 3.4 Rationale behind agencies

There are historical reasons advanced by Pollit, *et al*, (2001:276) for this shift in thought towards agentification, that have merit and will be useful to consider. Pollit, *et al*, (2001:276) say that:

> Governments of the period since the global economic upheavals of the 1970s have faced three large problems. The first is financial: the ability to tax seems to have diminished just as the cost of continuing to run welfare states has climbed. …these circumstances have created tremendous pressure to restrain the rate of growth of public expenditure-to economize

Scholars (Nye, *et al*, 1997 and Norris, 1999) argue that the reason why slashing down of services is impossible is because the biggest spending programs--health care, welfare, pension and education--also tend to be the most popular. So to meet the needs of economic targeting and budget deficits the government needs to find innovative solutions to the problems.

Pollit, *et al*, (2001:276) go on further to say:

> The second problem is a decline in citizen trust in governmental institutions. The third has been rising citizen expectations with respect to the standards of public services. There are many possible reasons for this shift, including generally rising affluence and the "equalling up" of expectations derived from the experience of private sector services and imported into public sector contexts.

One can draw an inference, that transformation by governments of public administration, especially social security, from being government driven to the use of agencies has been with the intention to economize, to restore citizen trust and to improve quality of services. The ideological stand point of this need to transform was echoed in the United States of America and followed through in other countries seeking transformation that : "government must do more with less" (Pollit, *et al*, 2001:277)- hence the inclination towards agencies because it is believed that agencies make the government work better, yet economically (Pollit, *et al*,

2001:277). SIGMA (2001:8) in agreeing with this ideological point of view says that "since the 1980s there has been an explosion of interest in the agency model in many countries, driven largely by pressures to restrain spending and make service to citizens more responsive" (SIGMA, 2001:8).

Therefore, since 1970, the period referred to above by Pollit, *et al* (2001), governments have experimented with alternative designs in the delivery of various public service functions. Reasons that have been proffered, in addition to the reasoning of Pollit, *et al* (2001) is that, "hierarchical, vertically integrated departments have proven too rigid and unresponsive in a public sector environment that is increasingly complex, turbulent and demanding" (Koma, 2005:4; Jonker, 2001; Caulfield, 2004; Greve, 2000). Restructuring of traditional departments into quasi-autonomous organisations has been one strategy and the use of performance management measurements to make deliverers of services more accountable to their political principals and the public (Caulfield, 2004:12). Accordingly in the last decade or so agencies have become important subjects of action, take and analysis as numerous governments have sought to transform their administrative systems in pursuit of increased legitimacy, responsiveness and legitimacy (Greer, 1994; Greve, 2000; Pollit, *et al*, 2001).

## 3.5 Governance of agencies

Caulfield, (2004:140) posits that the term government is not only limited to structures of governance, but that this term extends to the question of policy authority. In line with this, Mabbett and Bolderson (1999) distinguished between two patterns of governance in social security administration/ agencies: one, where policy is highly centralised which conforms to what can be termed the principal-agent model, and; two, where policy authority is dispersed, it conforms to a multi-level governance model. Furthermore, governing structures are always defined by an identification of the exact people who govern in those various agencies and boards.

Therefore, central to the question of agency governance are: choice and autonomy. These issues need to be discussed here briefly because choice of institution is determined by political decisions that are usually "a tradeoff between political control and managerial autonomy" (Yesilkagit, 2004:119). In simpler words the nature of the agency to be established depends on the balance between the willingness of the political wing to provide autonomy, but still be able to have a relationship with the agency. Therefore, agency type is

predicated by careful choices concerning competences, jurisdiction and authority relationships with political overseers, because in bureaucratic structures there lies tension between delegation of tasks on the one hand and political control and political accountability on the other hand.

### 3.5.1 Choice of establishing an agency

The choice to establish an agency is governed by the element of the delegation of administrative authority. Delegation of authority that leads to the establishment of an agency is impinged by the relationship of three players: politicians, bureaucrats and interest groups. Moe (1985) argues that in establishing an agency, the key functionaries that drive or oppose this process are interest groups. Interest groups are concerned with the bureaucratic organisation as well as the structure of the agency. For example, whether the agency should be part of the department? Or whether it should be independent? (Yesilkagit, 2004:121). On the other hand politicians are important because they are the designers of agency architecture, structure and autonomy (Yesilkagit, 2004:121). Therefore, to make sense of agency governance and autonomy one needs to explore the relationship between politicians and interest groups in the legislative process leading to the establishment of an agency. The researcher will attempt to look into such dynamics when analysing the case of SASSA.

The nature of these relationships is important because "political and institutional development is not continuous, but rather it is characterised by discrete changes in policy and institutional arrangements" (Baumgartner & Jones, 2009:15). As such policy choices in the "formative years or periods' of the agency define the core policy objectives and the institutional framework. So in the case of establishing an agency these are determined by dynamics of the relationship between parties pertinent to the legislative process. Niklasson (2010:3) further notes that "these policy choices represent major financial commitments to the state, something which helps making the choices de facto irreversible". According to Thelen & Steinmo (1991:13) "such policy 'lock-in' coupled with the institutionalisation of policy, defines a 'path-dependency' which famously 'shapes and constrains' decisions on policy instruments". Ultimately what all this points to is that political, interest group and bureaucratic standing on the question of the establishment of an agency reveals how and why agencies are established as well as their nature. This element of choice is important in the

analysis of SASSA for one to be able to establish how and why the choice was made to establish such an agency.

## 3.5.2 Agency Autonomy

Niklasson (2010:9) proposes that "one of the most important external relationships of an agency is that to the government and the parent ministry. These are the actors from whom the agencies receive their instructions and usually most of their budget. It is also to these actors that the agencies report their achievements. Niklasson (2010) argues that if this relationship is working poorly, the policy and operational autonomy of the agency is likely to suffer. For example why would the government allow autonomy to an agency that they do not trust or to an agency that it has no confidence for? Clark and Wilson (cited in Downs, 1967:157) argue that a prerequisite for agency autonomy is "the acceptation of the agency by its political supporters as well as the beneficiaries of its program" and they define autonomy as "the extent to which an organization possesses a distinctive area of competence, a clearly demarcated clientele, and undisputed jurisdiction over a function, service, goal, issue or cause" (1967:157). Niklasson, (2010: 3) contends that this is too broad a definition for the purposes of her study which was only limited to agency autonomy. However this is the definition that will be adopted in this study, because it is beneficial to understand the fullest extent of what autonomy entails.

Government-agency relationships are underpinned by both legal and non-legal power which affects the extent of agency autonomy or, conversely, the extent of government control. Both forms of power are fundamental and need to be included in the study of agencies (Thynne and Goldring, 1987). Agencies have power pursuant to a constitution and/or statutes and they can also receive power by a process of either delegation or devolution which has implications for their autonomy (Thynne, 2003: 321-323). It is important to pursue these power dynamics because when the state as principal enters into relationship with an agency (agent) there is a delegation of decision making and functionary responsibilities. Therefore, the issue of autonomy is very important: since agencies work and represent government. Delegation of authority and decision making becomes an issue that hits directly at the political legitimacy of the government because "citizens can only hold politicians-not civil servants or private individuals responsible for decisions of a political and policy nature" (Niklasson, 2010:2). To this effect it is important to understand the level and measure of agency autonomy- that is the

extent to which agencies act independently of their political superiors? How much influence do agencies exercise in policy formulation process and what affects patterns and exercise of agency autonomy? These are questions that will also be answered in this research where SASSA is concerned.

The issue of autonomy was not discussed here as an abstraction, but this discussion is intended to inform our understanding of the process of agentification of social security administration. From the beginning one needs to be aware that agencies dealing with welfare tend to have lesser autonomy because they deal with direct issues of government support from the electorate (Verhoest, *et al*, 2010). For example it has been reported that in Sweden "agencies dealing with social welfare policies display lower autonomy" (Niklasson, 2010:9). This might be because; welfare policy has a large impact on people's everyday lives and thus tends to be strongly correlated to the popular support for the government. Consequently the government is not willing to lose control over those agencies. A discussion will be carried below of the use of agencies in social security administration.

## 3.6 AGENCIES AND SOCIAL SECURITY ADMINISTRATION

Various authors are of the view that agencies have become an important method for the transformation of social security administration systems in pursuit of increased legitimacy, responsiveness and efficiency (Greer, 1994; Greve, *et al*, 1999; Pollit, *et al*, 2001; OECD, 2002a; 2002b, James, 2003, Wettenhall, 2003; Pollit & Talbot, 2004). Studies carried out on social security administration in European countries such as Sweden, Finland, UK and the Netherlands which have a history of using agencies for other purposes (Caulfield, 2004; Niklasson, 2010; Yesilkagit, 2004), highlight that agencies have become functional and predominant in the administration of social security. Reform trends in welfare administration in these and other countries seem to indicate an orientation towards a more accountable, efficient and business like mode of operation. Central to this trend is the creation of one-stop shop agencies, for example Centrelink (Australia), KELA (Finland) and SVB (Netherlands). Despite differences in all the countries where agencies have been established, they all seem to have in common that they co-locate several service providers, without requiring a merger of these service providers. (Classen, *et al*, 2001; McQuaid, *et al*, 2007; van Berkel & Borghi, 2008).

Champion and Bonoli (2009:3) and other scholars (Carmel, 2003; Borghi & van Berkel, 2007) argue that reforms in social security administration have generally been more about "operational reform" which is reform directed at policy and service administration and delivery. This trend was first seen in the Nordic countries as part of the post-war compact where agencies were established but existed as autonomous, tripartite bodies, independent from government (Esping-Andersen & Korpi, 1948; Esping-Andersen, 1996; Bergimark, *et al*, 2000). However, there seemed to be a paradigm shift in the case of Finland and Sweden, in the 1990s, from high welfare towards a focus on the public debt, which of course had implications for public expenditure leading to the adoption of liberal economic policies that supported budget cuts, user charges and privatisation vis-à-vis local government, family and community (Caulfield, 2004; Manning and Shaw, 1998; Kautto *et al*, 1999). It is relevant at this point to highlight that the argument that has been raised in this paper so far is that agencies are part of the New Public Management (NPM) of the public sector, but one needs to know that agenification is not a new trend in the Nordic countries as the trend already began just after World War II, and does not fall under the new trends of NPM (Niklasson, 2010:1).

### 3.6.1 Agency experiences: country cases

#### *3.6.1.1 United Kingdom (UK)*

The UK has a centralised government which incorporates ministerial responsibility. The nature of this system is such that social security systems function as a monopoly under the close scrutiny of the political arm of government. The Benefits Agency (BA) was separated from the Department of Social Security (DSS) in 1991 as part of the Next Steps programme. This reform came as a result of a report by the Fowler Reviews of Social Security in 1985, which were in line with Thatcher reforms of the time. The Fowler review put forward the case for a need for reform on the basis that they believed that the social security system was too complex, that it failed to give support to those in greatest need and that the tax benefit arrangements hindered people from making their own provision and exercising freedom of choice (DHSS, 1985). As a result of the review, any reforms that followed after needed to be

in line with overall economic objectives of the Government. It also had to be properly managed to produce efficiency gains for the government (Bradshaw, 1992).

Upon review, the DSS accepted the recommendations for the need to transform government units into semi-autonomous state agencies that could better deal with the problems identified by the Fowler Review (Gains, 2000). In the UK this took the form of a Benefits Agency which was established as a part of what was termed the 'Next Steps' agencies, which separated it from the Department of Social Security in 1991. The role of the agency is to execute operational tasks under the purview of a ministry. This is achieved through framework agreements with their parent departments, and budgets that they report on annually (Pollit, 2001:280). The nature of their governance is such that "they continue to be responsible to individual ministers and the official line is that the constitutional doctrine of ministerial responsibility remains unaffected…" (Pollit, *et al*, 2001:280; see also O'Toole & Jordan, 1995; Wilson, 1999). Interestingly, in most European countries, payment of social security benefits is not regarded as a function suitable for executive agency form (Pollit, *et al*, 2001:282). However, the Benefits Agency no longer exists and was transformed to Job Centre Plus in the early 2000s, but it remains an agency in the Department of Work and Pensions.

### 3.6.1.2 Finland

In the late 1980s when the system of social security was being developed; administration was under the Ministry of Social Affairs and Health which directed the system of welfare through five departments, namely, social insurance, social welfare, health care, temperance and alcohol, and labour. However, the administration of social security seemed to fall under different arrangements (Caulfield, 2004). Social security administration is split between the department of Ministry of Labour, local authorities, and a National Pension Agency that is responsible directly to parliament (Caulfield, 2004). In Finland the Social Security Institute (KELA) was established by the Pensions Insurance Act of 1956. KELA administers most of the government's social security and insurance schemes including national health. In 1990, the government streamlined service delivery into a 'one stop shop' for which KELA was wholly responsible, its administration does not extend to the employment based benefits.

### 3.6.1.3 Netherlands

The *Sociale Verzekeringsbank* (SVB) which administers pensions. The SVB was established in 1992 (through a merger of two departments) as part of the Dutch public sector 'autonomisation' reforms (Caulfield, 2004:138). It has an arm's length relationship with the government. The welfare/social security administration reforms in the Netherlands began in 1985 following dramatic explosion in social security costs from the early 1970s, due to the high costs of disability payments-the 'Dutch disease' as it was termed- but also due to old-aged pensions which more than doubled in the period to 1996 (Caulfield, 2004:138). The SVR- Social Insurance Council (SVR), a body responsible for controlling and implementing pensions was developed as a corporatist style tripartite institution. In 1991, the Auditor general attached the management of the SVR which led to pursuit of sector wide reforms. Among these reforms was the institutional redesign of the system of social security administration through the partial dismantling of corporatist structures. Accordingly organisations that were charged with supervision, certification or the payment of benefits were transformed into *zelfstanding bestuursorgaan* (ZBOs) in Dutch which translates to 'autonomous administrative authority'- this gave them greater autonomy which represented greater autonomisation reform of the Dutch welfare administration (van Thiel, 2003; Flinders and van Thiel, 1999). Therefore, the SVB is a pension agency that is responsible of for child and aged pensions only.

### 3.6.1.4 Australia

In Australia there was the establishment of an agency: *Centrelink* which was tasked with institutional arrangements for the administration of social security. Centrelink was formed with the background of a public service in whose "doctrinaire approach of public service towards the superiority of integrated policy and implementation was in a stage of erosion; and the option of experimenting with new agency models was being raised in public and senior official channels…at the same time concerns were also being raised privately that the seamless integration of service delivery and policy was not working" (Codd, 1996; Halligan, 2003:2). Policy does not just come in a vacuum; there is need for either a window of opportunity or an event that provides impetus for change. In the case of *Centrelink* this was provided by the election of a new conservative government, the Howard Coalition, whose

reform agenda for the public sector included a commitment to make the provision of government services open to competition (Vardon, 1998).

Upon its election in 1996, the Howard Coalition sought to address the budget deficit. They proposed a National Commission of Audit to undertake a major review of the management and financial activities of government, including looking into the efficiency gains of rationalizing client networks, between and within agencies (Vardon, 1998; Halligan, 2003; 2008), a trend that also became pertinent to the new South African government post-Apartheid. For the Australian government, finance was not the only direction in which change was being suggested. The agenda and specific idea of developing Centrelink was "driven by two departmental secretaries: Tony Blunn (Department of Social Security) and Sandy Halloway (Department of Employment, Education and Youth Affairs) (Halligan, 2003:6-8).

The two were working from an understanding of the nature and question of duplication in their ministries and the need to rationalize in view of the budget deficits and the need to save on expenditure (Halligan, 2003). Halligan (2003:8) argues that Blunn and Halloway were aware that if the "two departments did not formulate an approach to achieving substantial running costs savings they could expect a less palatable option (some form of privatization), most likely proposed by the Department of Finance", so "they moved quickly to formulate an agency concept, drawing on available ideas" (Halligan, 2003:8-9). After the conceptualization the departments had to also concentrate on bureaucratic politics-streamlining the concept/idea in meaningful ways for the approval of government, and laying the basis for the implementation of a workable agency. This process required the drivers of agenda, recognizing the constraints of choice and the need to balance political expectations and departmental interests (Halligan, 2003:9).

Within the conception of what Centrelink could be, the "original concept envisaged a policy-delivery split that would produce an agency with several small high-level policy departments. Halligan (2003;9) proposes that Blunn had second thoughts about a department confined to policy , and sought a demarcation of the interface between the two new organizations, a reformulation that added a middle area between policy formation and delivery that essentially represented program management or operational policy. The final conceptualization was then that "the department would retain product design of delivery and control of the program, and the department and the agency would compete in the middle ground, with the challenge being

to achieve the effective working of the interface…purchaser-provider being the core element of the agency"(Halligan, 2003:9).

The final organization that was established after debates and negotiations was an organization that was very different from all the other existent agencies in Australia. Centrelink emerged as an agency that "combines autonomy through corporate governance arrangements (an independently appointed CEO and board) and operations (involving relationships with several departments), with informal features that facilitate conformity with government policy and preferences in politically sensitive fields" (Halligan, 2003:9; Vardon, 1998; Halligan, 2008). Furthermore Centrelink is a public service agency subject to the Financial Management Act. Like all other state departments it falls under the jurisdiction of the Minister for Community Services through an appointed Board of Directors. The board reports to the Minister on issues relating to the portfolio.

The Centrelink board is appointed by the Minister for Family and Community Services and consists of a chairman, the Centrelink CEO, and at least four other members, of whom at least two must not be principal officers of Commonwealth authorities (Centrelink, 1997). The board sets the overall objectives, gives strategic direction and sets board business rules for the organisation (CSDA Act, 1997). It is also responsible for Centrelink's goals, practices and priorities and focuses on balancing the needs for accountability, risk management and auditing with those of achieving, best practice in service delivery and reducing costs to meet the governments efficiency demands (Blunn, 2000).

## 3.7 Diffusion and learning in South Africa

The Australian case was not addressed above in too much depth because it is a country case that seems to be on all fours with the establishment of SASSA in South Africa; this is a prime example of learning in the form of either mimicking or transfer of knowledge from one jurisdiction to another. In Australia there was the establishment of an agency: *Centrelink* which was tasked with institutional arrangements for the administration of social security. Reddy and Sokomani (2008:13) argue that the idea of SASSA, the central body for the administration of social grants in South Africa, is:

> Closely modelled on Centrelink, an Australian statutory authority whose establishment in 1997 involved reorganizing 'a quarter of the federal administration body and the merging of functions and staff from various social security and employment departments into the new independent agency (Centrelink, 1997). Besides reportedly ensuring eligibility for benefits and grants, this merging of government services and functions eligibility is touted as an important part of the Australian government's campaign against welfare fraud (Centrelink, 1997).

SASSA employs the similar logic to that of Centrelink- which involves the centralizing of administrative functions, on the one hand, and further distributive services on the other. Centrelink was established as "a one-stop shop, a multi-purpose delivery agency to provide services to several purchasing department" (Halligan, 2003:1) and its services are mainly in the areas of social security and unemployment; which is also almost similar to the purposes for which SASSA was established. The main difference between SASSA and Centrelink however, is that, Centrelink unlike other agencies does not link a specialized function to the agency; instead it is a more diversified organization (Scott, 1999).

## 3.8 Context of the establishment of SASSA

Social security plays, an important role, especially in a country like South Africa that has a large population who live in poverty, who depend on the state for provision. Social security administration forms an integral part of the broader domain of social security. The social security administration function in South Africa was plagued with various problems that acted as an impetus for change including: administrative deficiencies- poor service delivery, insufficient administrative capacity and fragmented policy implementation at both provincial and national level. Paired with these problems was a constitutional mandate in the Bill of Rights to protect the right to social assistance. The right to social assistance as enshrined in the South African constitution section 27 (1) obliges the bureaucracy to develop sound administrative mechanisms geared towards ensuring that the beneficiaries of social assistance are best served in the most effective, efficient and satisfactory manner.

This is further supported by another constitutional prescription in s 195 (1) (a) which provides the basic values and principles governing public administration within the context of governance and public administration in South Africa. The provisions of s 195 are such that a greater standard of accountability towards citizens needs to be maintained and to achieve this, the public administration is required to make efficient and economic use of resources. A

further legislative directive for reform in the South African public administration is governed by what are termed the Batho Pele principles (White Paper for the Transformation of Service Delivery, 1997). Batho Pele aims to improve the way in which services are delivered, calling a shift away from bureaucratic systems, processes and attitudes towards a new way of working which is better, faster and more responsive to the needs of the public. According to the Ncholo Review (2000:90) Batho Pele signals a dynamic process to nurture a cordial and customer-focused relationship between the public service and its individual clients. The reasoning of Batho Pele is linked to international trends that "bureaucracy stifles prompt, efficient and effective service delivery and thus there is need for innovation and flexibility in the operations of government (Jonker, 2001:243). This meant a need of a complete overhaul to suit this public discourse and consensus of a need for change.

As a result of this, the Department of Social Development acknowledged that the administrative wing of social security needed integration and required appropriate measures and solutions with view to ensure effective, efficient and satisfactory service delivery to the recipients of social assistance. It is in this context, which will be expanded on in another Chapters Five and Six dedicated to addressing the context of welfare reform in social assistance administration, that the South African government through a piece of legislation, the South African Social Security Agency Act (9 0f 2004), established a statutory agency. This agency would oversee the administration of social security. The overhaul of the system was also as a result of recommendations of the Committee of Inquiry into a Comprehensive Social Security System (2002). A close reading of this reform in the South African context in conjunction with the trend towards autonomisation of state functions as argued in preceding paragraphs would lead one to understand that this is not a peculiarly South African conception and trend. Therefore, it goes without saying that the reforms in the South African social security administration leading to the establishment of SASSA are to a greater extent influenced by international best practices in as far as the transformation of bureaucracy is concerned.

SASSA, in many ways is a local manifestation of the emerging Commonwealth public administration trends, in particular discourses on strengthening the centre of government and integrated service delivery. By making admission that SASSA is modelled on the Centrelink model, one can see therefore, that SASSA borrows extensively from overseas.

**Conclusion**

Lastly, the concept of agentification was analysed, this is important because agency establishment has followed a trend from international circles. That in itself is a feature of learning which forms a core of this study and will be useful in the analysis of the processes leading to the establishment of SASSA. Furthermore, we also discussed briefly the context of the establishment of SASSA, which will be covered extensively from Chapter Five to Seven. It was important to set in this contextual chapter the background of some of the issues that we will continue discussing in this thesis. Hence, Chapter Four and Five deal with more substantive issues surrounding the background to the establishment of SASSA.

# CHAPTER FOUR:
## REFORM ARENA: SOUTH AFRICAN WELFARE

## (SOCIAL ASSISTANCE POLICY)

## 4.1 Introduction

This chapter will attempt to highlight some of the policy contexts within which reforms in the institutional and administrative system of income maintenance provision have taken place. These reforms will be discussed and analysed at greater length in Chapters Five and Six. The contexts that will be discussed here include: historical development of social protection policies since apartheid; the political economy of South Africa since 1994; and the decision making structures that have influenced policymaking, implementation and evaluation in South African income maintenance provision. It is important here to undertake this contextual exposition in order for one to have a clear understanding of the background informing the shifts from decentralised to centralised social security delivery mechanisms. The chapter is important for the rest of the thesis, because in order for us to understand the occurrence of learning or unlearning, we need to be familiar with the background of the processes leading to such process of learning or unlearning. This background information will explore some of the institutions which provide the contexts that affect the behaviour of policy stakeholders. Furthermore, it also shows the nodes that characterise either an impetus for change or the failure to change policy.

This chapter does not provide exhaustive information on the policy contexts. Rather it covers a broad overview in order to anchor our understanding of the processes of 'state learning' under investigation in this thesis. In other words, the concern is not to establish linkages between the three contextual nodes that are being discussed here, but to provide background information. The structure of this chapter is as follows: a brief introduction for the section on income maintenance/ social protection measures and an exposition of the historical development of income maintenance policies; an introduction with the definitions and discussion of the idea of political economy and discussion; finally a brief discussion of the decision making structures in South Africa and a conclusion.

## 4.2 HISTORY OF THE SOUTH AFRICAN SOCIAL SECURITY SYSTEM

## 4.2.1 Context

Throughout the course of history societies have tried to develop mechanisms and policies to assist the disadvantaged and the poor (Holscher, 2008:114). These mechanisms have been institutionalised to varying degrees in the form of policies, legislation, state bureaucracies and civil society organisations (Holscher, 2008:114). In many countries, South Africa included, these mechanisms take the form of social welfare policies. Kotze (1995:67) suggests that social welfare 'includes all those activities geared towards achieving the highest possible form of independence and natural fulfilment of each of the members of society.' In addition it also involves government activities which are designed to enable individuals, families, groups and communities to cope with socihal problems of challenging conditions (Maqubela, 1997:6).

In the case of South Africa a large portion of the population falls outside the economic mainstream and have limited employment opportunities (Pauw and Mncube, 2007:28). For this portion social protection provisioning in the form of income maninatenance grants (cash social assistance) is an important source of income (Lund, 1993:22; Bhorat and Leibbrandt, 2001:200; Mac Quenne *et al*, 2002; Van der Berg, 1997:1 and Kruger, 1998:3). This chapter will make much reference to social assistance instead of social security, because as recorded in the Social Development Portfolio Committee of May 31 2003 by then-Chief Director: Grant Systems and Administration (now Deputy Director General [DDG] of Social Security]), Selywn Jehoma refuted the reference to social security. He felt rather that in the South African context 'social assistance' was a more appropriate term than 'social security' as the system was too fragmented, as at that point the government could only offer social assistance (Social Development Portfolio Committee, 2003). The following sections and paragraphs will attempt to trace the origins and nature of the income maintenance system. This is important because as will be shown in Chapter Five, there are various challenges surrounding the paying out of social assistance that can only be understood by making

reference to the origins of the social security provisioning in Apartheid South Africa that will be outlined in this chapter.

## 4.2.2 The origins of social security

State provision of social assistance in South Africa and the history of racial discrimination in welfare provision dates from 1910, the period the country became a Union. The system of social assistance was concretised and rationalised as a method of enabling people to escape social destitution. Social assistance became extremely important after the White Mineworkers Strike of 1922. Hassim (2005:6) notes that this strike was significant in the history of social assistance because, firstly, it showed the depth of the entrenchment of both social and political divisions between black and white workers in South Africa. Secondly, the strike was the basis for further "co-optation of the white working class into a historic bloc with the white bourgeoisie, under the class interests of the latter" (2005:7). Hassim (2005) was correct in highlighting this fact, but in our opinion evidence of white working class racism and their definition of their interests with the 'white bosses' against black workers could be found in abundance even earlier than 1922 on the diamond mines of Kimberley in the 1860s. (Meredith, 2007:35-39).

However, it is important to emphasise that segregation in welfare became more pronounced after the investigation of the Carnegie Commission of Investigation on the 'Poor White' Question in South Africa (1932). The impact of the Carnegie report was to help bolster support for segregation laws. The thinking was that by promoting segregation and by giving the 'poor white' institutional assistance it would help the Settler-colonial state maintain its economic and social power. Therefore, social assistance then seems to have arisen as a method of allaying the fears of white workers, given the threat they posed to the process of capital accumulation. As Seekings and Nattrass (2006) maintain, at this time the state provided social assistance to the white working class, especially the unskilled and semi-skilled sections of the population through old age pensions and disability grants. This was designed to address the 'poor white problem' (Hassim, 2005:6).

Further, the rationale behind social security/welfare was to ensure a safety net to protect the standard of living of White people. For example, the Children's Protection Act of 1913

provided maintenance grants for children. Very few of these reached African parents, and none were given to the parent of an African child in the rural areas (Liebenberg and Tilley, 1998:4). Under apartheid, the main grant for child and family care was the State Maintenance Grant (SMG) (made up of a parent allowance and a child support grant); it was awarded on a means-tested basis to certain categories of women. The SMG will be discussed at greater detail in section 4.3.5. Another act, the Old Age Pensions Act of 1928 entitled all White men over 65 years and Coloured women over the age of 60 to draw pensions. Nowhere is it recorded that at the time of drafting legislation and computing figures, a share for Africans was included. Such state of affairs cemented the exclusion of Africans from the welfare quotas of the time (Seekings and Nattrass, 2006).

Liebenberg and Tilley (1998:4) and other scholars (Patel, 1992:34-35 and Visser, 2004; 2009) have drawn our attention to the fact that exclusion of Blacks and Indians was rationalised on the assumption that Africans in rural areas could rely on rural kinship ties and custom to assist them in their old age. Visser, (2004:4; 2009:4) adds that: "under apartheid, state welfare expenditure for whites represented an important economic and political stabiliser in government efforts to maintain white support." This is evidenced by the fact that, for example, the Unemployment Act of 1937 covered 88 000 workers, but excluded all black agricultural, domestic and mining workers (Meth and Piper, 1992). Furthermore, Van der Berg (1994:4) adds that economists at the time warned that improved coverage of black people may put the fiscal viability of social assistance system in jeopardy.

### 4.2.3 The Construction of a basic safety net

In 1928 and more so after 1937 a basic safety net was constructed through the establishment of means-tested state pension and disability schemes (Burns, Keswell and Liebrandt, 2004). In 1928 the pension system was introduced as a form of income support for poor elderly whites (Sagner, 2000). Only in 1944 did the pre-apartheid state extend the social pension to include members of other race groups, and even then, pension payment size differed formally across the race groups (Burns, Keswell and Leibbrandt, 2004:2). Patel (1992) also notes that the Disability Grants Act of 1947 also extended disability grants to all races. However, one needs to emphasise that though there was extension and a creation of a 'basic safety net' across the race groups, payment of these pensions was highly discriminatory. An example is that in 1941 the War Veterans Pension Act was passed, the benefits, however excluded

Africans who had served in the Native Military Corps in the First World War (Liebenberg and Tilley, 1998:4). The level of discrimination is illustrated in the Table 1 and 2 below:

Table 1: Welfare Expenditure for the different population groups

| Population Group | 1950 | 1976 | 1990 |
|---|---|---|---|
| White | 61% | 56% | 23% |
| African | 25% | 28% | 52% |
| Coloured and Indian | 14% | 16% | 25% |
| Total | 100% | 100% | 100% |

*Adapted from Patel (1992:44)*

Table 1 shows the differences in expenditure from 1950 to 1990. The representation above shows the total share awarded to the various racial groups. A close reading of the table indicates clearly that Whites received a greater proportion of the income as compared to other racial groups. A clearer picture is given in table 2 below.

Table 2: Racial Income and Population Shares in Percentages (1970-1996)

| | Share of Income | | | | Share of the population | | | |
|---|---|---|---|---|---|---|---|---|
| | 1970 | 1980 | 1991 | 1996 | 1970 | 1980 | 1991 | 1996 |
| African | 19.8 | 24.9 | 29.9 | 35.7 | 70.7 | 72.4 | 75.2 | 76.2 |
| White | 71.2 | 65.0 | 59.5 | 51.9 | 17.0 | 15.5 | 13.5 | 12.6 |
| Coloured | 6.7 | 7.2 | 6.8 | 7.9 | 9.4 | 9.3 | 8.7 | 8.6 |
| Asian | 2.4 | 3.0 | 3.8 | 4.5 | 2.9 | 2.8 | 2.6 | 2.6 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

*Sources 1970 and 1980 data from McGarth 1983; 1991 data from Whiteford and McGarth (1994); 1970 and 1980 population data estimated from Sadie (1993): all as presented by Department of Social Development (2000).*

Table 2 shows the income shares by race over the period 1970 to 1996. It shows that by 1996, whites who accounted for about 13% of the population received about 52% percent of the total income.

After looking at the tables above, it should be noted that the United Party (UP) made rudimentary, albeit, imperfect attempts at extending social security provision to all races. These efforts were halted by the year 1948 when the National Party came into power (Kruger, 1992a). The Nationalist Party (NP) made it a point to reduce benefits to other racial groups as

part of its separate development policy. From 1948 onwards there was a reversal of the efforts of the United Party, as the social assistance programme became regressive: there was an increase in the old pensions for Whites than for blacks at that time (Liebenberg and Tilley, 1998:5). For example in 1946, the Unemployment Insurance Act was repealed by the NP because 75 percent of benefits accrued to African workers (Bhorat, 1995:598). A further effort by the NP was to set a minimum income level for African workers to qualify for benefits. As a result of this by 1954 Whites were drawing almost all the benefits available. .

## 4.2.4 Delivery of social assistance in apartheid South Africa

Separate development policies of the National Party were seen more evidently in the area of social welfare. (van Driel, 2008:3-5). The effect of these policies; would be the disenfranchisement and disempowerment of blacks for 46 years (1948-1994) (Brown and Neku, 2000:303). Structurally, the deepening of separate development could be seen in the periods 1951 to 1980 in the fragmentation of welfare services according to race. According to Visser (2004:4; 2009:4) and other scholars (Brown and Neku, 2005:303; Maqubela, 1997; Pauw and Mncube, 2007:9) by the year 1950 the established Department of Social Welfare had its responsibilities for Blacks, Coloureds and Indians transferred to the Departments of Bantu Administration, Coloured Affairs and Indian Affairs, respectively. This distinction and separation according to race served as a method to 'legitimately' sustain discrimination and the separation of the races. To this end Mamphiswana and Noyoo, (2000) noted that the separation ensured that the blacks who had the greatest need, received the smallest portion of the welfare budget with a consequent inability to access basic infrastructure like housing, electricity and running water. This separation also ensured that Whites were paid at a higher level than all the other race groups as evidently shown in Tables 1 and 2 in the preceding sections (Visser, 2004, 2009; Potgeiter 1970:18-39; McKendrick, 1988:11-16 and Patel, 1992:37-39). The result of the policy of separate development was the creation of two types of administration policies: centralised and decentralised, for whites and blacks respectively.

Decentralization of welfare services resulted in duplication and inefficiency as well as the development of conflicting and different standards among welfare departments. Lund (1992) cites the following as differences in the delivery of social services:

  (a) Coloureds, Indians, and Whites received payments monthly and the blacks were given payment of allowances every second month;

(b) Coloureds, Indians and Whites were paid by cheque through the post office and blacks were paid in cash at various mobile sites, for example, at schools, under trees or in shops; and

(c) Pensions for the minority were payable from the date of application, while those of the black majority were only payable from the date of approval.

Apart from the different departments, there were also contractual agreements with voluntary organisations entered into through separate government departments (Van Nierkerk, 2003:365-366). Scholars (Lund, 1992; 1993; van Nierkerk, 2008) agree that the bloated bureaucracies of the apartheid era are best illustrated by the administrative fragmentation on social security and social welfare delivery. Key to these warped functions was the location of services and personnel in different departments which resulted in the problem of personnel duplication and inefficiency. Subsequently, there was also an extensive wastage of resources, compounded by the existence of Homeland and Independent State governments, which ran parallel to the main white government and its operation of social security.

The various departments and the contractual agreements combined to make one system led to a system of wastage and administrative duplication. Furthermore, two major problems arose as a result of apartheid system of separate development: inequitable resource allocation and administrative/delivery crises; making rationalisation inevitable after the 1994 elections as will be discussed in another section in this chapter (Maqubela, 1997). This reform would later be seen to demand the incorporation of Bantustan homelands that were delineated for Africans, into a unified state system. This included streamlining and eradicating the different apartheid departments (all fourteen of them) at different tiers of government into one national government (RSA Government, 1991:1). As will be discussed later in this chapter; reform was undoubtedly necessary because the apartheid system produced confusion, duplication and wastage of resources (Lund, 2001). The government to succeed the Apartheid state was left with the daunting and complex task of trying to reform social security; break administrative anomalies, unify social security and equality as hallmarks of a new democracy.

## 4.2.5 Deracialisation and reducing inequalities in social security in South Africa

The year 1970 introduced a series of economic difficulties to the system of apartheid: there was a major stagnation in the economy (Liebenberg and Tilley, 1998). This forced the

government to consider integrating blacks into the welfare system in order to sustain economic progress. Hence, sporadically, the percentage of African Old Age Pensions began to increase from 16 percent to 85 percent in 1993 (Bhorat, 1995:600). However, in as much as there was progress in the introduction of blacks into the system of social security, the administration of the various grants remained discriminatory as highlighted in Tables 1 and 2. The effect of the continued discriminatory tendencies was also seen in the administration of the various social assistance grants. Such that, although allocation to Bantustans increased from 1989 to 1991, the various separate departments and administrative channels in the Apartheid state continued to provide inefficient and inequitable delivery of services to the African poor (Brown and Neku, 2000). This state of affairs can only be explained by the fact that the rationale for the social safety nets was to give the homeland system and the tricameral government political clout and legitimacy. As such the Apartheid state had no real incentives to change the whole system. As long as a share of the economic pie was shared with the Africans, it was believed that would increase support for the Apartheid government.

In 1970's the idea of moving to parity in social spending was introduced, but its effects left a massive black hole in the economy. As a result:

> Fiscal expenditure on social spending rose rapidly. Fiscal constraints did not allow for increasing benefits paid Black persons to White levels. Deracialisation was achieved mostly in areas where there was the least resistance to reducing white benefit levels, for example, in the area of social pensions and grants where the small numbers of elderly and disabled poor whites who qualified for the means test were politically marginal (Van der Berg, 1997:487-488).

Van der Berg (2000) further describes the period between 1972 and 1990 as a 'trend towards re-incorporation and reduced inequality.' According to Bhorat (1995), the NP realized during this period that the economy could no longer rely purely on a small pool of white workers to sustain economic progress. This led to the increase in the demand of black workers and a consequential abandonment of job reservation policies. As a result for the first time in the time of apartheid trade unions for non-White workers were legalized. Changes in the labour system also resulted in a move towards greater inclusivity and the desire to equalize opportunities and income in the social security system as will be discussed below.

The only way of attempting to equalize social spending then was achieved by undercutting the benefits for the Whites. For example, black pensions increased through the erosion of real white pensions. According to Burns, Keswell and Liebbrandt, (2004:2) and Ferreira (1999:55) "during the 1980s, the size of pensions more than doubled for Africans while it

declined by 40 percent for whites." As a result of these moves, in 1992 the Minister of Finance announced the increase in pensions for Africans from R225 to R293 and for whites from R304 to R345. But, after this the Financial and Fiscal Commission (1998:89) reported that, the maximum value of the pension of a White recipient decreased from R430 in 1980 to R234 in 1996, while an African recipient received a real increase from R132 to R234, therefore, the gap between white and African pensions reduced from .35:1 to 1.18:1 (Race Relations Survey, 1992/93:303). Legitimate parity was only achieved in 1994.

The apartheid policies of separate development that were discussed in preceding paragraphs ensured that social security was unequal (Pauw and Mncube, 2007:9). Therefore, for legitimate parity to occur there was need for an about turn in the entire political structures of the apartheid system in order for progress to be made in reaching 'real income parity' for all South Africans. The process of a wholesome transformation of the welfare system began during the later part of the 1980s (Gray, 2006). Gray (2006:3) argued that the driver of this process of change was Leila Patel who later became the Director General of Welfare and whose PhD examined social welfare options for South African through an in-depth analysis of eight social services. However; for one to understand transformation of the system of unequal income, and opportunity one needs to see it in light of the background to the end of the system of apartheid.

The move for change was accelerated in the 1980s leading to the ultimate dismantling of apartheid (Lowenberg and Kaempfer, 2001:79). The 1980s were a period of intensified national and international pressure on the apartheid government; particularly in the form of economic sanctions. In addition to economic sanctions there were other variables that left the apartheid system inoperable, because "the practical implementation of apartheid was sensitive to changes in costs and benefits of racial policy to white South Africans" (Lowenberg and Kaempfer, 2001:194). Lowenberg and Kaempfer (2001:195) argue that besides the economic sanctions the apartheid system was set to fail anyway because "most of the economic problems encountered by South Africa under the apartheid system were intrinsic to the system itself." According to Lundahl (1992:22; 329) " the South African government policies themselves, quite apart from foreign sanctions and pressures, became dysfunctional to economic growth because these policies were inspired by ill conceived theories of economic growth or development that were widespread at the time and that proved disastrous in many countries in addition to South Africa." As such scholars agree that there were other internal elements that led to dismantling of apartheid. (Lundahl, 1992;

Lowenberg and Kaempfer, 2001; Rosendorff, 1996; Marais, 2001).Some of the internally induced changes in the costs and benefits of apartheid polices included: costs of influx control; labour-market regulations; educational policies and industrial decentralisation.

In light of this, Kantor, (1993:12) argued that political reform was initiated by the government essentially to relieve the economic burden of political instability. Rosendorff (1996) suggests that the cost to the white regime of "contest" that is, continuing to spend on resources on protecting the apartheid system from attack, came to exceed the cost of redistribution that would inevitably follow a handover of power to a black government. Part of the reason for this change was the decline in white income relative to black income that had occurred between 1970 and 1990, which meant that whites had less to lose from redistribution under majority rule (Lowenberg and Kaempfer, 2001:210). Rosendorff, (1996:22) notes that the transition occurred at exactly the point in history when the ratio of white to black per capita income and the Gini coefficient had fallen to unprecedented low levels.

The effect of all of this was of course the fall of the apartheid state. This combined with the economic progress in the inclusion of blacks and other racial groups into the economic system of social assistance meant that there was need for an extensive and wholesome transformative system. The deracialisation of access to state grants culminated in the publication of the Social Assistance Act (1992). The Act provided for the extension of social assistance to all South Africans on an equal scale (Vorster, 2000:1). The drive towards change would again come as an effort to do away with the past government policies of separate development. These efforts were culminated after 1994 as will be discussed briefly below.

When the ANC came into power in 1994 it was faced with the challenge of a fragmented social security system. Reforms of the social assistance programme in post-apartheid South Africa have been an effort to produce safety nets in line with the 1996 Constitution (Bhorat, 2001:56). With the advent of the 1996 Constitution, came a mandate upon the state in accordance with Section 27 that:

> Everyone has the right to have access to social security, including, if they are unable to support themselves and their dependants, appropriate social assistance.

As a result of this, the right to access to social security is guaranteed to "everyone" and is not expressly restricted to citizens. To give effect to this mandate the government was required to

formulate and operate welfare policies within this framework. Therefore, all legislative and policy initiatives in social security should strive to give effect to these Constitutional rights and make them real and meaningful in the lives of ordinary people.

As such after 1996 the South African government has developed an extensive social security system. The state provides the following type of grants: old age pensions, disability grants, foster care grants and the child support grants. These social assistance transfers are aimed at providing income support to eligible poor and vulnerable individuals of every race. It should be noted that we will not go into an in depth analysis of the types of grants because this is not the focus of this thesis.

### 4.2.6 Summary

The section above was aimed at tracing the historical development of social assistance in South Africa. This was essential for this thesis because in order to understand the nature of the problems leading to the establishment of SASSA one needs to understand the root cause of these problems. It was highlighted above that the nature of the apartheid state was such that grants became very unequal and the administration fragmented. As a result of this, the government after 1994 had a daunting task to transform both the structure and administration of social assistance. This has not been without its own difficulties and challenges, brought on specifically by the nature of the economic path that was chosen by the government post 1996 as will be discussed in greater detail in the next section.

### 4.3 THE POLITICAL ECONOMY OF SOUTH AFRICA

### 4.3.1 Context

Welfare, especially social security administration, is political; its redistributive functions, its wide reach to citizens, its cost to tax payers and its vulnerability to economic circumstances and its reform processes all contribute to a high level of political salience (Koma, 2005: 4). Reform processes in the institutional and administrative arrangements for social security are not only technical, but political. They require technical solutions that are accompanied by processes of consensus building, participation, conflict resolution, compromise and

adaptation (World Bank, 2008:14). As such, the interplay between politics and economics defines the nature and direction of social delivery mechanisms adopted by a country; South Africa is no exception. The development of various economic vis-à-vis political policies has had an incontrovertible impact on the direction of social security administrative mechanisms and the reform of policies in turn.

It is important to provide an understanding of the political economy because the relationship between politics and economy mirrors the nature and trend of government policies, especially as it relates to administrative issues that have economic implications, like the case of the establishment of SASSA under investigation here. Furthermore, understanding the political economy will help one realise an important node of policy contestation which provides the impetus for change or the delay of that change. In this section, the political economy will be defined, a brief background of the development of economic policies will be given, and an attempt will be made to contextualise this and bring out the nature of the type of intra and inter- state relationships that have resulted. This is with the intention to try and provide a spring board for one to understand some of the processes leading to the development of SASSA and learning processes.

## 4.3.2 Definition of political economy

Eatwell, *et al*, (1996:907) define political economy as "efforts made by man to supply wants and satisfy desires." It can also be seen as the overall configuration of power relations in public policy formulation, which in turn is an outcome of institutional evolution, accumulation processes, social struggles and other factors both global and domestic (Bond, 2007). Its origins can be found in the work of Adam Smith's *Wealth of the Nations,* David *Ricardo* and Karl Marx. In this body of work the term referred to the condition of production organisation in nation states; what is termed economics. But this term can be seen to refer to the analysis of the linkages between politics and the economics. It important to make use of a political economy lens when analysing policy reform, because

> Policy design, implementation and reform is a complex, multi-directional, fragmented and unpredictable process…political economy lenses help one envision beyond the technical solutions to include a necessary emphasis on stakeholders, institutions and

processes by which policy reform is negotiated and played out in the policy process (World Bank, 2008: vii).

It is important to note from the beginning that in the policy process/es relations between stakeholders, social actors and the economy will influence their support or opposition to reform (King and Hansen, 1998). Furthermore, the sequencing and timing of actions associated with policy reforms can also determine the level of tension and conflict, the duration and ultimately the success or failure of reforms (World Bank, 2008).
Context of the economic reform in post-1994 South Africa

## 4.3.3 RDP and the vision for post-1994 South African

The first democratic elections carried with it the hopes, social and economic aspirations of the country's black population, oppressed and exploited for decades under Apartheid (van Driel, 2008:3). These aspirations, embedded in the liberation struggles against Apartheid, were reflected in the Reconstruction and Development Programme (RDP) (1993), published in 1993 and the Macro Economic Research Groups (MERG) which was comprised of former activists, academics and intellectuals. Both were based on a 'developmental orientation' and 'demand side' Keynesian economics to reconstruct the South African society (Lehulere, 1999: 35-38). The RDP was a product of the Alliance, consisting of the Congress of Trade Unions, the African National Congress and the SA Communist party; and generally sought to capture the historic demands of working people. For two years it was based within the office of the President.

In 1993 the Congress of South African Trade Unions (COSATU) presented its version of the RDP to the ANC with the intention of it being used as the ANC's 1994 election platform (Gumede, 2005:76). The ANC retained the social equity tenets initially proposed by COSATU, such as land redistribution, basic service delivery, housing, education, health, telecommunications and the democratisation of the state and society (ANC, 1994), yet revised it many times, attempting to make it more market-friendly and therefore more acceptable to business (Gumede, 2005:76).

The introduction to the RDP document unequivocally crystallised what seemed to be the intention of the post-apartheid government as follows:

> No political democracy can survive and flourish if the mass of our people remain in poverty, without land, without tangible prospects for a better life. Attacking poverty and deprivation must therefore be the first priority of a democratic government. (RDP, 1994:4).

In conjunction with these efforts to transform the lives of the people of South Africa who had suffered under several years of apartheid the government also revealed their economic and development goal posts in the RDP. They revealed that:

> Growth…is commonly seen as the priority that must precede development. Development is portrayed as a marginal effort of redistribution to areas of urban and rural poverty. In this view development is a deduction from growth. The RDP breaks decisively with this approach…where growth occurs, how sustainable it is, how it is distributed, and the degree to which it contributes to building long-term productive capacity and human resource development, and what impact it has on the environment are crucial questions when considering reconstruction and development. (RDP, 1994:6).

To achieve this, the motto of the RDP was 'locating the state as an intervention bridge within the economy' to solve social woes as well as to bring the above mentioned growth through redistribution and provision. The thesis of the ANC's argument in the RDP was as follows:

> The democratic government must play a leading and enabling role in guiding the economy and the market towards reconstruction and development with a dynamic balance between government and intervention, the private sector and the participation of the civil society (RDP, 1994:80).

Concurrent with its efforts to transform the South African state *per se* it had a strong thrust towards redistribution of wealth to previously disadvantaged groups. To achieve this, as argued in the section on the history of welfare (social assistance) in South Africa, countries resort to welfare provision to ameliorate the woes of those caught in the vicious cycle of poverty. The government realised that they could not transform the legacy of bad welfare through piecemeal reforms, this is telling in the words of the RDP that:

> Apartheid contributed to the destruction of family and community life in various ways. The present racially-based, discriminatory social welfare services are piecemeal responses. They have little impact on the root causes of social problems and on the disintegration of the social fabric. (RDP, 1994:52).

The key caveats of this transformation of social welfare were to be located in the discourse of 'developmental social welfare' which was described as having the following main purposes:

> The attainment of basic social welfare rights for all South Africans, irrespective of race, colour, religion and gender and physical disability, through the establishment of a democratically-determined, just and effective social delivery system; the redressing of past imbalances through a deliberate process of affirmative action in respect of those who have been historically disadvantaged, especially women, children, youth, the disabled, people in rural communities and informal settlements (RDP, 1994:52).

To achieve these caveats and within the discourse of developmental welfare the praxis to the reform process would be to establish a:

> Comprehensive, non-racial, unitary, and democratic welfare system, including a negotiated national social security programme, which must be introduced to aid the distribution of goods and services within the framework of public responsibility (RDP, 1994:53).

Within the thread of these propositions from the RDP and as has been highlighted in the introduction to this section, one can see a trend towards neo-Keynesian macro-economic tendencies: which proposes the intervention of the state, not the market in bringing about economic growth and invariably redistribution. Nelson Mandela confirmed this position at the International Press in February 1994, when in his speech he said:

> We are convinced that left to their own devices, the South African business community will not rise to the challenges that face us. The objective of our policies is to create employment as our highest priority... Public sector investment to provide the basic needs and services to the people will be another key area of state intervention…we should also seek to stimulate further growth and job creation by encouraging public investment in social and economic infrastructure that spurs manufacturing and building a job creation focus into all aspects of industrial policy. This is done with emphasis on labour intensive methods, maximisation of linkages between manufacturing and infrastructural investment and the beneficiation of our minerals would swiftly alleviate the rate of job loss while creating new jobs for work seekers. (Mandela, 14 February, 1994).

Having gone through the vision of the RDP and the ANC in post-apartheid South Africa, it is regrettable that that this vision suffered from a diversion caused by the shift from a liberal stance to fiscal austerity. The neo-Keynesian policy and its dashing hopes of transformation were to undergo an extreme make over, post-1994, through fiscal austerity. This discourse was reflected in the pronouncements of then President Nelson Mandela in the 1994 State of the Nation Address, were he was quoted saying:

Precisely because we are committed to ensuring sustainable growth and development leading to a better life for all, we will continue existing programmes of fiscal rehabilitation. We are therefore determined to make every effort to contain real general government consumption at present levels and manage the budget deficit with a view to its continuous reduction. Similarly we are agreed that a permanently higher level of taxation is to be avoided. To achieve these important objectives will require consistent discipline on the part of both central and provincial governments (Nelson Mandela, 24 May, 1994).

Fiscal austerity was solidified in the South African economic discourse after the conclusion of a loan agreement between the Transitional Executive Council [a joint task team of the NP and ANC established to oversee the transition to democracy] and the International Monetary Fund (IMF) for 850 million dollars in November 1993 (Padayachee, 1997:32). Concurring with this, Adler and Webster (1998:364) argue that, this loan agreement was evidence of ANC's abandonment of ideologies of the redistributive 'left-Keynesian' project, citing reasons for their argument, the terms of reference of the contract: reduction in government expenditure, not raise taxes whilst trying to reduce the ratio of debt to GDP in the subsequent years.

From its first years in office the ANC was under severe pressure from local and international business. The RDP's ambitious social and economic targets were always going to be difficult to achieve, given the government's resource constraints (Marais, 2001; Gumede, 2005) and the economy, which turned out to be more fragile than the ANC had initially thought (Sparks, 2003). It was concluded that social spending and redistribution would have to wait (Marais, 2001). So, in December 1994, at the ANC's national conference Thabo Mbeki and other economists suggested a change in the economic policies of the government; with a realisation that the delivery targets of the RDP would not be met unless the government changed direction (Gumede, 2005).

According to Habib (2004:5) "The greatest policy shift in the history of the ANC" (Calland, 2006:114) was facilitated by the fact that there was a lack of "substantive uncertainty," in the electorate. That is, the ANC's political base was solid and therefore the leverage of the vote of the black majority demanding "poverty alleviation, service delivery and transformation" ceded to that of foreign investors and domestic business demanding "privatisation, deregulation, financial and trade liberalisation, and low budget deficits" (Habib, 2004:3). Though the accounts produced by Habib and Calland might have merits they neglect to also

place emphasis on the state of the economy post-1994. The South African government inherited an economy that was in decline. By 1994, South Africa had experienced a two decade long economic stagnation reflected in "the decline of Gross Domestic Product (GDP) from about 5.5 percent in the 1960s to about 1.2 percent in the 1980s a negative growth of about -0.2 percent by 1993 (South African Reserve Bank, 2000).

Therefore, with declining economic prospects, Mbeki was tasked with drawing up a 'growth and development strategy' one which would inspire business confidence and stabilise the macro-economy (Gumede, 2005: 85-87). To foster this development, Jay Naidoo's RDP office was jettisoned and Mbeki with his commissioned team of economists crafted an orthodox, market-friendly economic policy, essentially a stabilisation package favourable to domestic and international financial corporations. (Gumede, 2005:86-87). In 1996 the ANC Government, under Nelson Mandela, adopted the Growth Economic and Redistribution Strategy (GEAR). Scholars agree that at the time in question, when GEAR was adopted, there was no significant external debt that existed, except perhaps, 'pressure' from the International Finance Institutions[3]. The shift to the GEAR represented, yet again continuity with the old apartheid government tendencies (Marais, 1998; Michie and Padayachee, 1997). Only after the SA Cabinet had adopted the GEAR was it referred to the ANC's National Executive Committee- excluding the Alliance partners.

The Growth Economic and Redistribution Strategy (GEAR) sought to attract foreign direct investment and improve South Africa' credibility via improved industrial competitiveness[4], greater fiscal and monetary discipline, the removal of tariff barriers and greater trade liberalisation, the expansion of privatisation, stabilisation of the exchange rate, increased labour flexibility, reduction of the budget deficit to contain debt servicing obligations, counter inflation and the re reprioritisation of public expenditure (RSA, 1996a). Yet, as Marais (2001) argued, GEAR was flawed: the policy itself was rushed, lacked rigour and was based on shaky assumptions about the linkages between fiscal austerity, growth, job creation and social equity. Despite all the compromises made and the concessions given by the ANC to international capital with GEAR; the promised investment was not forthcoming (Gumede, 2005). Because, though the policy resulted in some investment it was not the right mix and

---

[3] In particular, the World Bank (WB) and the International Monetary Fund (IMF), which were historically known for the lack of scruples in encouraging countries in Africa and elsewhere to adopt neoliberal Economic Structural Adjustment Programmes in exchange for Aid.
[4] However, GEAR does not in fact have an industrial policy.

did not yield the amount anticipated. Therefore, the left critique held that by reducing the fiscal deficit, dramatically cutting corporate tax and keeping inflation low, GEAR effectively ensured that growth and job creation slumped and social spending was pushed to the margins (Bond, 2000; Marais, 2001; McDonald, 2002a).

Despite critical contestations on the left regarding the direction the South African government was going, in 1996, GEAR replaced the 1994 RDP (the ANC argues that GEAR was a strategy that was already pre-figured in the RDP, (Sparks, 2003). It was introduced by the ANC without consultation with its labour and civil allies (Gelb, 2005; Calland, 2006). It was shaped by the thinking of the IMF and the World Bank, whose influence over the private sector and local and international consultants substantially shaped the texture and direction of certain infrastructure policies (Khosa, 2000). The GEAR strategy which indicated a broad shift to the right, steered South Africa away from a developmental state, ushered in a new era of institutionalised neo-liberalism and resulted in a period of fiscal austerity, leading to reduction in social expenditure, stagnation and erosion of the public sector, widespread embrace of cost recovery and increased social conflict (Bond, Dor & Ruiters, 2000; Khosa, 2000; McDonald, 2002a).

Reasons have been proffered for this change in direction; it seems that the ANC was still viewed with scepticism just after 1994. International capital demanded more concessions and assurances that the ANC was committed to establishing a market-friendly economy and had eschewed its traditional revolutionary alliances (with the Soviet Union, Eastern Europe, Cuba and Socialist African states) and that the ANC had changed its apparently nationalist, communist and socialist nature (Gumede, 2005). Bond (2004) contested the assumptions of this 'no space to manoeuvre' scenario. Bond (2004:15) argued that the ANC had two possible routes forward, and abandoned the first-distinctly people-centred and based on social justice and redistribution- in favour of the "neoliberal capitalist path." This resulted, according to Bond (2004: 47), in limited contestation of the global capitalist discourse and meant that South Africa made certain choices which cemented an economic policy based on principles of neo-liberalism, which simply moved state policies of "racial apartheid" into the realm of "class apartheid." Bond (2004:54) also argued that the path chosen by the South African government, dictated by the International Monetary Fund (IMF), actually made the country weaker. By actively permitting capital flight and signing on to an accord which eroded national sovereignty and strength: silencing calls for nationalisation; committing to the

repayment of apartheid debt; ratifying the General Agreement on Tariffs and Trade (GATT) and moving faster than required abolishing exchange control; freeing up the independence of the Reserve Bank and allowing local and indeed South Africa's biggest companies to move their financial headquarters outside South Africa to London. These economic policies had an impact on the development and functioning of social welfare policies as will be discussed below.

## 4.3.4 GEAR and Social Welfare Policies

South Africa's political transition from the apartheid regime to a non-racial democracy was first and foremost about achieving equality in terms of political rights; such that, the would-be governing party, the ANC was fully aware of the need for policies to address poverty (Makino, 2007:9). This was not only because it believed "the state has a major role in meeting the legitimate and realistic expectations of all, especially the poor, the disadvantaged and other vulnerable persons" (Ready to Govern, ANC, 1992a: 43), but also because of its political implications. An internal discussion document in April 1992; one month before the ANC adopted the "Ready to Govern' document, it released a statement that read:

> If the material well-being of the poorest 40% of the South African society is not improved after a reasonable period of time under a democratic government, this is likely to have serious political implications for the country as a whole (ANC, 1992b:30).

Acting in cognisance of this need for change; when the ANC won the first non-racial election in April 1994; it again stressed the importance of addressing poverty. The RDP, with which the ANC fought the election campaign, declared:

> No political democracy can survive and flourish if the mass of our people remain in poverty (...) without tangible prospects for a better life. Attacking poverty and deprivation must therefore, be the first priority of a democratic government (ANC, 1994: 1.2.9).

In light of this consideration, reconstructing social security as a poverty alleviation measure, which along with people-centred development rather than social service provision was seen as the main means of dealing with poverty (Gray, 2006:2). However, post-1994, the policy reform processes where welfare is concerned have been filled with both opposing ideologies

and various dichotomies that have made it difficult to achieve the goals set out by the ANC in its election campaign.

For example, welfare was never treated as a core issue in the election document, the RDP compared to other social policy areas such as water, housing, electricity and health (Makino, 2007:10). Unlike the housing policy of "building over one million houses in five years" (ANC, 1994: 1.4.2), there was no such target set for extending social grants. Rather, the welfare policy goal was stated as 'to...minimise the extent of dependency on the state...'' (Ministry of the Office of the President, 1994: 3.12.1). Only later when the new child support grant was introduced in 1998, a goal of "reaching three million was set" (Lund, 2008: 105-111). Another dichotomy was presented in the macro-economic strategy, GEAR, adopted by the government which sidelined the prospects of growth by redistribution as contended by the ANC in the period of transition. Gray (2006:s56) maintains that the broader policy context of South Africa's attempted transition to developmental welfare was characterised by competing ideologies.

In its pre-election manifesto, the Reconstruction and Development Programme (African National Congress, 1994) the African National Congress (ANC) committed itself to social-democratic ideology (Gray, 2006). This commitment was developed through an elaborate consultative process which culminated in the publication of the White Paper for Social Development[5] (Department of Welfare, 1997), a policy that has since served as the baseline for all subsequent policies. The White Paper acknowledged the existence of contradictions that Gray (2006) argues existed between redistribution though expanding the social welfare to previously disadvantaged quarters, and on the other hand, the economic imperatives within which this would function by saying:

> Since resources are limited, trade-offs must be made between investment in economic growth and human resources, and investment in a social safety net. Welfare expenditure will only be able to expand as higher economic growth rates are achieved. The benefits of economic growth, however, should be equitably distributed through raising real per capita income and through social development programmes, which in

---

[5] The ethos informing the White Paper where as a result of the influences of the World Summit for Social Development; in the preamble it was noted "the proposed direction of the white paper is in line with the approach advocated by the UN World Summit for Social Development" (Ministry of Welfare and Population, 1997:7). It is important point in this study to note the influences of international polices. As a country that was busy transforming after apartheid while being re-integrated into the international society; South Africa at that time was influenced by international policy trends.

turn will increase the capacity of individuals in families to meet their own needs (White Paper for Social Welfare, 1997:11).

Seemingly then, the objectives of the White Paper pertaining to social welfare would prove difficult to achieve due to the left wing move towards neo-liberalism in the GEAR policy.

The proponents of GEAR argued that, in terms of social security and welfare; although they recognised that cash transfers through social grants were playing a vital role in poverty alleviation (Department of Finance, 1996:15), the pressure for restraining expenditure to reduce fiscal deficit was far more central (Khosa, 2000:45). Therefore, GEAR led to a reduction in social cash assistance for a period of time. As evidence of this, in the six years after its inception from 1995/6 to 2001, the old age grant only kept up with inflation in two years (1997/8 and 1999/2000), resulting in a decline in real terms in the value of the grants in the period (IDASA Budget Information, 2000). Parallel to the developments of a new macroeconomic policy and in the face of uncertainty policy makers within welfare clearly still identified that post-apartheid; poverty alleviation was to be their main focus.

This could even be seen in 2003 when then Minister of Finance Trevor Manuel in his budget speech cited "reducing poverty and vulnerability as the top priority" (Manuel, 2003). This is especially important in the case of South Africa where; a large portion of the population lives in poverty (Pauw and Mncube, 2007:28). For this portion social security provisioning in the form of welfare grants (cash social assistance) was and still is an important source of income (Lund, 1993:22; Bhorat *et al*, 2001:200, Mac Quenne *et al*, 2002; Van der Berg, 1997:1 and Kruger, 1998:3). In his Budget Speech in 2003, the former Minister of Finance Trevor Manuel hailed social grants as the 'largest and most effective redistribution programme' and announced that social grants would increase above inflation (Manuel, 2003). However in post-apartheid South Africa increasing expenditure has not always been a preferred policy direction (Makino, 2004:8; IDASA Budget Information Service, 2000). In fact, the initial direction in the first years of a democracy was a shift away from cash transfers through social grants to a more 'developmental' social welfare approach (Midgley and Tang, 2001). Developmental social welfare addresses the economic and social dimensions of welfare and seeks to identify social interventions that have a positive impact on economic development (Wilensky and Lebeaux, 1965:139; Midgley and Tang, 2001: 245).

Suffice it to say that, the main feature of developmental social welfare was that social development and economic development were meant to be inter-dependent and mutually

reinforcing (Ministry of Welfare and Population Development, 1997:15). Although it acknowledged "economic development has to be accompanied by the equitable allocation and distribution of resources for it to support social development" (1997:15), it emphasised that social development could not take place without economic development. According to Midgley (1996:2) this meant a shift away from cash transfers through social grants because, "the developmental approach is less concerned with transferring resources from the productive economy to social welfare services than with ensuring that social policies contribute to development". (Midgley, 1996:2).

Therefore, assessing these developments one cannot help but recognise that, the timing of the introduction of GEAR and the negotiations for the White Paper for Social Development, just one month after the Constitutional Assembly adopted the Constitution, is interesting, especially when one thinks of the implications to the state's new Constitutional obligations in terms of the socio-economic rights clause in s27 (Constitution of the Republic of South Africa, 1996: s26 and 27). According to the Constitution,

> The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of socio-economic rights, including the right to have access to social security (RSA, 1996: Section 26 and 27).

With these competing ideologies between politics and the economy it became evident that there was a skew in favour of the economy. As such the fiscal constraints under the GEAR strategy effectively defined the substance of the "available resources" at least in the governments' interpretation (Makino, 2007:12). Furthermore, the economic strategy GEAR directed and influenced welfare policies in relation to government expenditure that was made available to institutional and administrative framework for the delivery of social assistance benefits. The impact of these policies and dichotomies is reflected in the policy of then State Maintenance Grant (SMG) which was later changed into the Child Support Grant (CSG) through the work of the Lund Commission; this will be discussed in the section below.

## 4.3.5 Caught between a hard place and a rock: the case of GEAR and the CSG

The Child Support Grant (CSG) dramatically illustrates the contradictions that existed in the goals to reform income maintenance policies and the economic policy created through the adoption of fiscal austerity. The CSG came as an amendment of the State Maintenance Grant

(SMG), established during the years of apartheid (Lund, 1996). Under apartheid, the main grant for child and family care was the state-maintenance grant (made up of a parent allowance and a child support grant); it was awarded on a means-tested basis to certain categories of women. The grant was awarded on a racially differentiated basis with whites receiving the highest amount followed by Indian and coloured people at the same level, followed by African people at the lowest end of the scale (Lund, 1996). It was also unevenly administered under the racial and homeland-segregated welfare delivery system: some administrations did not award the grant and some awarded only the child support component of the grant (Liebenberg and Tilley, 1998; Lund, 1996; Visser, 2004, 2009). Although African families constituted the majority of poor households, most African families did not benefit from the grant (only 2 per 1000 African children received the grant); they were largely excluded through a range of administrative measures. For example, the homelands and 'independent' states such as the Transkei did not administer the grant rendering vast swathes of the African population without access to social welfare.

The SMG as applied in post-1994 was divided between a Parent Grant worth R410 in May 1995 and Child Grant worth R117 per child (Lund, *et al*, 1996). The estimated cost of the SMG was about R1.2 billion in 1995, a time when it was still not accessible and inclusive. The government realised that the process of equalising the grant would cost between R5 and R20 billion among all social groups (Minister of Welfare and Population Development, March 1997). Because of the high cost implications and inequalities in the provision of the grant it became apparent that there was need to transform. The need to equalise these grants was spurred on by the shocking statistics that were highlighted by the Lund Committee. Apparently, in 1990:

> 48 per 1000 Coloured children received the grant, 40 per 1000 Asian Children and 15 per 1000 white children… this was compared to figures indicating that only 2 per 1000 African children received the grant…emphasising the inequitable distribution of the grant (Lund, 1996:12).

Because of this the Ministerial Committee (Minmec) of Welfare and Population convened and commissioned the Lund Committee on the Child and Family Support in 1996. The mandate crip of this committee required a critical appraisal of the existent systems of state support to children and families, an investigation into the possibility of increasing parental financial support through private maintenance systems; finding alternative social security/

welfare options for children and families, develop approaches for effective targeting and finally to provide a report with recommendations. (Report of the Lund Committee, 1996: ii).

The context within which the Lund Committee started their work was looking at the existent method of maintaining care: the family structure. The Committee, started with an understanding that the family, as it existed in other jurisdictions, was at variance with what was happening in South Africa (Report of the Lund Committee, 1996:78). In South Africa the laws of apartheid influx control and Group areas had fragmented families, resulting in migratory families, especially with African males separated for long periods from their children due to the need to find employment in different geographic locations (Van Niekerk, 2007:273, Report of the Lund Committee, 1996:78).

The second issue on the mandate of the Lund Committee was to look into the private maintenance system. In line with these Private Maintenance systems, a woman, before applying to obtain the SMG had to prove that she had attempted to obtain financial support from the father of the child through the judicial or private maintenance system. The Lund Committee (1996:50) found gross problems with this Private Maintenance System. Firstly, the Justice department lacked the human and financial resources to run the system effectively which reinforced poor allocation of resources. Furthermore, the Department of Justice did not keep any statistics on maintenance cases, which made it difficult to assess trends, do follow up work and plan a proper private maintenance system for the whole country.

There was also no method available to force fathers to pay maintenance which led to a system and culture of non-payment and irresponsibility. The Lund Committee also found two issues to be pertinent: the attitude of magistrates in a case where women were financially more stable than their partners, they tended to be unsympathetic towards the woman and also there was evidence that due to high levels of unemployment and poverty, some fathers did not have the financial means for private maintenance (Report of the Lund Committee, 1996:58). There was a confluence of issues that made this system inoperable: unemployment and poverty, and lack of proper juridical measures to enforce male parental responsibility. As a result women circumvented his system and went directly to apply for the formal social security system, which placed a massive burden on the state (Lund, 1996).

In cognisance of this the Lund Committee recommended that there was need to reform the private maintenance system in order to increase the support of children from the family. It proposed that the reform would take the following form:

> To switch the signals which the judicial and welfare and maintenance system are giving to parents, particularly fathers, there must be change in the social climate towards promoting parental responsibility, which insists that there is a cost to having children (Report of the Lund Committee, 1998:85).

These recommendations would come to naught, because there was no system of ensuring this happening as such private maintenance systems would never work at all.

What was evident in the process of deciding on the CSG was the centralisation of macroeconomic decision making which undermined the consultative, participatory decision making assumed by the White Paper (1997). Hassim (2005:15) argues that this centralisation and assertion of fiscal restraint also came with a new discourse into policy-making: the debate was no longer about what was desirable, instead it increasingly became about what was possible. As such the discourse of 'affordability' became prime, and this issue of what could be affordable was read and interpreted within the strictures of fiscal restraint rather than a need to redress inequalities, for a long-term impact on children and families. Concurring with this Van Nierkerk, (2007:275), furthers the argument by saying that:

> The work of the Committee was undertaken in a climate of antipathy amongst senior members of the ANC to increasing social expenditure on grants such as the Child Support Grant. It was felt by some that the grant was not affordable and would reinforce the culture of dependency on government transfers (Van Nierkerk, 2007:275).

To make his point, Van Nierkerk (2007) quotes the then Minister of Social Development, Geraldine Fraser Moloketi, who was seen as a champion of the CSG, saying that:

> The issue for government was re-distribution in terms of geography as well as sustainability- the major issue was families taking greater responsibility for parenting…however…with the State Maintenance Grant to a large degree a fair burden was taken away from the role of parents towards the state taking a fiscal responsibility (Geraldine Fraser-Moloketi, November 1998).

What this means is that the question of affordability paired with the heavy, but also neutral jargon in the discourse of fiscal restraint, meant that the scope for expanding social expenditure in a new grant would be almost impossible. The words used to express the economic stance of the government in post-1994 can be summed up in the following phrase: 'financially viable, cost efficient and effective', such terminology makes light the vulnerability of welfare affairs to the essence of fiscal responsibility. Particularly; given the fact that, the White Paper for Social Development (1997) recognised the fiscal, infrastructural and most importantly, economic constraints on the government in meeting welfare

transformation. Therefore the Lund Committee were arm-wrestled into proposing ideas that would be fiscally acceptable to the government, if at all the recommendations for new child support would be a viable option in the post-1994 period ( Lund, 2007:ii).

The first transformative stance of the Lund Committee was to propose the establishment of a universal, not a residual type of grant this was in full view of the nature of the economic policies that the government had proposed which could worsen the situation for children and families. The Committee argued that:

> The idea of universality could possibly be preserved and a benefit, no matter how small to begin with, could be the bridgehead to a more adequate system in future (Lund, 2008:86).

The proposal for a universal grant was counter to proposals of a means-tested grant that had existed since apartheid. By considering a universal grant, it meant that more children would qualify for state funded social security, leading to at least a form of recourse to poverty for children coming from poor families. The invariable consequence of universality was of course an increase in state expenditure, which ran vehemently opposite to fiscal austerity. In response to this, the government rejected recommendations for a universal grant. Van Nierkerk (2007:276) locates such denial of expansion in the responses of the Minmec. He argues that it was rejected due to "... a combination of privileging of fiscal considerations and the ideological antipathy of state legal advisors to the establishment of universal benefit." (Lund, 2007:86-87). Furthermore Geraldine Fraser-Moleketi, commenting on this said:

> The alternative to a means test is universal access of children. Not only is this unaffordable, it results in leakage to the non-poor and will perpetuate inequity (Geraldine Fraser-Moleketi, 1997).

This left the Lund Commission with no option, but to accept the offer by the Ministerial Committee and the decision of the government to maintain a means-tested child grant. At the conclusion of its work the Lund Committee decided the following rates for the child grant: a means-tested R70 per month to be paid to the care giver of a child. The state maintenance grant would then be phased out within five years from the day the Cabinet made a decision on this (Report of the Lund Committee, 1996:86). The CSG was finally introduced in 1998, and it has been touted to have marked a significant policy shift in government, signalling the government's efforts and support for children living in poverty. However, for as long as it was considered and argued within the confines of the developmental welfare approach /

capabilities vis-à-vis neo-liberal fiscal restraint problems of poverty and inequality will continue to exist unabated.

## 4.3.6 Summary

This section has attempted to give an in-depth analysis of the interplay between the economy, politics and social actors. More so, the effects that GEAR policy has had on the development of social welfare in general; and social assistance programs in particular. This is important in this thesis because it was and is the overtaking of economic policies over redistributive effects that has shaped the nature of policy reform in the institutional arrangements for social security administration. Besides the political and ideological dichotomies, social security delivery has also been riddled with administrative problems and institutional problems. The nature of the development of economic policies as argued in this chapter will be seen to also impinge on the administrative mechanisms for the delivery of social grants as will be discussed at greater length in Chapter Five.

## 4.4 DECISION-MAKING STRUCTURES IN SOUTH AFRICA

In Chapter Two we alluded to the fact that policymaking in South Africa is driven by the Cabinet and Parliament. This section will highlight some of these decision making structures that have an influence on the development of welfare policies in South Africa. This section will be attempted by looking at basic steps through which a policy goes.

The highest policy and legislative authority in South Africa is the parliament which consists of two houses: National Assembly (NA) and National Council of Provinces (NCOP) (Constitution, 1996). The Constitution classifies the NA as a body constituted for the representation of the people as well as to ensure government by the people. The most important role of the NA is to pass legislation. On the other hand the NCOP ensures that the interests of provinces are accounted for in the process of policymaking. The NCOP is also required by law to facilitate the process of public participation in the process of legislating and policymaking.

However, the major decision making body is the ruling party. An issue is raised first at the major conference of the ANC where policies are made. According to the Constitution of the ANC (1997), Rule 9 "the National conference shall be the supreme ruling and controlling

body of the ANC" therefore, at these conferences particular issues are debated and discussed and the ruling party decides its overall vision, goals and direction on specific issues. The centrality of the ANC and parliament in policymaking is supported by various structures within the Cabinet. For example, in 1997, the executive government approved the establishment of the Co-ordination Implementation Unit (CIU) in the President's Office. Davis (1999:6) notes that the unit was designed to 'equip government with strategic planning and management capacity it required." This unit then evolved into the Policy Coordination and Advisory Service (PCAS). Asked about its role in an interview for the Financial Mail; former President Thabo Mbeki responded that:

> It is an economic, a socio-economic co-ordinating unit. There has been a difficulty in the separation of departments, with each doing its own thing. When people think about foreign affairs, they normally think of the Department of Foreign Affairs. But Trade and Industry is in foreign affairs, Finance is foreign affairs, Defence is in foreign affairs- a whole number of departments. You will have a situation where each one is pulling in different directions. So you need a co-ordinating unit, particularly with regard to economic questions. It is a unit of co-ordination (Chothia and Jacobs, 2002:149).

The description here is succinct and provides a clear picture of one of many institutions that informs the work of the ANC both prior to and after the ANC conferences. This body has the power to advice to pass, halt or reconstitute policies at virtually any point in the cycle (Mail and Guardian, 2005). We will not go into detail at this point about the other structures because the focus here is to give a brief summary of institutions informing policymaking.

After the national conference takes place and issues have been raised that require follow up; these issues are taken to a particular ministry (CDE, 1999). This is of course when the party attempts to convert its suggested policy to law. The issue is passed to parliament: the NA and NCOP, there a general discussion document called a Green Paper (GP) is drafted. This is drafted in the Ministry or department dealing with the issue, with the aim of demonstrating the thinking of the department or ministry on that particular issue. The Green Paper is usually published so that anyone who is interested in the policy can give their contribution and opinion. In the process of drafting the GP the Ministry usually forms a Ministerial Committee (MinMec) which advocates and thrashes out ideas, almost like a policy network within government. Such committees may propose amendments and proposal to the documents and send the policy paper back to parliament for final decisions.

Once the GP has been agreed on, a further paper is a White Paper which also sees the involvement of the MinMec and parliament. Once a document becomes a White Paper, it is turned to the state law advisers, who assess the technical implications of the draft law. After which process, it becomes a Bill that is presented before parliament. But, before it goes before parliament there has to be guarantee that it has been passed through to civil society and other public groups for their participation. However, to ensure public participation the Ministry in its presentation is required to list the various groups that would have participated in the making of the law in an explanatory memorandum.

All these processes lead to the examination of the law before Cabinet, again the PCAS becomes important. A law is usually presented before two sittings of parliament through various Cabinet Committees. Gumede, (2008:12-14) notes that these Cabinet Committees are supported by what is called the Forum of South African Directors-General (FOSAD). Together these committees were established to:

- Review and deliberate on the identified short, medium and long-term priorities in an integrated way for their particular sectors and to agree on areas that need substantive discussion;

- Facilitate integrated cabinet decision making and cooperative approach to governance

- Discuss substantial political and policy matters to inform memoranda that come to cabinet for decisions on policy matters;

- Engage in creative and collaborative interactions on issues affecting sectors relating to policy development and legislation for the sector; and

- Deliberate on the capacity and systems development for integrated planning, coordinating, monitoring and evaluation (Gumede, 2008:12).

Upon the decision of the cabinet committees that a bill is sufficient and that there was sufficient consultation, then it is accepted and forwarded to the President to be assented as policy and law on a particular matter.

It is important to note that the process of policymaking highlighted above was aimed at showing some of the important decision making structures within government that influence the making of policy. It is essential to also indicate the importance the government places on participation by various non-state actors in the policy process. For example, outside the state functionaries there is the National Economic Development and Labour Council (Nedlac): a body through which government comes together with business, labour and community groups

at national level to discuss and attempt to reach consensus on issues of a social and economic nature (Gumede, 2008:16).

Business is not the only group that has an important role to play; civil society groups are also very crucial in the policymaking chain. The functioning of civil society in South Africa has been somewhat difficult due to the state of affairs. The civil society is usually viewed as an avenue through which articulation can be done of concerns of a diverse population, and as a plural society, a fact which is acknowledged by politicians and government officials in South Africa. However, in as much as this fact is recognised, Habib (2003:239) writes that there is an expectation of "a single homogenous set of relations between the state and civil society." In a 1998 ANC discussion document, *The State, Property Relations and Social Transformation*, it is asserted that: "Ideally a developmental state and civil society should co-exist in a broad partnership of nation-building, reconstruction and development."  This denotes a situation of little or no autonomy of civil society organisations, *vis-à-vis* the state, which autonomy is a prerequisite for proper functioning of accountability structures. De Jager (2006) highlights that the "promotion of partnerships between the state and civil society, in which the state sets the policy and determines the objectives, civil society is reduced to a mere implementer of state policy". The result of this is that the space for adversarial relations between the state and civil society become indistinct and blurred, which tends to subvert the character and quality of civil society.

According to Johnson (2002:231), the former President Nelson Mandela, was disapproving of civil society organisations that sought to adopt the role of critical overseer of the ANC government and that served as channels for grassroots grievances? Mandela was quoted at the National Civil Society Conference in April 2001 saying: " We cannot approach the subject of civil society from the point of view that government represents an inherent negative force in society and that civil society is needed to curb government. Such an approach runs the risk of projecting civil society as adjunct to the organised political opposition. We cannot in the long term afford a situation where the majority of the population perceives civil society as something oppositional to their needs, wishes and interests because it is seen to instinctively oppose the government that they voted into office (Mandela, 2001)."

Suffice to say at this stage, that this last section has been scant on information, because of the difficulty of accessing information on the decision making structures in South Africa. Our

aim in the section above was not to give an in-depth and thorough coverage of the structures of decision making, but to highlight the important ones that will also be referred to extensively in our analysis of learning in Chapter Six. Furthermore, we made an effort to introduce our reader to the few structures within South African that are largely overlooked as most scholars tend to depend or overemphasise consultancies that are paid to do research either on behalf of the government or other organisations that have interest in a particular matter.

**Conclusion**

This chapter attempted to provide a historical, economical and institutional context within which the processes of learning need to be read and understood. We are locating our work within these contexts in order for one to not understate the processes of learning or unlearning that will be analysed at greater length in Chapters Five and Six. By tracing the history of social security development, we were providing a context for one to understand the challenges to the institutional administration and paying out of social grants that will be discussed in Chapter Five. Further, by discussing the interplay between the economy and politics we were making an attempt for one to understand the foci of contestations to the idea of establishing a social security agency as will be shown in Chapter Six. And, by briefly identifying the decision making structures we were attempting to give effect to what we alluded to in Chapter Two; that policies are not benign, but that the process of reaching policy is complex and met with resistance and various participants.

Therefore, this chapter has attempted to highlight the importance of context, power, institutions, actors and processes. These factors as has been alluded to and will be furthered in the following Chapters; act as either blockages or risks to effective policy reforms and distribution of power to reform. Furthermore, it has been shown in this chapter that decision making is a result of negotiations between different stakeholder interests, power relations, incentives and usages of formal and informal institutions. Besides the political and ideological dichotomies, social security delivery has also been riddled with administrative problems and institutional problems. The nature of the development of economic policies as argued in this chapter will be seen to also impinge on the administrative mechanisms for the delivery of social grants. Furthermore, as the thesis develops it will be interesting to know that the developments shown in this chapter have a huge bearing on the development of

SASSA and the way within which it was established. This will be discussed in greater detail in Chapters Five and Six.

# CHAPTER FIVE
# THE INSTITUTIONAL AND ADMINISTRATIVE FRAMEWORK FOR THE DELIVERY OF SOCIAL ASSISTANCE IN SOUTH AFRICA.

## 5.1 Introduction

State institutions affect poverty and inequality by setting out the legal policy and administrative framework in which other actors and institutions operate and by targeting different groups in the provision of social goods (Borenstein, in May, 1998:176). The development of institutions and organizational structures is primarily determined by the existing social, economic and policy context. The term institution refers to more than just an organisation (Taylor, 2002:119). Institutions also refer to "regularised patterns of behaviour or systems of legitimate enforceable rules embedded in social relations" (Taylor, 2002:119). According to the UNDP (1997:9) institutions determine the capacity for governance, which governance can be seen as the "exercise of political, economic and administrative authority to manage a nation's affairs". At times there are failures in the workings of government. Governance failures could be understood as the inability of both the private and public institutional spheres to exercise authority to manage public resources and problems. These failures might occur at various stages in the policymaking cycle, from design to implementation; to monitoring and feedback. This has been the case of the institution of the administration and delivery of social grants in South Africa as will be discussed in this chapter as well as Chapter Six.

In Chapter Four we alluded to the fact that as a result of the apartheid policies of separate development the institutional and administrative system of social grants payment became fragmented and there was administrative/delivery crises making rationalization inevitable after the 1994 elections (Maqubela, 1997). This drive towards reform would later be seen to demand the incorporation of Bantustan homelands that were delineated for Africans, into a unified state system. This included streamlining and eradicating the different apartheid departments (all fourteen of them) at different tiers of government into one national government (RSA Government, 1991:1). Reform was undoubtedly necessary because the apartheid system produced confusion, duplication and wastage of resources (Lund, 2001). The new government was left with the daunting and complex task of trying to reform social

security, break administrative anomalies, and unify social security and equality as hallmarks to a new democracy.

In light of the introductory context given above, this chapter aims to discuss the challenges to the institutional/ administrative/delivery system for social assistance in South Africa. Discussing these challenges is important in order to better assess the shift from decentralised, to centralised social security delivery mechanisms. The chapter is important for the rest of the thesis, because this research aims to extrapolate instances of learning in the institutional and administrative framework for social grant administration post-1994, especially by focusing on the processes leading to the establishment of the South African Social Security Agency (SASSA). It is important to understand the extent to which changes and shifts in income maintenance policies reflect on the state in terms of policymaking. This chapter will focus on highlighting the problems associated with the administration of social security, especially the paying out of social grants and attempts to solve these problems; the issues that led to the establishment of SASSA as the institutional mechanism for the paying out of social grants. However, this chapter does not provide a definitive interpretation of the shifts in policy. That will be undertaken in Chapter Six of the thesis.

## 5.2 CHALLENGES IN THE DELIVERY OF SOCIAL ASSISTANCE IN POST-APARTHEID SOUTH AFRICA

Given the legacy of apartheid, much of the institutional framework necessary to address poverty was either weak or absent (Borenstein, 1998:177). After 1994 the state and other actors had to resolve multiple institutional challenges, for example, to design policy and legislation appropriate for poverty alleviation, and to put in place new structures for public administration, at national, provincial and local levels of government. The discussions to be undertaken below attempt to detail some of the major challenges, their causes and how these informed the process of transformation from a decentralised system to a more central system that is customer focused.

## 5.2.1 Provincial Administration: *"The nine lives of the cat"*

With the conclusion of constitutional negotiations, in 1996, the ANC had to confront the dilemma of redistribution in the context of continued provincial control over allocation of financial resources for welfare in which the central government was responsible for coordination and funding but not delivery (Van Nierkerk, 2007:370). The response of government was to amalgamate the former Apartheid territories. As a result, the government's initial transformative strategy tasked provinces with the management, implementation of grant applications and making payments (Department of Social Development, 2004). This it did mainly through contracting private companies to pay out social grants. However, with independently elected provincial governments overseeing this process; "priorities and policies varied between provinces and the national government did not have enough control to ensure an efficient and equitable distribution" (Pauw and Mncube, 2007:22). In addition payment through private companies was erratic and irregular. This led to fragmentation of the post-apartheid nation or welfare state in a manner similar to the occurrence of racial fragmentation under apartheid (van Nierkerk, 2008:362).

The history of moving towards provincial administration can be explained through an understanding of the negotiated settlement of the liberation from apartheid to a free and democratic South Africa. The major contentions were played out between the NP and ANC in the transition years, at the Convention for a Democratic South Africa (CODESA). At CODESA, negotiations established between the NP and ANC rode on the back of the extension of civil and political rights to the disenfranchised majority. CODESA seemed to have been concerned with the negotiation of both fiscal and governance mechanisms for a post-apartheid South Africa. The context of this agreement was; "the damning reality that the NP could no longer rule vis-a-vis  the inability of the ANC to overthrow the NP even though it could by its actions render most of the country's provinces ungovernable, due to its mass movements and labour backing" (Van Niekerk, 2008: 362). CODESA was an important multi-party forum which tried to bring together contested views on issues of governance and fiscal structuring of the country post-apartheid, between the NP and ANC. The governance issues as argued at CODESA will be discussed here. One needs to also see the connections of these negotiations with the political economy of South Africa as discussed in Chapter Four. This is because these negotiations not only influenced the political sphere, but also the

economic policies which invariably had an influence on the social assistance payment and administration system.

According to Van Niekerk (2007:234)

> The constitutional negotiations at CODESA resulted in a complex series of legislative arrangements. The cumulative effect of these arrangements was to devolve executive power from national government to the nine new provincial governments and the local spheres of government.

He adds further that the reason for the establishment of provincial governments was initiated due to power contestations between the NP and ANC. This he says was telling in what Spitz and Chaskalson (2000:124) said that:

> The determination of the nine new provinces rested primarily on political considerations of access to state power by the two key negotiating parties, the NP and ANC...The NP had favoured strong provincial government from the outset of the CODESA negotiations, proposing seven to nine provinces which would be elected with the national government. By promoting provincial autonomy, and especially if it could win power in at least one province, the NP government saw provinces as a potentially significant check on an ANC dominated central government (Spitz and Chaskalson, 2000:124).

The contest was even sharper because the ANC was not in favour of a federal or quasi-federal arrangement. During the COMESA negotiations, the ANC favoured a strong central state with power sharing possibilities on policy areas with the provinces that existed at the end of apartheid. Van Nierkerk (2007:235) highlights this by arguing that:

> The ANC's counter-proposal was for the maintenance of the four provinces under the transitional government which would precede the first democratic elections with the issue of provincial government to be determined post-election by the first democratic constitution-making body.

In the ANC's proposal the central government would maintain veto power over the provincial governments. However, the ANC had to reach a negotiable settlement for the sake of political expediency and transformation. As such, the ANC agreed for the matter of delimitation of provinces to be ceded to a Technical Committee of the CODESA- which in its work to delimit the provinces 'tried' to achieve a balance between the position of the NP and the ANC (Spitz, 2000:123). This cession of decision making to a technical team happened

even when the ANC won the overwhelming majority of the votes. It leaves one with the opinion that this negotiated settlement became something of a "poisoned chalice". According to Van Nierkerk (2007:235) the Technical Team took into account the economic viability and cultural and linguistic issues as key factors at the expense of issues of governance and administrative capacity. The neglect of these two issues was to become the Achilles heel in the efforts to administer social assistance benefits as will be discussed in greater detail in the section on fiscal federalism below.

It is important to highlight that the result of the negotiations at CODESA was a system of what is known as cooperative government: a division of power between the executive: national, nine provinces, and local government. According to Van Nierkerk (2007:236), "cooperative governance created potential at worst, for conflict, duplication and re-fragmentation of policy and, at best, confusion and ambiguity over which level of government should be responsible for policy and service delivery." Van Niekerk (2007) was right in these predictions, because as will be highlighted in the following sections the institutional and administrative mechanisms for the delivery of social grants is telling of these problems of confusion, duplication, deepening fragmentation and conflict. The next section discusses the second result of the CODESA constitutional negotiations: fiscal decentralisation.

## 5.2.2 Fiscal federalism: "A kingdom divided can conquer?"

In line with the call for provincial administration the Constitution also substantially changed South Africa's fiscal structures. In the 1997-1998 financial years, for the first time, the nine elected provincial authorities created in 1994 were responsible for independently drafting and implementing their own budgets. At the core of this division of functions are the provisions contained in the Constitution (1996), in Schedules Four and Five. Schedule Four lists functional areas of concurrent government, whereas Schedule Five areas of exclusive provincial legislative competence. In tune with the music of the Constitution the rubric of all welfare policies-the White Paper for Social Development (1997) explicitly acknowledged this division of powers and functions between national and provincial government as well as the impact that this would have between the development of policy and guidelines and implementation at provincial level. The Schedule Four functions include social security,

health, education and welfare. The scope of spheres of responsibility in this power-sharing arrangement were that the national government would establish policy frameworks for various issues as well as the ancillary norms and standards required for efficient implementation of policy whereas the provincial and local government would be responsible for implementation.

Studies on fiscal decentralisation make a distinction between devolution and delegation of fiscal power from national to provincial and local governments (Wehner, 2000; Walker and Van Zyl, 1999; Oates, 1972; Bird and Vaillancour, 1998). "Devolution" is a case where there is a substantive transfer of power while on the other hand "delegation" involves the mere or simple transfer of bureaucratic responsibility and power from the national to provincial government. According to Van Niekerk, (2007:238), South Africa, exhibits a hybrid system of both devolution and delegation, this is because as highlighted in the preceding paragraph the federal system "reserved policy-making for national government whilst implementation was the responsibility of provinces" (2007:238). He explains the distinction by highlighting that the provinces "were delegated authority as the implementation of policy was governed by nationally determined norms and standards to which provinces were required to comply- and national government had the authority to intervene if provinces were unable to meet norms and standards" (Van Nierkerk, 2007:238).

Prior to the arrangement of fiscal decentralisation, provinces had managed centrally determined allocations for each spending area. This is because in pre-1994 the intergovernmental system of South Africa was centralised, with the provinces being administered as departments of the central government, as such they did not have a consolidated budget or even sources of 'own revenue', neither were they elected: their responsibility was therefore to the central government (van Zyl and Walker, 1999:3). Arguments in favour of decentralisation usually claim that when the service for delivery is complex, characterised by heterogeneous demand or when service goals are difficult to observe and measure it is vital that service providers respond to clients, thus making centralised service delivery inappropriate (World Bank, 2002; Pelser, 1999). This was true of the embryonic democratic South African state seeking to achieve 'social transformation' by trying to set and achieve a Constitutional mandate for the provision of social assistance to every individual who was without the means.

However, fiscal decentralisation as a method of ensuring delivery was not without its problems. In the first years of provincial budgeting there was already a controversy surrounding the assignment of the welfare function to provinces as part of the general debate about the virtues and vices of provincial budgetary administration. It has been argued that, institutional constraints on the ground can at times dilute the possible benefits of decentralisation. These constraints include "corruption, the quality of sub-national bureaucracies, technological change, the manner in which sub-national government is created and the ability to manage public expenditures" (van Zyl and Walker, 1999:2). A case in point was that, in January 1998, the Eastern Cape failed to pay social grants to 632, 000 pensioners.

To solve this problem the government had to provide the province with an advance of R801 million, of course with stringent conditions attached to assist in the covering of the welfare budget (Wehner, 2000:55). Such budgetary problems would be seen to persist for a while, therefore, derailing budgets even at national level. Wehner (2000:48) reports that in the fiscal year 1997-1998 provinces produced excessive budgetary overruns, leading to Thabo Mbeki and other senior government officials' call for the reassessment of this reassignment of functions and resources to the different provinces. Nevertheless decentralisation was a chosen method despite the various concerns raised even during apartheid (Haarman, 2000; Samson *et al* 2008; Plaskett, 2003; Makino, 2007, Wehner, 2000; Alexander, 2002)

In addition the reasons behind the problem of budget over and under runs were that the allocation to the provinces was not sufficient to allow it to meet growing social security commitments- due to a nationally determined entitlement (Van Zyl, 1998). Several scholars (Walker and Van Zyl, 1999; Rapoo, 1995; Wehner 1998 and Welsh 1994) have raised concerns about the capacity of some provinces to deliver on social welfare services, whose lack of capacity, as argued by Van Zyl (1998), was perpetuated by the speed of the process to decentralise. The question of capacity is a complex one, having both demand-and-supply side dimensions, as will be highlighted in the following paragraphs.

Concerns about fiscal decentralisation also centred not only on the provinces[6], but on the question of the merits of centralised versus decentralised government for the addressing of

___

[6] Decentralization goes down to local government, but focus here is on the provinces, because at the time of reform they constituted the structure that appeared after national government. Furthermore, focus on the provinces is essential here, because we are not attempting to provide a synthesized analysis of the

equity issues (Borenstein, 1998:180). Notably, the problem was not only economic, but, structural and political. To a large extent decentralisation was a symbolic and political move. Van Zyl and Walker (1999:4) provide an exegesis of this by highlighting that "provinces were geographically defined, as a result of political compromises, and were therefore not necessarily viable economic entities" (van Zyl and Walker, 1999:4). Furthermore, they also highlight that in attempting to decentralise, what the government failed to do was to consider the status of each and every one of these provinces, because any "strategy to decentralise must in essence begin with an assessment of institutional capacity in the various levels of government" (van Zyl and Walker, 1999). This failure can be attributed to the very fact that as highlighted in previous sections; decentralisation was forced on the government. The government conceded because of the need to progress to a democratic government even though it favoured a state that is strong at the centre. To illustrate the assertion that there was a failure to consider the status of provinces; Ngoako Ramathlodi, then premier of the Northern Province outlined the challenges faced by his province:

> We inherited three homelands and bits and pieces of so-called 'white province', which for all practical purposes could have been situated on four different planets. We have to merge four systems of book-keeping four sets of personnel records and four standard operating procedures and our critics expect us to undo five decades of bad administration and disregard the needs of the majority of the population within four years (Business Day, 11 May, 1998).

Therefore, decentralisation, failed to factor in the starting point of each individual province, thus implying the perpetuation of erstwhile structural malfeasance. Consequently decentralisation policies in South Africa have been seen to fail to take into account "the characteristics of specific service sectors, resulting in sub-optimal solutions, because, there was a lack of proper central co-ordination mechanisms" (SAIRR, 1998:484). In light of this; an alternative narrative that one needs to concede to is also that there was no need for decentralisation. Therefore, the concession to the NP for provincial and local government decentralisation was in fact a 'poisoned chalice' not so much "a lack of proper central co-ordination mechanisms" (SAIRR, 1998: 486). This is an argument to be pursued in further research, but here our concern is to discuss the impact decentralisation, now that the government had approved of it in the concession to NP.

---

government structures. Provinces also became responsible for the administration of social grants and not really local government.

Fiscal decentralisation resulted in a disjuncture between policymaking and implementation. The implication of this context of fiscal federalism could be seen in the 'neglect' by government in the process of implementing decentralisation policies to emphasise the extent to which provinces like the Eastern Cape that had a bedevilling history of Bantustan crippling could be limited institutionally in their implementation of policies. The 1997 Ncholo Report captured this by revealing that while Gauteng and the Western Cape were managing relatively well, the other provinces were suffering severe capacity and coherence problems with "grossly inadequate financial information and human resource management systems, chronic shortages of skilled staff, a lack of discipline and prevalence of fraud and theft" (SAIRR, 1998:484). The Chairman of the Financial and Fiscal Commission (FFC) added that, unrealistic provincial budgets, an inability to spend allocated funds and unfunded mandates contributed to the fiscal crisis of the provinces (SAIRR, 1998:486). Furthermore, the Budget Review, (Department of Finance, 1998) revealed that many of the problems arising in the provinces during 1997/8 could be attributed to weak management systems which were not geared for a decentralised system and a general lack of capacity. This was also acknowledged by a Presidential Review Commission on Good Governance set up to review civil service transformation in 1998, that in post-1994 South Africa building capacity was an *essentalia* of good governance and that it

> Involved the complex and difficult task of rationalising and integrating the eleven former administrations of the RSA and the 'independent' and 'self-governing' homelands into a single unified public service; operating at national and provincial levels. Typically these various administrations brought with them different accounting and financial systems, different levels of job grading, skills and experience and in some cases, a different work ethic. The complex nature of this task accounts for many of the problems that continue to afflict the new public service, including corruption and the incompatibility of systems. Considering the abiding self-interest built into these former administrations, the mere achievement of bringing them together is no mean feat. In fact, in regions such as Eastern Cape and Northern Provinces, many of the persisting problems can be attributed directly to this incorporation process (Presidential Review Commission; 1998, paragraph 2.1.3).

Therefore, the amalgamation of Bantustans within the post-apartheid South Africa, without a deregulation and transformation was the direct cause of the issues of institutional incapacity.

Fitschen (Mail and Guardian, 5 March, 1999) notes, that the disjuncture between policymaking and financial responsibility created inefficiency. Van Zyl and Walker (1999:11) expand on this by noting that in 1998, in the welfare sector, 88% of the provincial

expenditure was social security payments, of which the amounts and recipients of these payments were determined by the central government. The result was that though it was acclaimed as a solution, decentralisation did not result in the provinces having greater control of their expenses. In this regard the Budget Review (Department of Finance, 1998) does admit that:

> National departments are largely responsible for the development of policy, which is then implemented in the provinces. When national departments fail to take full account of the cost implications of their policies, and do not provide additional funds to implement new responsibilities then provinces can find themselves with unfunded mandates. This mismatch between funding and policy responsibility appears to have contributed to the provincial expenditure pressure (Department of Finance, 1998: ii).

Dingane (1997), furthering these arguments, argued that one of the cases often referred to by the provinces was that of the Child Support Grant. In the example of the Free State, the phasing in of this grant imposed R81 million in added expenditure on the provinces, without any provision for this from the national government. A further argument was made by Van Nierkerk (2007) who provides an analysis of the nature of the disbursement of the funds to provinces.

Funds to provinces are distributed according to what is known as an 'equitable share' of the national revenue- which is provided to provinces to carry out their various constituents' duties. The Constitution of South Africa (1996) spells this out in s227 (1) that:

> Local government and each province- is entitled to an equitable share of revenue raised nationally to enable it to provide basic services and exercise the functions allocated to it; and may receive other allocations from national revenue, either conditionally or unconditionally.

In light of this provision Van Nierkerk (2007) proposes that once the funds are disbursed to the provinces, it is their duty to decide within their delegated power on how to use these funds. In the preceding paragraphs we noted that there was a disjuncture between the policy arm and the implementation. The FFC further noted that:

> Substantial decision making authority resides at the sub-national level – this allows the provincial government or local authority choice over the extent of service provision, the priority of the service, and manner of delivery and so on… (Financial and Fiscal Commission; 1996: para 6-11).

What this means is that through the devolution of power from national government, the provincial government have an unspoken mandate or power to carry out acts independent of "big brother's hand and eye". Unfortunately what this does is to create perverse incentives for provincial governments to commit acts of financial misconduct, in the hope that the national government will bail them out. Because, as argued by Van Nierkerk (2007:239), "there is no process of direct accountability to the populace/ electorate for funds that come from national government, as money is not sourced directly from tax-payers money." What adds on to this problem as has been argued earlier is the massive disjuncture between establishment of policy, norms and standards for provincial expenditure without a correlating implementation standard set for provinces, which leaves national government with a mere oversight role. However, as argued by Van Nierkerk (2007:389) and is evident in the discussions underway here, it is not surprising that the effect of this disjuncture has been a situation where "provinces which had Bantustan legacies have had much weaker institutional capacity, in particular regarding their administrative infrastructure and civil service to implement social policies in post-1994 South Africa…" Hence the capacity problems in the institutional and administrative mechanisms for the delivery of social assistance benefits in South Africa.

To try and redress this situation several recommendations were made, then Minister of Provincial Affairs and Constitutional Development, Valli Moosa, favoured the recentralization of the welfare function (Chothia, Business Day, 9 February, 1999). Contrary to this recommendation the Financial and Fiscal Commission (FFC) came up with its own recommendation that the provinces be responsible for all aspects of social security grants, which could result in different eligibility rules (FFC, 1998:15). To this effect Conrad Barberton suggested that the national department develop a formula to determine each province's share of the total welfare budget according to cleaned up beneficiary data (Barberton, 1998:4). Van Zyl and Walker (1999:13) also argue that

> Until such a time as the national database is complete, re-registrations have eliminated non-eligible recipients and backlogs have been reduced to manageable levels, considerations could be given to responsibility reverting to national government (Van Zyl and Walker, 1999:13).

In addition, since eligibility and levels of social grants are determined at national government, without any discretion left to the provinces to reduce the funding burden through greater efficiency, financing of social grants should be the responsibility of the national

government (Van Zyl and Walker, 1999). They further proposed that grants remain provincially administered through an agency relationship.

In response to problems and these recommendations, the government appointed a task team in 1998, the Public Service Commissions' Investigation into the Social Security Services (PSC) in order to try and find solutions to the problems it was facing. The mandate of the PSC was to look into the recommendations of the CRSS and see into the process of creating the national system that they had recommended needed to be established in order to stabilise the social assistance delivery mechanisms. The PSC came back from their investigations in the provinces with the recommendation that the welfare function not be run from a national level, but through a hybrid system. The PSC's main proposals as summarised in its Presentation on an Investigation into Social Security (February, 1998) were:

1. The existing functional process relating to the consideration and payment of grants should be upgraded and amended;
2. The social grants system should be computerised and central information technology (IT) data base maintained;
3. The organisational structures of the national department of welfare should be restructured to provide for the coordination and allocation of the total budget for social grants, coordination and rendering of support in respect of the system of payment of grants, human resources, provision and administration, IT and the establishment of an evaluation unit;
4. The organisation and staffing of provincial administrations be restructured with a view to eliminate fraud and corruption.

These recommendations and their adoption will be discussed more substantively in our analysis in Chapter Six. However, in the meantime, suffice it say that government resolved to continue with the provincial administration of social grants with the national government retaining a policymaking role till about 2005/6. Korbus van der Merwe who was key in the writing of the report of the PSC commented in an interview that the recommendations were implemented, but the success of the implementation could not be determined (van der Merwe, 2006, in Reddy and Sokomani, 2008:23).


## 5.2.3 Corruption

South Africa during apartheid was conducive to corruption. According to Borenstein (1998:191), "the pervasive and almost obsessive secrecy that came to surround the way in

which people operated in society was infectious, spreading from private to public sector". Official corruption at all levels was high, especially in Bantustans where it was more overt, and opportunism and not-so-legal enrichment spread far beyond government structures. This was compounded by some of the attitudes and institutional arrangements within public administration, which impeded the functioning of social security (Borenstein, 1998:190). Among these, where, for example, the low wages of civil servants than their private sector counterparts that notably eroded motivation levels allowing for easier incentives for corrupt behaviour. According to Camerer (1997), in South Africa, the perception existed, that "white collar crimes" and corruption had become rife in public and private institutions, and this was related to the corrupting nature of the apartheid state.

In the report of a survey carried out by Van der Westhuizen and van Zyl (2002) on social security capability conducted to determine whether the government was up to the task of expanding social security at the planned rate. It was suggested at the time that "the capacity to deliver (was) a greater obstacle to the rollout of grants than the lack of funds" (Van der Westhuizen and Van Zyl, 2002:23). This same problem was further identified by Alderman (1999:9) who noted that there are "...some anecdotes that fraud exists at various levels in the social security system". However, the South African government has a history of identifying and attempting to rectify the problem of corruption and fraud in the social grant administration system. They carried forward some efforts that had begun during apartheid through the work of the Mouton Committee of Investigation into a Retirement Provision System in South Africa (Mouton Committee) which began its work in 1980 and ended in 1992(Reddy and Sokomani, 2008:18). Upon the conclusion of the work of the Mouton Committee, there was clearly no reform in the situation, therefore the government appointed another task team: the Chikane Committee for the Restructuring of the Social Security (CRSS) to identify problems and find solutions.

Due to levels of the various 'anomalies' in the system the Chikane Committee was appointed in 1996 to review the entire social security system. This committee received a brief to review the social security systems, especially information and payment systems and technology, to investigate and make recommendations regarding the restructuring of the management systems in human resources development and to evaluate information regarding fraud and corruption.

The CRSS described the social security system as being in crisis:

> The segregation of the social security system of the past put in place 14 separate systems each with its own management and information systems, rules, procedures led to loopholes which could easily be exploited by unscrupulous officials and members of the public (1996:5).

At the end of their work they made the following recommendations:

1. A nationally organised social security system needed to be established;
2. The Department of Welfare should be develop a national human resources strategy;
3. Management systems should be standardised and integrated;
4. A focused communication plan should be developed;
5. No contract should be awarded for fingerprint identification systems at the time of the report;
6. Legislation and rules relating to internal discipline should be simplified;
7. A uniform approach to payment of disability grants should be addressed as a matter of urgency;
8. A costing system must be developed; and
9. A specific budget must be developed for the administration of social security at the national and provincial levels. (Chikane, 1996)

In implementing the bulk of the Chikane Commission's recommendations, several issues were raised by the former Social Welfare Minister, Geraldine Fraser-Moleketi (Welfare and Population Department, 2000). These issues will be assessed at a later stage in this thesis. Some of the challenges include the following:

1. A national social security system would incur a high cost, running into millions of rands;
2. There would be constitutional difficulties in forcing provinces to fall into line behind the national minister;
3. There is ineffective punishment of corrupt officials; and
4. That the complexity of departmental disciplinary rules and the lack of communication between provincial departments are serious complications.

The DSD upon receipt of these recommendations only started an aggressive drive towards stamping out corruption in 1999 (Reddy and Sokomani, 2008). The genesis of these efforts was due to a discovery by the department that it was losing 10 percent of its then R20bn

annual budget to social grant fraud (Jehoma, 2006). To illustrate this the Mail and Guardian (February, 1997) reported on a document that had been released by the department revealing a loss of R1bn to pension fraud per annum, which was a sizeable chunk of the social security budget at that time. If one compares the losses in 1997 to those reported for 2006 there is a vast difference. In 1997 there were losses of R1bn of R14,3bn, 6,99 percent of the budget whereas in 2006 one can see a decline with a loss of R1,4bn of R57bn which is a total of 2,45 percent of the budget. According to Jehoma (2006) these estimation of losses was as a result of a benchmarking exercise between the South African social grant system and the Australian social assistance system which reportedly lost around 5-10 percent of its annual Aus$42bn budget to fraud and corruption.

An interesting fact about these anti-corruption efforts was that the National Treasury was not convinced of the crisis and the threat of corruption in the social grant system. To show the magnitude of the problem, the DSD with the assistance of Ernst and Young and the State and Information Technology Agency (SITA), undertook two baseline studies in 2002 and 2003 that confirmed the DSD's initial estimate of losses. It was only through the concrete evidence from these studies that the National Treasury became convinced of the problems of corruption and supported the DSD in 2003 when they established the Compliance and Support Unit to deal with the issue of fraud and corruption.

In 2000, Dr Skweyiya, in an address to the 10th Annual Conference of SAIMAS, argued that:

> Our current programmes for social security and social assistance are bedevilled by a number of weaknesses. These include backlogs in the processing of applications, inaccurate information about the identity of beneficiaries, cumbersome, time consuming and resource-draining processes, systems that are vulnerable to abuse and corruption and inadequate management information systems (SAIMAS International Conference, 17 August, 2000).

The national government in trying to solve these problems and to rid the social assistance administration of what the Minister called "a number of weaknesses"; initiated the Welfare Payment and Information Service Project (WPISP). The WPSIP is a project whereby "a public-private partnership approach is used to re-design, implement, administer and maintain a new grant payment and information service" (SAIMAS, 17 August, 2000). Notably, forming of these partnerships was one of the recommendations of the Chikane Committee

(Committee for the Restructuring of Social Security [CRSS]). Government contracted two private companies, Cash Paymaster Service (CPS) and Allpay to undertake the distribution function. Notwithstanding the importance of public-private partnerships in the delivery of social security, these partnerships have been plagued by criticism.

The private companies that were contracted by government were "relentlessly condemned for, *inter alia*, late arrival by paymasters at the pay-points and habitual machine breakdowns" (Olivier, *et al*, 2004:64). Criticisms led the Ministerial Committee on the Abuse, Neglect and Ill-treatment of Older Persons (2001) to reach the conclusion that privatisation appears to have brought no improvements to the pensioners. Furthermore, a report from the DSD in SHARC stated that "...the privatisation did not bring improvements to the grant recipients, because services were still not accessible and conditions at pay points appalling" (DSD, 2002/03). And also:

> In the Eastern Cape, CPS and Allpay were granted a R180 million contract to pay out grants in the former Transkei. Despite the privatisation of services, problems still persisted...There were still long queues, and lack of shelter, water and toilet facilities at some pay-points. Staffs at pay points insulted Grant recipients, and paymasters arrived late with machines breaking down. The problems, were, inter alia, the long queues at pay points, venues that lack shelter, chairs, toilet facilities and water; and the attitudes of the paying staff (SAHRC 2002/03:30).

Therefore, coupled with a decentralised system, public-private partnerships further undermined the social security system. By weakening the capacity of the state to take advantage of economies of scale and negotiating power that accrue in single grant payout systems; this in turn undermined effective management of information and control (SASSA Annual Report, 2007/08:9).

Furthermore, payments by contractors were made through a complicated and time-consuming application process. It was reported that in some cases, the personnel serving their own racial groups abused the payment system by either underpaying recipients or simply receiving bribes from beneficiaries who sought to 'short circuit' the long queues (Maqubela, 1997). A further problem was a lack of standards at the facilities for payment: some pay points lacked medical facilities, water, toilets, shelter and furniture. Resultantly, two elderly persons were reported to have died at Mpumalanga Magistrate's Court in the Natal Midlands whilst awaiting receipt of their grants (Cape Times, 1 February, 1994).

## 5.2.4 Ghost Beneficiaries

The issue of corruption can be exemplified clearly by the occurrence of ghost beneficiaries[7], which bloated provincial welfare expenditures (Business Day, 10 February, 1998). In the Ciskei and other areas corrupt officials registered ghost beneficiaries and paid themselves on a monthly basis (wa ka Ngobeni and Dlubisi, Sunday Times, 12 February, 2006). An investigation by the Special Investigation Unit (SIU) found that twelve thousand government officials faced prosecution in connection with social grant fraud amounting to millions. However, it was not only the officials who were corrupt-some citizens in the Eastern Cape also exploited the fact that one could legally use identity documents from the Transkei and Ciskei to secure more than once social grant (de Villiers, 2002: 348). This invariably rendered the social assistance delivery/ and or administration barely operable and inefficient.In Natal alone, for instance there were 5000 duplicate welfare claims because people applied from different departments under different names (Cape Times, 18 November, 1994).

The problem with ghost beneficiaries created a further dent in the administration system. Reddy and Sokomani (2008:15) admit that this was due to the outdated and inadequate Social Pension (SOCPEN) interface. The Welfare and Population Development (2000) department shed light by indicating that problems related to the re-registration process and dealing with suspensions were especially evident when the government decided to freeze out beneficiaries it believed were defrauding the system.

This was intended to act as a method of detecting and stemming fraud and anomalies in the social grant delivery system. However, in a *locus classicus* on administrative law, *Ngxuza and Others v Secretary, Department of Welfare, Eastern Cape Provincial Government and Another* (2000), a case that was touted as victory over negligent unlawfulness Froneman J, had this to say:

> What cannot be allowed is the unlawful deprivation of these rights by way of administrative stealth. The Constitution forbids that and has made the courts the democratic guardians to prevent that from happening. What we are talking about in this case are rights, which give expressions to the "oneness of community" that Steve Biko spoke of as being at the heart of black culture.

---

[7] "Ghost beneficiaries" are usually deceased pensioners and beneficiaries of social grants whose relatives continue to draw welfare benefits, even after they have passed on.

He also went further to say:

> Africa has a great gift to give to the world, namely "giving the world a more human face"... The facts disclosed in the papers indicate that the welfare department of this province has been sadly lacking in that regard. (Froneman J, 2000:22/23).

In this judgment, Judge Froneman ruled in favour of the beneficiaries whose grants had been suspended as a result of suspicion of fraud. Due to the fact that the amalgamation of the six different administration systems into the national SOCPEN system showed that, "the information on record for many of the beneficiaries was incomplete, that there was duplication of payments and that the eligibility of many of the beneficiaries for grants was suspect" (Froneman, 2000).Besides this case, proof of the issues and problems that beleaguered the institutional and administrative systems for social assistance were also indicated by the amount of the litigation between the department and some of the beneficiaries of social grants as will be shown in province specific examples that will be discussed in the section below.

## 5.2.5 Law Suits resulting from administrative problems: the case of the Eastern Cape

The Eastern Cape (EC) was charged as being one of the poorest and most corrupt provinces. It will be used here as a case study because it is illustrative of the effects of the legacy of apartheid and gives a clearer picture of the major challenges in the paying out of social grants. The challenges in the EC have been attributed to the residual legacy of apartheid's homeland system. Then Minister of Social Development, Zola Skweyiya was quoted in the Business Day (2006) saying:

> We have established that former homeland civil servants, particularly in places such as Umtata, which is the capital of this crime, are prone to abuse of the system to enrich themselves (Radebe, 2006).

The issue of homelands and the perils emanating from their systems were alluded to in earlier sections. Suffice it to highlight in this section that the Eastern Cape suffered the most because it was divided into three areas: Ciskei, Transkei and the main area which was within the apartheid government system, so two black areas and one white (Reddy and Sokomani, 2008:60). As a result of such a legacy that was corrupt and poorly managed there were problems of administration and lack of internal control systems that were transferred into the new system of administration in post-apartheid South Africa.

The lack of control compounded with corruption and defunct administrative systems led to huge bottlenecks in the delivery of social grants. Delays in processing and approving of grants once they were approved undermined the effectiveness of social assistance delivery system. In conjunction with these problems was also the unilateral withdrawal of social grants: the provincial government lost a substantial amount of money owing to the recurring failure of its administrative personnel to observe the fundamental rules of administrative law (Rickard, Sunday Times, 2000). In the case of *Vumakonze v MEC for Social Development Eastern Cape, Matibala v MEC for Social Development, Matiwana v MEC, Platjies v MEC* (Case No. 110/04; 143/04; 2541/01 par 9) the High Court held that the delay by the provincial department in taking a decision on applicants' applications for social grants was unreasonable in terms of s6 (2) g read with s6 (3) (a) of the Promotion of Administrative Justice Act 3 of 2000.

In the Eastern Cape large scale mal-administration of grants was the subject of litigation during the periods 1996 to 2000 (Stewart, 07-069:56D-10). In the case of *Kate v MEC for Welfare Eastern Cape* (2005 (1) SA 141) Froneman J, observed that for a number of years there has been "a persistent and huge problem with the administration of social grants in the Eastern Cape". In another case *Magidimisi v the Premier of the Eastern Cape* (Case no. 2180/2004, par 86) the judge in the case highlighted that some of the problems of social security arose because applications for back-pay were sometimes instituted years after the claims had already been processes [see also Plasket, 2003:494; *Bacela v MEC for Eastern Cape*, 1998 All SA 525 (E); *Maluleke v MEC Health and Welfare Northern Province*, 1999 (4) SA 367 (T); *Rangani v Superintendent General, Department of Health and Development, Gauteng*, WLD, 18 February, 2000, Case No 2848; *Boshula v Permanent Secretary, Department of Welfare*, 2000 (2)SA 849 (EC) and *Ngxuza and Others v Secretary, Department of Welfare, Eastern Cape Provincial Government and Another*, 2000(12) BCLR 1322 (E)]. These cases were an indication of a need for capacity-building and information sharing on matters relating, inter alia, the basic right to social security entrenched in the Constitution and the *Batho Pele* principles underpinning public administration.

The problem with litigation was the "cost-benefit" issue for the government. Vusi Tetyana from the Public Service Accountability Monitor (PSAM) in Grahamstown, (2005), claimed that, within a space of three years, litigation costs increased by 25 percent from over R5million in 2003/03 to R20 million in 2003/04. The problem with litigation was that every time a case came before the courts because, the department opposed payment of grants to

recipients, and the department lost the Courts awarded costs in favour of the applicants. In this light we note that the cost-benefit issues discussed above tie in with the issue of unfunded mandates that was discussed earlier. One cannot, but reach the conclusion that, it is small wonder why the system of fiscal decentralisation was not as effective as it was touted to be; in the delivery of social services. It could not have worked when the Department poured out money that had never been budgeted for in meeting litigation costs instead of using that money to make the delivery system effective.

Having highlighted all of these issues it is important to focus on the move toward centralisation of social grant administration. Before doing so it is important to highlight that the DSD made no distinction between problems of corruption and maladministration. Reddy and Sokomani (2008:33) argued in their study that Selwyn Jehoma the former Deputy Director General Social Grants (2006) revealed the extent of both confusion and uncertainty in the DSD and the government as a whole on the issue of institutional and administrative problems in the social grant system. They argue that by 2006 the government had not yet worked out the extent to which fraud and corruption were bigger problems than maladministration and/ or poor administration within the DSD. Jehoma (2006) said "both exists, but 'no empirical study' has been conducted yet; "In the next year or two-when we have dealt with everything-we can calculate the numbers." At the time of doing this research and as far as we are aware confusion as to the computation of data on corruption is still inconclusive.

Reddy and Sokomani (2008) further argue that the determination of these figures would be the Achilles' heel of the anti-corruption efforts of the DSD, especially if it can be shown that poor administration or maladministration was the crux of the problem (Reddy and Sokomani, 2008). However in the study currently underway in this thesis; corruption and maladministration are all regarded as manifestations of problems in the institutional system of social grants and have been realised as problems that have led to the need for change from decentralised systems to a now centralised system.

## 5.6 Moving towards centralization

In response to the problems highlighted above and upon realisation that all these administrative and institutional issues would continue even after the government had appointed task teams and committees to recommend solutions to these problems. The DSD in

1999 convened an inter-departmental task team to review the entire social grant system. This review was necessitated by issues mentioned above including the following: weaknesses in the management and administration of social grants coupled with various litigations and negative publicity. The task team comprised of members of government, business and labour representatives. Fezile Makiwane (in Harrison, 2000:46) was quoted saying: "the department appointed an interdepartmental consultative process. That process comprised officials from the departments of defense, labour and transport, health and welfare..."

This interdepartmental review resulted in a situational report. The report identified the overall situation of social security in the country- there were critical gaps in the system, the system was found to be fragmented, with duplications and inconsistencies. Fezile Makiwane (in Harrison, 2000:46) added that "judging from these findings it was as if social security was none existent." This led the government to action in the form of another task team.

Subsequent to this a Commission of Inquiry was established: the Committee of Inquiry into a Comprehensive System of Social Security in South Africa was established under the leadership of Vivienne Taylor, henceforth referred to as the Taylor Committee. The mandate and terms of reference of the Committee required a review of a broad range of issues relating to the depth and coverage of social security, including the evaluation of all grants, their funding mechanisms and the efficiency with which they achieve their goals (Taylor, 2002a). Importantly from these recommendations, however is the issue on institutional and administration of social assistance grants.

The Taylor Committee, identified a number of problems with regard to the institutional and administrative coherence relating mainly to finances: the process of prioritising the allocation of resources, the tax structure as it relates to social security and liaisons and interactions with the public (Social Security Commission of Inquiry, 2000). With this realisation, it then proposed the need to revise the organisational framework for social security, and more specifically the establishment of a social security agency to operationalize various social security functions outside the civil service (Taylor, 2002). The point of this was made clearer by then Minister of Social Development, Zola Skweyiya who in a Business Day Report (Radebe, Business Day, 8 March, 2006) said "the financial leaks had necessitated the centralisation of control and payment of grants, leading to the formation of a social security agency." Therefore, one can see as highlighted in the preceding chapters that the move to

centralise was a response to unacceptable service delivery conditions, such as people queuing for days in rainy weather and beneficiaries dying at these pay-points.

Heeding this call for centralisation of the social security delivery system, then President Thabo Mbeki assented to the South Africa Social Security Act (2004). This was the legislation that was to give authorisation for the establishment of SASSA as an agent for the administration and payment of social assistance (RSA, 2004). Furthering these efforts to centralise, on 10 June 2004, a mere 8 days after the SASSA Act was assented to a Social Assistance Act was updated and passed, which also accented to the delegation of the function to the social security agency that was to be established. The Social Assistance Act (RSA, 2004) delegated functions that include: administering social assistance, populating and managing the national database for all social assistance applicants and beneficiaries, establishing a compliance and fraud mechanisms to ensure that the integrity of the social security system is maintained. The Social Security Act was later amended and finally ratified to be documented and published as the South African Social Security Agency Act (No 9, 2006).

Resulting from this, two years later an agency was established: the South African Social Security Agency (SASSA) to implement the system of social grants. The reasons for delay in the establishment of the agency will be explored further in another section. SASSA has been described as a focused institution with a government mandate to ensure that payment of social grants is made "to the right person, at a location that is most convenient to them (Social Security Agency Act, 2006: s1).

As will be shown in the Chapter Six, the functioning of SASSA is in concurrence with the Department of Social Development (DSD) (Samson, *et al*, 2008:2). The National Treasury notes that:

> As the executing Authority, the national department of Social development will perform a regulator role by setting the policy framework on who qualifies for social assistance grants, setting norms and standards for the social grants administration and monitoring the agency's operation (RSA, 2005).

Therefore, the role of SASSA in this relationship is to be a specialised institution in the institutional and administrative framework for the delivery of social grants, to control management, administration and payment of social security benefits (South African Social

Security Agency, 2007:3). Furthermore, its role is to provide a standardised and uniform social assistance transfer and delivery system.

**Conclusion**

Policy like most good things is oft borne out of trouble and conflict. This chapter followed on from the discussions in Chapter Four about the history of social welfare, political economy of South Africa and the decision making structures; to provide a more in-depth overview of the challenges related to the paying out of social grants in South Africa. This was done with the intention to show the process of shifts in the delivery mechanisms of social grants in post-apartheid and the method by which the government has tried to solve these challenges. As has been shown in this chapter, the various methods were not sufficient to solve the problems inherited from apartheid, hence making centralization a lucrative solution as will be argued at greater length in Chapter Six.

By focusing on the challenges experienced and the attempts made by government to rectify these, this chapter has also attempted to show the progression from a decentralized to a centralized system of social assistance administration. Some of the problems that were highlighted in this chapter include the impact of provincial administration; fiscal decentralization; corruption and delays in the payment system that rendered the whole administrative system untenable and inoperable. In attempts to solve these problems, it was argued in this chapter that various task teams and commissions of enquiry were appointed who recommended solutions and proposals to try and solve these problems. However, as shown in the preceding paragraphs none of those recommendations were fully implemented. This chapter also showed that the need to move from a decentralized system did not only arise within the recommendations of the Taylor Committee Report, but that there is a huge history of recommendations to that effect since 1996. The nature and dynamics of these shifts from decentralized to a centralized system will be analysed at greater length in Chapter Six.

# CHAPTER SIX
## EXPLORING THE DYNAMICS UNDERPINNING THE ESTABLISHMENT OF SASSA

## 6.1 INTRODUCTION

In Chapters Four and Five an effort was made to discuss the policy shifts in welfare and economic policies with the intention of highlighting the trend towards policy coordination. However, to move from a decentralized to a centralized administration and delivery system, there are various ideational issues involved: political and economic, as well as others that have shaped the *idea* of moving from decentralised administration of social grants to the establishment of SASSA. In the literature on social policy making, social security administration in the post-1994 South Africa is often treated as a tabula rasa. The literature largely fails to connect policymaking with attempts made internally and influences of other institutions on the processes of policy reform. However, the policy reform process is important. By reform process we are referring to the change through information flows, voice, and public debate prompting a set of questions such as, who sets the agenda for change? How and when are proposed policy changes communicated, by whom and to whom? Therefore this chapter will provide an in-depth exploration of these ideational shifts and the nuances informing the shifts; the making of the policies informing the establishment of SASSA; contestations surrounding ideological questions and evaluation of the state of learning. By making reference to documents from the Department of Social Development, interview transcripts and notes from the data collection process the researcher will uncover the questions and issues that are often neglected in the review of individual governmental action. Especially the making of policy, formulation; implementation and review; mainly where it relates to the processes leading to the establishment of SASSA. All this is integral to the question of the learning state, which forms the core of this research.

The discussion in this chapter will be split into various themes (answering the goals of the research) to allow for us to develop a coherent strand of the policy processes leading to the establishment of SASSA. Chapters Four and Five explored extensively the general shifts in South Africa's post-1994 welfare policies vis-à-vis economic policies. Therefore, in this chapter the first section aims to address the following goals of the research:

(f) To assess the power of knowledge and ideas in the policymaking process, as expressed in the changing framework of welfare administration.

(g) To examine what happens when a 'state' changes its mind and the processes involved in turning new ideas into policies and law.

The second and third sections aim to address the following:

(a) To assess the responses and processes within the state that result in policy shifts, and the extent to which these can be considered dimensions of state learning.

(b) To assess the influence of non-state agencies/actors in policy contestation and learning processes.

The first goal of research as highlighted in Chapter One was addressed in Chapter Five that provided an exploration of the shifts in the system of social grant administration. In light of this, the intention at the conclusion of this chapter is to provide in-depth considerations that reflect on the South African state as either learning or non-learning in the process of making policy. This is going to be achieved by exploring, at length, the processes leading to the establishment of SASSA; from ideas to policy to the agency. Furthermore, we will use the information from this chapter to assess whether the state has the capacity to learn in policymaking.

## 6.2 GENESIS OF THE IDEA OF CENTRALISATION

Policy conceptualization that leads to implementation does not arise in a vacuum. Instead it is driven by various variables: actors, ideas, knowledge, politics and economics. The most important at this stage are: ideas and knowledge, because they form the core of the context of reform. Doing an ideational analysis is crucial, because failure to understand the trajectory of the history and development of an idea leads to assumptions that might not be entirely correct or that omit the loops and hoops through which an idea goes before it becomes an agenda for action and policy. Lieberman (2002:697) proposed that paying equal attention to ideas and institutions is necessary for the analysis of policy change. It is important in this case because ideas inform reform imperatives and the content of social legislation (Cox, 2001:464).

Therefore, in the section below an attempt will be made to trace the development of the ideological underpinnings that led to the establishment of the SASSA. It is important to do so

because for learning to occur it starts from knowledge and an ideological base, until policy makers arrive at policy and then implementation. Discussing the trajectory of the origin of ideas to centralize as well as their projection is important because in Balla's (2001) view, state policy making and adoption, decisions are influenced by epistemic communities, information networks through interactions between states, organizations of state officials, businesses, non-governmental organizations, and civil society groupings. Embedded in the interaction of these groups is the role of ideas and knowledge and the impact they have in policymaking (Hall, 1993:225).

Reddy and Sokomani (2008:13) like other social policy analysts in South Africa argue that the idea of SASSA, the central body for the administration of social grants in South Africa, is:

> Closely modelled on Centrelink an Australian statutory authority. Whose establishment in 1997 involved, reorganizing a quarter of the federal administration body and the merging of functions, and staff from various social security and employment departments into the new independent agency. Besides reportedly ensuring eligibility for benefits and grants, this merging of government services and functions eligibility is touted as an important part of the Australian government's campaign against welfare fraud. (www.centrelink.gov.au, 1997)

Whilst valid, Reddy and Sokomani's assertion is limited in its conception of the background to the establishment of SASSA, because it fails to take account of the processes that led to the idea of a single agency for social security administration being introduced onto the policy agenda in South Africa. Therefore, this section seeks to transcend this limited view of the policy process by using in-depth information from key informants, documentation and notes. Using the data we will attempt to show the trajectory of the idea to move from provincial administration to a centralised system.

In South Africa the idea to centralize was introduced as early as "the time when Winnie Mandela was the political head of Welfare in the ANC in the early 1990s; that there was a need to move the function to national government" (Daniel Platjies[8]). Unfortunately, this information is not documented either in public circles or even in the media to show that the trajectory of the idea to centralize started from the early 1990s, a time when South Africa was in fact still under apartheid.

---

[8] Daniel Plaatjies. Director: Graduate School of Public and Development Management. Telephonic Interview 21 October 2010.

The question of centralization was rekindled on the policy agenda in 1996, when the government appointed the Chikane Committee for the Restructuring of Social Security (CRSS). The CRSS described the social security system as being in crisis

> The segregation of the social security system of the past put in place 14 separate systems each with its own management and information systems, rules, procedures led to loopholes which could easily be exploited by unscrupulous officials and members of the public" (1996:5).

As such one of their major recommendations was for government to establish a nationally organized social security system. According to Selwyn Jehoma[9] (2010),

> In 1995 the Chikane Committee, found that there was a system where you had these different administrations with different capacities. The Chikane Commission argued maybe/perhaps this should be made a national function.

With this acknowledgment of a crisis in the delivery system the government needed to respond to these challenges. An option was to move the function from provincial to national government administration. This idea seemed premature at the time considering the negotiated settlement for 'independence' that led to the federal system in South Africa. 1995/1996 was too early for the government to consider undoing the lynchpin of their democratic process: negotiations for a new South Africa. Therefore, in implementing the bulk of the Chikane Commission's recommendations in 1996, several issues were raised by then former Social Welfare Minister, Geraldine Fraser-Moleketi, among which are the following:

1. A national security system would incur a high cost, running into millions of Rands;
2. There would be constitutional difficulties in forcing provinces to fall into line behind the national minister.

These two points are the main factors that influenced the decision to leave the function in the provinces: the economics of the move versus the political standing of government with their counterparts in the provinces. Hence, Jehoma[10] (2010) commenting on the recommendations of the Chikane Committee says: "the Chikane report in fact admirably was on the one hand bold to say it must be a national function." Nevertheless, this boldness was not taken forward, as there was nothing done to implement these recommendations of the Chikane Commission.

---

[9] Selwyn Jehoma. Deputy-Director General for Comprehensive Social Security in South Africa. Interview at Department of Social Development; HSRC Building; Pretoria. 8 June 2010.
[10] Field Interview, 8 June 2010.

In 1998, the government appointed another technical team to look into the social security system; this was because of the problems highlighted in Chapter Five. This was the Public Service Commission, which was in terms of the Constitution of 1996 charged with the

> Responsibility to investigate, monitor and evaluate the organization and administration of Public Service. It also had the responsibility to propose measures to ensure effective and efficient performance within the Public Service (Department of Social Development, Portfolio Committee On Welfare, 9 February, 1998).

The scope of the investigation of this task team was to cover the following areas:

- Macro-organization arrangements, referring to the division of functions and responsibilities between the national and provincial government;
- Macro-operational systems and processes. Which include the functional and computerised processes in terms by which the payment of grants is administered;
- Internal control measures aimed at minimising fraud and corruption; and
- All support functions related to the service, i.e. human resource management, finances, logistics and information technology support services. (Portfolio Committee on Welfare, 1998).

The context within which the committee worked was that of administration of social grants by the provincial departments, which was described lengthily in Chapter Five and the context leading to this situation was discussed in Chapter Four. What was peculiar about this period was the disjuncture between provincial delivery and national decision and policymaking. These existing arrangements continued to pose the problems that had been identified by the Chikane Committee, of leaving the whole system in crisis in terms of both the operational and management side. Unfortunately at the time of doing this research the report of the PSC had not yet been made public, but reference here is made to the Portfolio Committee Minutes[11] that give sufficient details.

The PSC considered various models pertaining to macro-organizational arrangements between the national and provincial levels of government- a hybrid model. Specifically they proposed:

> That a hybrid macro-organizational model which provides for the following be considered: national legislation; policy issues to be addressed at national level;

---

[11] A Portfolio Committee is a committee within the National Assembly which is responsible for oversight of government departments and consideration of legislation produced by and relating to those departments.

executive functions to be dealt with at provincial level. To ensure that monitoring; evaluation; inspection; adherence to policy; application of policy and performance systems to be dealt with by the national Department of Welfare (Portfolio Committee, 1998).

To this Jehoma[12] added

> It is very interesting that the committee put out options in terms of which the government could go. There could be a national one where there are national norms and standards, but it would be provincially decided or it could just be a provincial function.

Professor Daniel Plaatjies[13] (2010) called the proposals of the PSC

> Lock stock barrel hybrid models, where they offered that provinces should be left responsible with the function, a particular view that we had in the Treasury because the move would have destabilized the fiscal arrangements.

The PSC, unlike the Chikane Committee; resounded the discourse that was within some circles of government of the need to maintain the federal system in which the provinces remained in charge of the delivery of social grants. The PSC's decision was rooted in the fear that to suggest otherwise would be too politically sensitive at such an early stage of the transition from apartheid to independent South Africa. Jehoma[14] commenting about this said, "The PSC felt that either way if we make this recommendation we are going to offend politicians." Conrad Barberton wrote an article on the decision of the PSC, in which he said "the PSC cocked out of making the decision." (Barberton, 1998:4).

Post-PSC and Barberton, the Financial and Fiscal Commission (1999) also had debates surrounding the question of the social security delivery mechanisms, in which they argued that "this disjuncture between policy making by one sphere of government and budgeting by another sphere of government is problematic." Instead they suggested that the function be moved from the provinces to the national department. In spite of this suggestion that there be a move from provinces to national department it remained the same.

Note that, the ideational emphasis from 1990 to about 1999/2000 focused mainly on the question of centralization. This was opposed because for many, any sign of trying to strengthen the centre of government was seen as an effort to circumvent the democratic

---

[12] Field interview, 8 June, 2010.
[13] Telephonic interview, 21 October 2010.
[14] Field Interview, 8 June, 2010.

processes, by making the ANC stronger. Discontent, surrounding the move to the centre characterized what De Jager (2006:64) calls institutional and dispositional centralization. "Institutional centralization ensures that decision-making and policy-making are centrally co-ordinated from where the 'rules of the game', and thus ideology emanate from. Dispositional centralization is achieved by undermining alternative views, by setting the discourse and defining the functions that institutions other than the state can fulfil" (De Jager, 2006:64). However, such conceptions of the policy process negate the efforts to setting policy and political discourse through the use of task teams which are in most cases composed of people from various fields who do not necessarily have a direct interest in the political implication of choices to the government. Instead their aim is in consulting and researching widely to look for solutions for the current problems in government in this case, the administration and delivery of social grants in the provinces that were discussed in Chapter Five. The results of these searches and efforts to find a solution indicated that there were loopholes in the thinking of the government, because in as much as technical teams introduced ideas to the government, some were either implemented or rendered difficult to implement. These loopholes and deficits in the knowledge and implementation links, led to the need to change direction in the ideological frame underpinning the need to improve service delivery- it was not enough to just want to centralize, it was quintessential to introduce a new line of thinking. An agency became a plausible option and this was introduced into the political discourse as will be discussed below.

## 6.2.1 From centralisation to agentification

In Chapter Five we showed that there were multiple problems in the administration of social grants including, death of beneficiaries in queues, corruption and fraud and shortages of budgets. These challenges prompted debates surrounding how to improve "service delivery" Hence, the idea of transforming the delivery of social security developed from being about moving the function from provinces to national department, to a different conception all together, the question of a social security agency. This idea was introduced in the political domain or discourse as early as 1992[15]. By 1992, this idea was not developed any further, as the main site of discontent was still in the federal government system: between national and

---

[15] Jehoma, S. Field Interview. 8 June 2010.

provincial government. As such it was imperative for both the national government and the provinces to maintain the function within the provinces as a sign of good faith as well as building a new democracy.

### 6.2.1.1 Setting the agenda for change

The impetus for a social security agency came from different directions. All the technical/task teams that were appointed by the government, whose work has been highlighted above and in Chapter Five, hinted to this. Their discourse was however embryonic in that their focus was primarily on moving the function from provinces to national government which could be seen in their reliance on the use of the words "national function/ department". At no point however, was there a proper discussion of what would happen once the function had been moved to the national department for management and administration. As such the question of an agency never became prominent. Discourse circulated around the idea of moving from provinces to national department of welfare. This issue came before the Welfare Portfolio Committee at the discussion with Provincial MECS on 10 March 1998. The question on the agenda was: "which body should administer social security: national, provincial or a combination? Ignatius Jacobs then MEC for Gauteng said "the administration of social grants working as a national entity meant strength in terms of sharing information and experience as well as having a uniform set of regulations." At the adjournment of the meeting the MECs had not reached any consensus and thus the matter remained up for debate at later sessions.

Contrary to popular belief that ideational shifts and changes were only brought to bear on government by the pressure from the media and other civic groups surrounding the problems of service delivery that were discussed at great length in Chapter Five, Hall (1993:290) reminds one that state-society relations cannot adequately be described in terms of the 'pressures' that each exert on the other, whether through parties; organized interests; administrative organs or policy networks. Instead that the state is linked to society through a flow of ideas between: politicians and policy experts. Therefore, the need to reform in South Africa's social policy must be seen within the context of the wider intent of the government post-1994: a need to create a capable state as emphasised by the ANC (ANC, 1997). Part of this capability/capacity required social transformation of the state, especially in terms of social security. In 1997, the ANC at its 51st Conference indicated that the focus of the state needed to move from welfarism to adopting a developmental state approach. Central to

achieving this was ensuring that there was a comprehensive social security system. To achieve this there was need to improve on the capacity of the state on different levels.

It is widely acknowledged that South Africa faces certain grave challenges regarding capacity within, in relation to skills, numbers of professionals, the competence to manage complex systems and ultimately, the ability to deliver on its mandate. This is summed up in the Accelerated and Shared Growth Initiative of South Africa (Asgisa) (2006) documentation as follows:

> Certain weaknesses in the way government is organized, in the capacity of key institutions, including some of these providing economic services, and insufficiently decisive leadership in policy development and implementation and constrain the country's growth potential (ASGISA, 2006).

Along with many other statements this statement indicates the growing debate surrounding issues of state capacity. Central to the discourse of state capacity is the question of the developmental state, Evans, (1995) argues that a developmental state is a state that successfully uses 'embedded autonomy' to relate realistically to the global economy within an understanding of its own limits. It is believed that there are two key aspects to this concept of the developmental state. The first is that it arises from "the development of state capacity to realize its mandate, to recognize its limits but to use its strengths to act independently. Secondly, this status does not arise from being self proclaimed or demanded, but from achieving economic growth and transforming society (Hemson, *et al*, 2008:152).

Public discourse of state capacity and capability also informed developments of ideas surrounding social security delivery, as well as the problems highlighted in Chapters Four and Five. This is because after the 1997 decision of the ruling party to establish a comprehensive social security system, transformation became an imperative. At the conference it was stated that:

> The programme to restructure the pensions and grants system will continue to ensure that all eligible citizens are afforded equal treatment irrespective of race. Perhaps more than in most areas, restructuring of the state machinery is even more urgent in this sector, given the manifestations of fraud and corruption inherited from the part (ANC, 1997)

This goal could only be achieved by introduction of measures to transform the entire system that was riddled with problems of corruption, fraud, unfunded mandates and overrun budgets as discussed in Chapter Five. And crucial here was the need to change management and other echelons of the social security machinery to ensure that they are efficient, effective and productive in carrying out their functions. This demanded introduction of 'a new orientation in the provision of service delivery to society, rooting out corruption and introducing a new organizational culture and motivational values (ANC, 1997). The ANC understood that at that stage transformation depended critically on the state to deal head on with capacity issues within the public service. The state sets the terms of political discourse that creates configuration that lends legitimacy to social interests and delineates boundaries of social action, and therefore defines a context within which issues of transformation should be understood.

Furthermore, not only should one consider the context of the intent of the government, but also the dynamics of government power relations as they relate to transforming the state machinery. When asked when the government realized that there were problems with the social security administration system, all participants in our research indicated that the government knew as early as 1994 that there was need to seriously transform the system. However, when asked why the government did not act on these realizations, Jehoma[16] provides a good expose; that

> Political management of these issues is far more constrained than one could ever think when you are on the outside. There are processes where the politics of these things are managed and they have the kind of cycle through which it happens till reform eventually comes. So Chikane came out with a report of massive fraud and again, this is my speculative mind. You need to see that after that, the then Minister of Health and Welfare, Frank Madlalose did not stay long, he got embroiled in fraud, went to jail and you see Geraldine Fraser Moleketi coming in, and she now has to manage what she perceived to be the constraint of spending money and managing provincial MECs; so all the time the rot is very clear and to change things in government really takes time.

Political management forms a core of Kingdon's (1995) ideas theory which is influential in understanding the importance of ideas. As argued in Chapter Five, decentralization played a central role in South African social security administration both in apartheid and post-apartheid. Though it took on a more strategised and reformed process since 1994 when the provinces were unified and supplanted as strong and independent legislative and 'functional'

---

[16] Interview, 8 June 2010.

government entities. The purpose of decentralization was to grant decision making authority to provincial governments with the aim to legitimize the government and the local 'state' by strengthening their authority. It was done with the intention to simplify the system and make them more flexible and better suited to deregulate planning and the steering role of national government. Ideationally, decentralization acted as an institutional blue-print which provided political form to reform and helped political actors by limiting the policy alternatives they had to deal with. However, out of the failures and dissatisfaction of the decentralized system was borne new attitudes that stressed the importance of genuine customer service culture and customer orientation.

In line with this need to form a system that was customer centric, John Skosana[17], Senior Manager: Grants Review SASSA[18] and Jane Jooste[19], Manager: Grants Review, SASSA located the impetus for change in the policy discourse within the Ten Point Plan for Social Development, introduced by then Minister of Social Development, Zola Skweyiya, in 2000. It came as a result of intensive processes of consultation with a range of stakeholders to guide the policies and programmes of the Department of Social Development in October 1999 in and through an inter-departmental task team. The task team report has not to our knowledge been made public, although, Skweyiya announced that it had 'identified gaps and structural flows in the existing social security system (Skweyiya, 31 March, 2000). At the launch of the Ten Point Plan, the Minister acknowledged that "despite many courageous and sensitive responses to the challenges that we face the welfare system has been failing those who most needed its support." He went on to say that "South Africa is experiencing a deep social crisis…and that…we are sitting on a time bomb of poverty and social disintegration." The 10 Point Plan for Social Development has to be viewed within the context of the post-1994 South African government, whose stance on social security since 1997, was seeking a comprehensive social security system.

---

[17] John Skosana. Senior Manager Grants Review, SASSA. Interview held at SASSA Offices. Perncedia Building. Pretoria. 30 August 2010.
[18] John Skosana. Senior Manager Grants Review, SASSA. Interview held SASSA office. Perncedia Building, Pretoria. 30 August 2010
[19] Jane Jooste. Manager Grants Review, SASSA. Interview held at SASSA Office. Perncedia Buliding. Pretoria. 30 August 2010.

The 10 Points did not in any way make mention of the overhaul of the administrative system, but John[20] said

> I think prior to the establishment of SASSA the Minister had a 10 Point Plan which if you can try to explore those ten points you will see that some of the areas necessitated establishing SASSA.

The Ten Point Plan is a five year plan, which attempts to develop a comprehensive system for the delivery of social assistance services in order to harmonise and streamline a range of activities by the departments responsible for the delivery of social welfare services. During the period of the reporting for the Ten Point Plan, the Minister of Social Development visited the nine provinces to observe on a first hand basis the delivery of social security services. Through the visits he identified a number of problems that were symptomatic of the challenges in the delivery of social security services in South Africa. These included problems with:

- Payment of pensions by contractors;
- Re-registration of pensioners;
- Lack of capacity to implement Poverty Alleviation Programmes; and
- Poor infrastructure for service delivery (Department of Social Development, 2001).

Jane[21] added on to John's position by saying,

> The 10 Point Plan was about working towards efficiency and effectiveness and all those buzz words and out of that really was the birth of SASSA- but she also highlighted that 'none of those points specifically spoke to SASSA, but SASSA became the tool to achieving those points-and they both agreed that this strategic document necessitated the establishment of an agency.

After this strategic position, the government responded by announcing in March 2000, the appointment of public Committee of Inquiry into a Comprehensive System of Social Security, chaired by Vivienne Taylor. The work of the Taylor Committee was discussed at greater length in Chapter Five. The committee was enjoined to recommend reforms with a view to both long-term ambition and immediate affordability. During the course of their work

---

[20] Field interview. 30 August 2010.
[21] Field interview. 30 August 2010.

the Committee held hearings, consulted local and international experts, solicited submissions, commissioned research and called on academics to help draft the report. (Taylor, 2002:120).

At the same time that the Taylor Committee was at work, the government also introduced Public Private Partnerships (PPP), that were discussed in Chapter Five; in order to try and improve the delivery of social grants. These PPPs were introduced as an experiment in the wider public sector system, and were used here as a reform method. This path to incremental changes was chosen intentionally, because it was thought to result in cumulative changes that would in time show the need for a complete system overhaul and thus a system shift. The background to establishing PPPs were the problems in the administration of social grants, mainly related to theft of the money when it was being transported to pay points. The crises surrounding fiscal federalism and the disjuncture between policy making and implementation were all important catalysts that were used as a means to legitimize the decision to do a minor form of 'outsourcing', in line with wide scale Public Sector reforms crystallized in the *Batho Pele* principles as well as the Ncholo Review of the public service.

Therefore, the crisis in the provinces, especially in the Eastern Cape served as a window of opportunity for an ideational shift in which principles of public-private-partnerships were considered to deal with questions of cost efficiency and effectiveness within the provinces. The idea to engage in PPPs served as an ideational weapon that allowed policy-makers to challenge old ideas and put into question the effectiveness of a decentralized system. However, the private companies that were contracted by government were "relentlessly condemned for, *inter alia*, late arrival by paymasters at the pay-points and habitual machine breakdowns" (Olivier, et al, 2004:64). Criticisms led the Ministerial Committee on the Abuse, Neglect and Ill-treatment of Older Persons (2001) to reach the conclusion that privatization appears to have brought no improvements to the pensioners. Furthermore, a report from the DSD in SHARC stated that "...the privatization did not bring improvements to the grant recipients, because services were still not accessible and conditions at pay points appalling" (DSD, 2002/03).

Concurrent to this process of outsourcing and the research of the Taylor Committee and prior to the finalization of the report of the Taylor Committee, the Department of Social Development carried out a research into the problems surrounding social assistance delivery.

The report was completed in July 2001. According to Jehoma[22] the report again called for the function to be moved to national government,

> But then again, the President through the Presidential Coordinating Committee (PCC) must now convince nine Premiers, and interestingly the one that protested the shift to national government vocally was the Western Cape. This is because prior to 2000 the Western Cape was under the NP. Importantly, even though there was a concerted effort to bring this question of centralization onto the policy agenda, there could not be a move until something came in to tilt the thinking of government.

The 2001 report of the DSD culminated in the development of norms and standards for the delivery of social assistance services. The **norms and standards** seem to be a manifestation of the political management of the social administration function, in order for it to be maintained within the provinces. The argument produced in favour of this move was that:

> Several challenges in service delivery have drawn national focus to the improvement of social security service delivery system. Poor financial management, ongoing litigation and undignified treatment of beneficiaries are threatening the noble efforts made at improving service delivery. The government has however stated its commitment to work towards…improving management, financial accountability and service delivery of social spending. The imperative of excellence in service delivery is addressed in the New Public Service Regulations- Service Delivery Improvements which states that an executive authority shall establish and sustain a service delivery improvement programme for his/department" (Department of Social Development, 2002:5).

The scope of the norms and standards were regulated through a document written in 2002 by Accenture[23] for the Government (National Norms and Standards Policy for Social Assistance Service Delivery, 2002). The objectives of the policy were to:

- Increase operational efficiency and effectiveness by defining norms and standards against which provinces should perform;

- Standardise the quality to service given to all citizens at national, provincial, regional and district levels; and

- To introduce evaluation and monitoring instruments for the management of norms and standards.

---

[22] Jehoma, S. Field interview. 8 June 2010.
[23] Accenture is a consulting firm that was hired by the Department of Social Development during the process of coming up with the Norms and Standards document.

To give effect to these objectives the document had to operationalise the terms underpinning the need for this policy stance: norms and standards. A norm was defined as "a collective agreement to act in a particular manner; a measurable target, outcome, a quantifiable and normative set of standards of agreed principles and procedures." (Department of Social Development, 2002:5). On the other hand a standard was defined as "minimum measures or levels at which we have to operate, has a time, cost, quality, equity or quantity dimension." (Department of Social Development, 2002:5). A close reading of these definitions indicates a need to operate by a particular observable standard in order to improve and increase efficiency and capacity of the government to meet the needs of citizens. For all intense and purposes this could only work if there was some form of standardization among the provinces, which is what the DSD was hoping for by introducing these norms and standards.

The scope of application for the norms and standards was "all areas of the institutional structure and governance, grant administration process, communication and customer care, human resources management, the pay points and physical infrastructure, information management and infrastructure and financial management" (2002:5). This was intended to "reduce leakages, administrative costs resulting in increase in transfers to the poorest of the poor." Implementation of norms and standards was set to create service delivery capacity, which in the view of government would be driven by human resource development underpinned by a structured competency model. This also brings to light the capacity question that was raised above, but will not be discussed here.

It seems that in drafting these norms and standards they did not consider the structural deficiencies and fragilities of other provinces thus rendering their efforts to standardise delivery almost futile (van Zyl and Walker, 1999). The norms and standards did not work as well as was anticipated by the government. Jane Jooste (2010) argued that "some of our ongoing problems can be dated back to pre-amalgamation to pre-transition that is because when we brought on the 14 different departments and systems, they were just that different…" The government in its policymaking phase did acknowledge that "in implementing norms and standards for service delivery it is important to bear in mind that standardization will not be achieved through developing guidelines and asking provinces to apply them (2005:5). Suffice it to say, that like the PPS, this strategy was also well thought

out and was an incremental change that the DSD hoped would bring reform to the delivery system. Standardization was impossible because as Jehoma[24] maintained:

> There is little that national department could do because a province could go out from a meeting here and decide on the size of an application form for grants, on the way the means test was applied, even up to the print on the document itself. So there was limited extent to which the national government could coordination of administration. It could ensure uniformity of benefits, uniformity of the rules of the IT system, but they could never ensure coordination of the whole system.

Failure of these norms and standards to yield any resolution for government then required another solution. In about 2002 the Taylor Report was ratified in Parliament as a source document for policy on a comprehensive social security system for South Africa. In chapter thirteen of the report the committee made proposals. For social security institutional reform it recommended that

> A revised operational framework is required to ensure effective service delivery in both social assistance and social insurance. The key recommendation here was for the implementation of a social security board (reporting to the Minister of Social Development) and agency (reporting to social security board) to operationalise various social security functions outside of the civil service. Policy development and determination will remain with the Department of Social Development.

The Taylor Commission admitted in its assessments of the situation that the public sector arrangements were multiplied between various institutions that were responsible for service delivery. In addressing the situation they made an about turn in the thinking surrounding the issue of the social assistance delivery. In fact, the Committee introduced a shift in thinking that filled in the hiatus that had existed in the framing of options for social assistance. They proposed a shift in focus from merely improving the decentralized system to introducing the idea of moving away from a hierarchical civil service model of reporting and management toward more a centralized system. This required introducing revised governance models, emphasizing the role of Boards with comprehensive responsibilities and chief executive officers with appropriate accountability requirements (Taylor, 2002:120). This meant a government that would be regulated by private sector rules of market and management, but we will not get into that here as this section is aimed at discussing the agenda setting processes for the policy on SASSA.

---

[24] Jehoma, S. Field Interview. 8 June, 2010. Pretoria.

In social policy discourse, in South Africa, it is often understood that it is the recommendations of the Taylor committee that resulted in the introduction of the Social Security Agency. However, this claim underestimates the processes of setting an agenda for change. All the steps highlighted above were building blocks leading to the situation where the idea needed to mutate to bring the much needed solutions. The key to policy change is agenda setting and the agenda for change that led to the establishment of SASSA was triggered by a window of opportunity that arose in the policy circles through a Constitutional Court Case: *Mashava v President of the Republic of South Africa* (2005 (2) SA 476). Kingdon (1995) noted in his three pronged ideational analysis that policies are often changed in major ways within relatively short "windows of opportunity" during which conditions are temporarily ripe for increased attention and action. In South Africa the problems associated with provincial administration of social assistance benefits, especially the media buzz and litigation formed the fertile ground for changing the principles and ideas behind the arrangements governing social security administration and delivery. This opportunity became undeniably sharpened in the *Mashava* case that will be discussed below.

## 6.2.2 PARADIGM SHIFT FROM RHETORIC TO REFORM

### *6.2.2.1 Mashava v President of the Republic of South Africa (2005 (2) SA 476)*

### *6.2.2.2 Legal Question*

The legal question before the court was to decide whether the President had competence to assign administration of the Social Assistance Act to the provinces? This was because the President had through a Proclamation R7 of 1996 assigned administration to provinces. The proclamation sought, within the framework of the allocation of executive and legislative powers in the interim Constitution, to assign administration of almost the whole of the Social Assistance Act 59 of 1997 to provincial governments.

### *6.2.2.3 Legislative background*

Assignment of executive powers to provinces purportedly took place in terms of s235 of the Interim Constitution. In terms of s235 (8) the President could by Proclamation in the *Gazette* assign, within the framework of s126, the administration of a law referred to in s 235 (6) (b) to a competent authority within the jurisdiction of the government. S 235 (6) dealt with the allocation of the power to exercise executive authority in terms of laws which, immediately

prior to the commencement of the Interim Constitution were in force and which continued to be in force after commencement in terms of s229. The provision in s235 (6) distinguished between categories of law: s 235 (6) (b) dealt with matters that fell within functional areas of government. This allowed the functional area of competence to be delegated to an able constituent province till a time as the Interim Constitution came into force and the function was moved to the proper structure. In line with this legislation was also the South African Social Assistance Act (SAA) which was enacted on 6 May 1992, but only came into operation on 1 March 1996.

Section 22 of this same Act provided that it would come into operation on a date fixed by the President by proclamation in the *Gazette*. The SAA repealed and replaced several statutes which had provided for the payment of grants to people in need and to welfare organisations that cared for them and consolidated them into a single Act. However, interestingly, prior to coming into operation, the SAA was amended several times. The sequence of this was such that, the proclamation (R7) was promulgated on 23 February 1996, shortly before the SAA came into operation. It purported to amend the SAA and to assign the administration of certain provisions to the provinces from the date it came into operation. The assignment was purportedly made in terms of section 235(8) of the interim Constitution.

### 6.2.2.4 Facts and background of the case

Parties to the case were: Mr Mashava (the applicant); the President of South of South Africa (the 1st respondent); the Minister of Social Development (the second respondent); Northern Province Member of the Executive Council (MEC) for Health and Welfare (third respondent); the Western Cape MEC for Social Welfare and Pensions (fourth respondent) and the Kwa-Zulu Natal MEC for Social Welfare and Population Development (the fifth respondent).

Mr Mashava had been a manual labourer for most of his life. For a considerable time he washed cars at a garage in Limpopo. In 1992 he was injured in a collision and suffered fractures to both his hands and was hospitalized for one year and four months. And since the accident he was left incapacitated and unable to work. In October 2000 he applied for a disability grant and was referred for a medical examination. He was advised that he would never work again. Thereafter he submitted his application and was advised to collect his grant after 3 months. He went to the Bungeni Pension office near Louis Trichardt, for a long while,

but in vain. In November 2001, when he did not receive any notification from the pension office, he contacted an attorney for legal advice. His attorney wrote letters to the second and third respondents, demanding the payment of the grant. He only started receiving his grant on the 25th of January 2002.

The applicant contended that, had it not been for the purported assignment of the administration of parts of the Social Assistance Act (SAA) (1992) to Limpopo, his grant would have been approved and paid within a reasonable period. Furthermore, that he would have been able to rely on a consistent definition of disability and his grant would not have been subject to the inadequate budgeting procedures of Limpopo.

### 6.2.2.5 Decision

The court of first instance held and the order was confirmed in the Constitutional Court that:

> The proclamation was not valid insofar as it purported to assign the administration and amend provisions of the Social Assistance Act in terms of s235 (6) and (8) read with s 126 Schedule 6 of the Interim constitution. Social assistance was a matter that could not be regulated effectively by provincial legislation and required to be regulated or co-ordinated by uniform norms and standards that applied generally throughout the Republic, for effective performance. Effective regulation and effective performance did not only include procedural and administrative efficiency and accuracy, but also fairness and equality, for example as far as distribution and application of resources and assistance were concerned a system which disregarded historical injustices and offended the constitutional values of equality and dignity could result in instability which would be the antithesis of effective regulation and performance (2005: 497 para 57).

Upon reaching this conclusion the Constitutional Court, ordered that the order of invalidity be suspended until 1 April 2004. This suspension, was only given in terms of s 172 (1) (b) of the Constitution to allow for the responsible Minister/ Authority to correct this defect.

### 6.2.3 Implications of the *Mashavha* case

This case was of significance because it showed clearly some operations of inter-governmental relations and power dynamics. The issues in this case rode on the back of a dichotomy within the legislation governing the social security function. Historically the interim constitution 1994, deemed this function a national function, but come 1996, the Final Constitution (Act 108, 1996), deemed welfare provision and delivery a concurrent function. The *Mashavha* case became the window of opportunity for the government to move for the

centralization of the social security administration function. Therefore, the case introduced an important dimension in the agenda setting that set the paradigm shift in the policy direction 0f government: to remove the function from the provinces.

Curiously, neither the President, nor any of the Ministers who were cited as respondents opposed the motion before court. Selwyn Jehoma[25] gives the reason behind this that;

> To get to an agency this function was in dispute. We had our opinion of course on the constitutionality of the function remaining in the provinces, but it was quite fortuitous that at the time the Mashavha case happened and it went to the Constitutional Court. We did not oppose it as government because it was an easier way out for National Government to let the court pronounce on it. And it would make it easier to say to provinces you see, we are not taking this function, we wanted it, but we are not taking it, instead the Constitutional Court says it must be given to the national government.

In the course of the case Ministers representing the government openly admitted that the provinces had limited capacity to fulfil their obligations pursuant to the assignment of the SAA and also that the level of service delivery varied markedly in the provinces. This is because of a number of factors, one of them being the system of fiscal federalism that existed pursuant to federal division of the state, into nine provinces. Selywn Jehoma[26] puts it clearly that:

> This arrangement of a fiscal federal system is also very important because in saying/ assigning this function to the provinces the national government was in fact giving the provinces an unfunded mandate. The mandate was to pay out grants, but this is how much we give you in the budget. And in 1999-2000 in the FFC Report we said from the FFC side, there is a big problem in how the treasury allocates the budget to provinces. They were in fact, giving the budget to provinces of X amount and saying, there is your welfare, and that is your education, and that is for health. Knowingly or unknowingly as they claim they were forcing provinces to take money of education and health to pay for this grant which people were entitled to. You know its one thing to put 35 children into one class and have one teacher to teach them, because you could have a result of what is called a divisible benefit distributed and even if you throw in another 30 children, the benefit would be intangible of getting an education. You could not do that with the social grant, because if someone was entitled to get R790 as an old age pension or disability grant, the person had to get the whole amount and not a divisible benefit. In 1999 I costed what I thought the National Treasury should be giving to the provinces, and it came out at that time, the budget was about R20 billion and my costing indicated that they needed to get R35 billion, in order to manage [Of course it made them crazy when they got that report]. But at the heart of it was that the government had to carry on with the fiscal prudence stance, yet make

---

[25] Jehoma, S. Field Interview. 8 June 2010.
[26] Jehoma, S.Field Interview. 8 June 2010.

sure that people entitled to grants get paid and when provinces ran out of budget of course they borrowed from other portfolios, but in the end we also had a situation were at an administrative level not to pay grants all. So, what we had was a contradiction- trying to serve the poor and manage the budget at the same time.

The government was left with no option but to engage with what was 'already their thinking and action' towards less bureaucratic inclinations to allow for the separation between policy and implementation through the establishment of an agency. This was in line with two significant axis that altered the public discourse of social security service delivery: the 2002 recommendations of the Taylor Commission and the 2002 in principle Cabinet approval of the idea of establishing an agency, which was also reiterated in the Cabinet Lekgotla of 2003 (GCIS, 2003). Furthermore, Thabo Mbeki (Thabo Mbeki, State of the Nation Address, 11 February 2005), also remarked that "we need massively to improve the management, organizational, technical and other capacities of government so that it meets its objectives". To make this possible there was a need to adopt the agency model. In order to give a clearer picture of the processes we have been trying to describe here is Diagram 1

**Diagram 1: Diagrammatic representation of the time lines within the process of establishing SASSA**
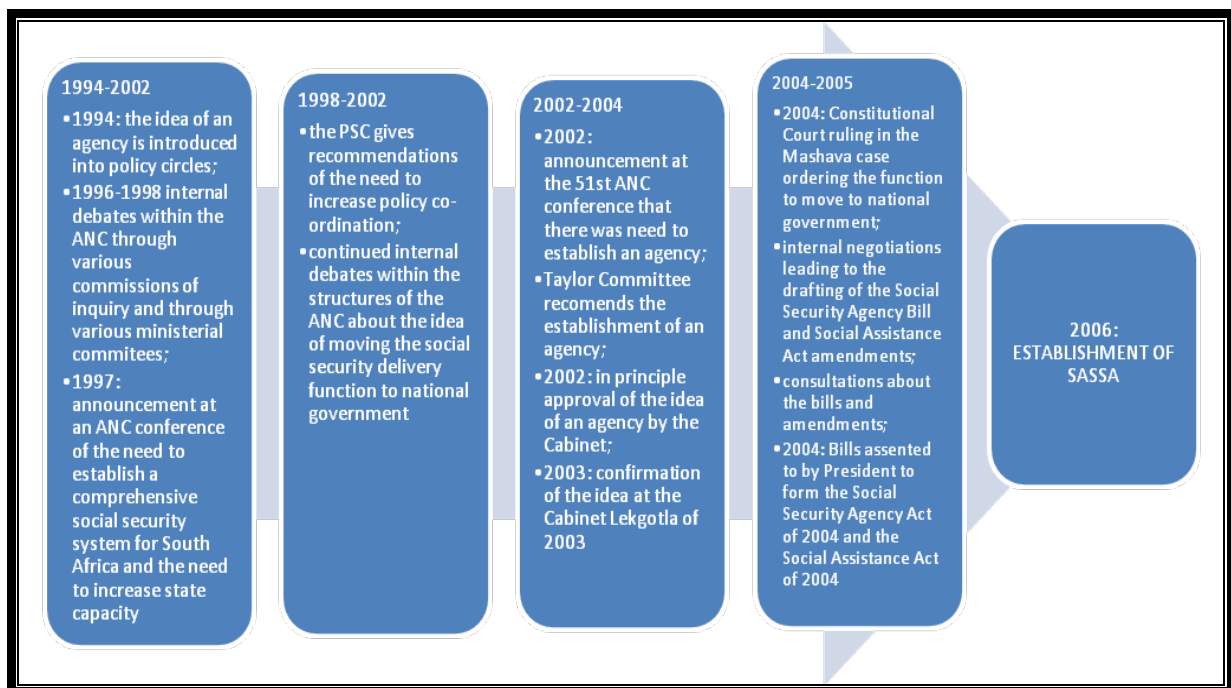
Diagram 1 above, has detailed some of the pivotal periods that one needs to pay attention to when looking at the process of the establishment of SASSA. In the diagram we have attempted to show the flow of ideas and process, in order to provide a clearer understanding of the time lines involved in the mutation of the agentification idea in South Africa.

## 6.2.4 Summary

The window of opportunity for a paradigm shift was influenced by three pronged nodes: the ANC conference, Taylor Commission and the *Mashavha* case. In this section we have tried to show that the ideas behind the policy process leading to the establishment of SASSA changed faster than institutions. This section has also attempted to show that ideas are an important locus for policy development; and highlighted that in order to propose radical changes, policy makers must have time to change discourses and frames in ideas in order to sell ideas to the citizens and the state actors alike. Furthermore, it was shown that ideas provide specific solutions to policy problems, constrain the cognitive or normative range of solutions that policy makers are likely to consider and constitute symbols and concepts that enable actors to construct frames with which to legitimise their policy proposals. It was necessary to embark on an understanding of the role of the ideas and trajectory of its development in order for one to understand the basis for policy change and the factors underpinning that change. Have established the cycle of ideational change, the next section will highlight the policy processes leading to the establishment of SASSA.

## 6.3 POLICY MAKING AND LEGISLATIVE PROCESSES LEADING TO THE ESTABLISHMENT OF SASSA

In the *Mashava* case the Ministry of Social Development represented by the MECs of various provinces indicated that the process of transformation was going to be a 'Herculean task' that would require massive engagement by the national government; as well as time in puts to ensure that an agency would be established. This section aims to discuss the legislative and policy imperatives that were put in place leading to the establishment of SASSA. This is an important section because in the beginning we indicated that the policy processes are indicative of the nature of the state and its capacity to learn in the making of policy.

Daniel Plaatjies[27] and Selwyn Jehoma[28] worked extensively within the government and are very knowledgeable about the policymaking processes in South Africa, especially as they pertain to social policy. Jehoma indicated that policymaking in South Africa starts from what is called "issues ending on the agenda of government." This is a situation where ideas and policy initiate and end within the Cabinet. This confirms what was established in Chapters Two and Four that the policymaking process in South Africa is dominated by the clusters within Cabinet. Daniel Plaatjies[29] went further to highlight that what actually happens is different from the way in which policymaking is supposed to take place. He highlighted that, 'the model that ought to operate in South Africa is that the political party makes the decision because the political party will take accountability for its inaction or for its implementation of policy which goes wrong'.

Furthermore, he outlined the policy process:

> A decision that is made in the party gets transmitted into government system by a Minister or by a key official or Cabinet Member who makes sure that the policy gets implemented. Then what happens is that the policy gets ratified in the cabinet meeting or rather the policy process follows its route through a particular department to be able to look at: What does the policy mean? What it means to the function that is the particular department? What are the implications of the broader social, fiscal level, from policy issues to questions about staffing, about administration and about legislative implications? All this then follows to a cabinet memorandum, the cabinet makes a note and then makes an in principle decision on the matter and then requests the administration to look at implementation.

The information above will be used to analyse the policy processes leading to the establishment of SASSA.

The Cabinet announced in 2002, as noted earlier that, in accordance with the consolidated report of the Taylor Committee, there was a need to establish an agency. In the same year after reading in the implications of establishing an agency to the institutional framework of social security, as detailed in the Chapter Thirteen of the Taylor Report (2002:120), the government gave in principle approval of the idea of establishing an agency as described at great length in another section (Cabinet Memorandum, no. 8 of October, 2002). This meant

---

[27] Plaatjies, D.Telephonic Interview, 21 October 2010.
[28] Jehoma, S.Field Interview, 8 June 2010.
[29] Plaatjies, D.Telephonic Interview, 21 October 2010.

that there was need for the administrators in government to start moving to create structures working towards establishing an agency.

The discussions surrounding the establishment of SASSA show that there was a gap between the decision by the Cabinet to establish an agency and the implementation of this decision. There was a period of 4 years, from 2002 to 2006 when SASSA was established. When asked about why there was this gap, Jehoma[30] indicated that:

> In 2002 we asked for in principle approval, because when you ask for in principle approval you are saying can you approve the principle of the proposal before Cabinet but we will come back and tell you what the implications and costs are.

A different opinion was given by Professor Plaatjies[31] who highlighted that the delay was related more to capacity than to the question of the research and implications for the sake of the Cabinet. He argued that,

> It is one thing to get a decision in principle and it is another to build the thing and the operations around it, given that the process was not done with the participation of the provinces and other major stakeholders. The decision was made and administrators moved the project. However you will realise that the time lag was a capacity issue bottom line. It is like this thing that my mother wanted to be on the school governing board, PTA during the apartheid years but when they joined the PTA through their children striking. What happened was that they got onto the PTA and then they discovered that the responsibility of the PTA were greater than they had imagined. So they discovered that there was a classic disjuncture between their responsibility at the PTA and their skills and their competencies. This was the same situation with SASSA. There was a sudden realisation after this in principle approval by government that there were no builders to drive important political decisions made by the Cabinet. So, again this was showing a classical disjuncture between policy directives and capacity within the state to implement.

The statements made by Professor Plaatjies[32], echo the same sentiments raised in the ASGISA document that was quoted in previous sections. Indeed, the two participants are in agreement that there was a missing link between the knowledge-idea and implementation circles. Meaning that, within the policy cycle or process of the state, there was no ready loop to allow for a link between directive or command and procedural stipulations to act upon the directives. Therefore in the case of SASSA, the first step that had to be taken, was trying to

---

[30] Field Interview, 8 June 2010.
[31] Telephone Interview, 21 October 2010.
[32] Telephone Interview, 21 October 2010.

understand the nature of what was being proposed by the government: an agency. The capacity lag led to the need for learning. Therefore, the DSD and other stakeholders had to engage in a drive towards understanding the agency model that had been mandated by government, by its acceptation of the principle in 2002.

It has been established in Chapter Three that in international literature an agency is any organisation that represents government, but works at arm's length from the government. However, in order to operationalise the meaning of an agency in the South African context and in order to build on the knowledge acquired, trips had to be undertaken to various countries. In the research process, all the key informants highlighted 'vague' knowledge of visits undertaken to other countries that had successfully adopted the agency model as a delivery model for social security functions. Alice Odhaimbo[33], a manager in charge of Service Delivery Monitoring in SASSA, said

> SASSA was formed based on a cabinet decision, but it did not just end there, a team also went out to learn best practices from other countries, for example Australia, New Zealand and the Netherlands and many other European countries. We also tried to pick up on some of the mistakes that they have made and tried to avoid them. So what you see in the establishment of SASSA today is based on best practices that were taken from other countries.

The process described in the quotation signifies learning. Alice Odhiambo[34] highlighted that, in the deciding on the agency, the government learnt from the best practices and worst practices of governments in other jurisdictions. This falls squarely into what Richard Rose (1980, 1991) termed lesson-drawing. Lesson-drawing is said to occur when programs and policies developed in one country are emulated by others and are diffused into the location that looks into the society in question. In this particular form of learning policymakers as indicated above seem to learn from both the positive and negative experiences of others (Bennett and Howlett, 1992:277). This was a necessary step to take in the history of SASSA, mainly because of the impasse in the knowledge frames underpinning the directive of the government to establish an agency as argued by Professor Plaatjies[35] that government suddenly realised that there was no capacity to fulfil what was required by the Cabinet. It

---

[33] Alice Odhiambo, Manager Service Delivery, Monitoring and Evaluation, SASSA. Perncadia 2 Buliding. Pretoria, 15 June 2010.
[34] Odhaimbo, A. Field Interview, 15 June 2010.
[35] Plaatjies, D. Telephonic Interview. 21 October 2010.

meant that the administrators had to make efforts to glean into agencies in other jurisdictions to create a frame of ideas as a point of departure.

More insights into this process of lesson-drawing were also indicated by Selwyn Jehoma[36], who was part of the delegation that was sent to Australia, USA and the Netherlands. He said,

> After we came up with the report for norms and standards, we said approve these norms and standards, but, be aware that until we have an agency we are not going to get it right. It was then that I was sent with my Director General to Centrelink Australia. Then came back and was tasked to write a business case for an agency, and it was only through that research looking at Australia, the United States of America structure and the Netherlands, that it became clear to me and others what this animal really was, and I presented it to Mr Makiwane. We knew that we wanted an agency, but just did not know what it was, so the business case put together after those research trips made clear what an agency was and it underpinned the nature of the organisation we were going to establish.

There are indications of learning in the preliminary stages leading to government understanding the nature of the organisation that needed to be adopted. By visiting Centrelink an Australian agency for social security delivery, the lessons that they learnt were carried into the discourse on establishing SASSA that is why scholars like Reddy and Sokomani (2008) accredit the idea of SASSA as having stemmed solely from the example of Australia. Of course this is a short sighted view of the whole learning process, because as indicated in the quotations above, it was a wider search in order to identify the correct matrix to fit into the South African context.

Notwithstanding, these processes of learning that have been shown to be present; the above quotations raise various issues that need to be highlighted and addressed before one can proceed to discuss the policy processes in the establishment of SASSA. It is unfortunate that at the time of doing this research and writing up, and also to our knowledge none of these reports concerning the visits to various case-studies cites had been made public by the Department of Social Development: the business case and the initial trips of the DSD to other countries. Furthermore, at the time of carrying out interviews it became apparent that, four of the key informants who work at SASSA currently, had no personal knowledge of the content and information pertaining to the case studies that inform the establishment of the organisation. They indicated that most of the information was kept at DSD, and as such it is not information that they can relate to anyone, unless they had been given a report to read.

---

[36] Jehoma, S. Field Interview, 8 June 2010.

For example, when I asked Alice Odhiambo[37], whether she could make documents detailing the visits she had mentioned available, she responded saying that 'no I might not have that, there are certain reports that I might not have access to.'

This lack of documentation in the public domain together with the lack of knowledge of the employees of SASSA of the policy issues, ideological underpinning or framing and the nature of considerations leading to the type of agency and the form of business case leads to a hiatus in the knowledge bank of both the organisation and the public domain. As a result, questions of institutional memory come into play, because in the course of doing interviews, almost every employee who works for SASSA, lacked the understanding or the memory to recall some of the important and monumental events in the processes leading to the establishment of SASSA. This was compounded by the fact that the Department of Social Development itself does not retain staff or if they do they are moved around so much, that it becomes difficult to ensure the constant transmission of memories. Alice Odhiambo[38], said 'there has been a lot of staff turnover, some of the people who went out have actually left and maybe getting that information, might not be very easy.' In Chapter Two we established the importance of institutional memory to the development of knowledge and learning both to the individuals within the organisation as well as the organisation itself. Memories are essential to create institutional knowledge banks which can be established through the process of translating historical accounts into useful knowledge. For example the translation of first hand accounts of the policy debates, questions, meetings and issues informed by debates surrounding the idea of an agency, the nature of the animal called an agency and the reasoning behind the establishment of one in South Africa.

The reason why these memories are crucial is that it leads to an understanding of the nature of capacity required to achieve effectiveness and proper service delivery to the poor of the poorest. This issue of lack of knowledge hits to the core of the capacity question that formed a core in the contestation of ideas that will be discussed later. Suffice, to say that, as long as there is a missing link between, staff-knowledge-implementation there will forever be capacity problems that hinder the procedures of policy learning and strides of improving on policy formulation, thinking and implementation in the functioning of SASSA. Institutional memory could be ensured by using the same approach used for SARS when the organisation

---

[37] Odhaimbo, A. Field Interview, 15 June 2010.
[38] Odhaimbo, A. Field Interview, 15 June 2010.

was undergoing transformation. Adesanya (2009:77) argues that "keeping retrenched staff as consultants to the organisation was an attempt to minimise the effect of the loss of institutional memory therefore, ensure continuity in the process of transformation.' Addressing the knowledge deficit in both intra-state and externally is key if SASSA and other state organisations are ever going to function at optimum capacity in South Africa.

## 6.3.1 From ideas to legislation

In the section that discussed the role of ideas it was argued and shown that SASSA started off being an idea of moving the social security function from provinces to national government. Even when the idea had developed to this stage; it was not enough to anchor the service delivery tenets required by government. This is because government

> Could not be convinced that just shifting the function from provinces into National Department would change the culture and the way things were being done, because they would be constrained by the Public Service Regulations…Something independent from the day to day politics of government was needed so that it could improve efficiency and just deliver social grants- the intention was to change the culture and improve effectiveness and delivery to make it more businesslike (Jehoma, 2010).

Therefore, after the studies and visits that were carried out to various countries and the drawing up of the documents detailing the government's understanding of the policy process it became imperative to legislate in order to give force to the mandate placed on the government to establish an agency. Upon governments' in principle decision to accept the establishment of a focused, specialist institution to take on the management and delivery of social grants, the Department of Social Development outlined the challenges facing government in the delivery of social grants. These problems acted as a catalyst moving the government to action.

Therefore, in 2002, upon principle approval, Cabinet also approved the establishment of a Transition Committee to investigate the implications of establishing an agency. This committee comprised of managers from the Department of Social Development, Public Service and Administration and National Treasury (PMG, 27 August, 2003). The committee focused on the following implications;

    i.   The governance, organisational and human resource;

   ii.   The financial and fiscal;

iii. Information and technology

iv. The Constitutional, legal and contractual; and

v. Communications.

Out of the report of this committee, came the distinct shape, form and nature of the agency to be established. The committee proposed an institutional model for the agency, that it will,

1. Have a Chief Executive Officer that will report directly to the Minister. The national department will be responsible for the development of policy, monitoring, service delivery and setting service delivery standards;

2. Manage, administer and pay social grants, and could look at discretionary benefits such as provision of social relief distress. To also cater for the provision of all seven types of grants: old age pensions, war veterans' pensions, the disability grant, grant-in aid.

However, in order to make this institutional model work, the Committee, also specified that in ensuring that in constructing a functional model there was need for a clear delineation of the roles and responsibilities of the four main institutions: Department of Social Development, the future role of Provinces, the Agency and an Independent inspectorate for social security (PMG, 2003).

This report became the background document for the enactment of new legislation to give force to the agency. After receiving a report back from this committee, the government recommended the establishment of a Transition Implementation Team to fast track the establishment of the Social Security Agency. Given this fact in January 2003 a draft Social Security Agency Bill (B51-2003, introduced in the National Assembly as a section 76 Bill; Government Gazette, No. 25256 of 25 July 2003) was presented before both parliament and civil society stakeholders (PMG, 2003). The effect of the Bill was to "remove the administration of social assistance grants from the public service, specifically the national Department of Social Development and the relevant provincial departments responsible for the administration of social grants" (PMG, July, 2003). Once the bill had been introduced before parliament there was a long period of consultation and public input as required by the Constitution in order to ensure that all stakeholders were on board with the establishment as well as the legislation giving legal force to this agency.

The legislation went through various processes of consultation and amendments, such that at the time when the Bill was ratified by cabinet to constitute the South African Social Security

Agency Act, various stakeholders; labour, civil society groups, government departments and private individuals, had given their inputs. Some of the actors that were actively involved in the legislative process include: the DSD, Congress of South African Trade Unions (COSATU); National Education Health and Allied Workers Union (NEHAWU); Black Sash; Socio-economic rights project, community law centre (UWC) and South African Catholic Bishops conference, just to mention a few (Department of Social Development 2004; PMG, 2004). Note that the consultations and debates altered the contents of the bills, such that when the Bill was passed it had been rigorously debated and redrafted. As a result the South African Social Security Act (no. 9 of 2004) came to being through consultations and negotiations.

Concurrent with these efforts to draft legislation for the establishment of the agency, there was still the active fact that the social security or welfare services were a concurrent function assigned to both national government and provinces under the Constitution. This led to a constitutional question that needed to be dealt with, as was argued in the section that detailed the *Mashava* case. In 1996 when the Interim Constitution was still in force, most provisions of the Social Assistance Act 59 of 1992 were purportedly assigned to the provinces and accordingly social grants administration in terms of that Act were ostensibly acknowledged by national government to be a concurrent provincial competency. After the *Mashava* case's declaration that the concurrency of the function was invalid, parliament had to also work to amend the Social Assistance Act in order to give legitimacy and proper standing for the Social Security Agency to be established. Therefore, on 10 June 2004, a mere 8 days after the SASSA Act was approved an amended Social Assistance Act came to force, which acknowledged the invalidity of the provincial administration as suggested in the *Mashava* case, and thus ceded this function to a central organisation. The contents of the Act among other things delegated the function of social assistance administration to SASSA (RSA, 2004).

Therefore, SASSA's legislative mandate is found in two pieces of Acts. The Social Assistance Act, 2004, which provides a national legislative framework for the provision of different types of social grants, social relief of distress, the delivery of social assistance grants by a national Agency and the establishment of an inspectorate. Furthermore, it is also given legal force by the South African Social Security Agency, 2004 signed by the President on the 28th of May 2004. It provides for the establishment of the South African Social Security Agency as a schedule 3A public entity in terms of the Public Finance Management Act

(PFMA, Act No. 1 of 1999). The principle aim of PFMA is to make provision for the effective management, administration and payment of social assistance and service through the establishment of the South African Social Security Agency. SASSA was therefore established in 2006, as a result of the policy and legislative processes that have been detailed above.

## 6.3.2 Actors in the policy making process

In this chapter it has been highlighted that the establishment of SASSA has a wide history of processes and actors. This section aims to detail some of these actors. During the field interview process the key informants were asked about the role of various stakeholders in the policy process and they all indicated the presence of committees of enquiry, civil society, labour and government. However, this section will highlight briefly the role played by committees or commissions of inquiry as well as government in the establishment of SASSA.

As argued in other sections in this chapter commissions or task teams form an important link between knowledge production and dissemination and the actions of government. Jehoma indicated that

> There are a range of actors that make contribution to the eventual policy. Note that when you develop a policy from the beginning and the time when it comes into legislation it is a very different thing. When you put it into the system there are so many things going into it that do not belong to you.

This above statement shows the importance of what Sabatier (1988:31) calls policy advocacy coalitions, which are groups of individuals or groups within which issues are argued leading to the issue coming onto the policy agenda. Such networks are seen in the form of task teams/ committees established by the government in order to thrash out ideas about a problem that is current in the work of the government of the day. Jehoma[39] highlighted the importance of these committees,

> They contribute in part to getting things on the agenda, to the wealth of knowledge that is usually necessary in the development of policy. We sit with blinkers in government because we can say that this is the problem and this is what needs to happen, it's when you get these committees and structures that you get a deeper and richer contribution to the ideas and a better identification of the real problem and how

---

[39] Jehoma, S. Field Interview, 8 June 2010.

to solve it. Secondly, people in these structures are people who are respected in their communities and in their own ways. Whereas you may have one or two people like myself failing to sell ideas to government. It is when you have these people often from different constituencies agreeing with you that you sell policy better. In a nutshell they raise the level of knowledge in policy, they raise the issue on the agenda and they give legitimacy better than one or two officials would. Therefore, any minister who has a committee or task team is smart because it allows for different interests to be accommodated leading to consensus in the policy bargaining process.

Jehoma[40] raises important issues in light of this research. When one looks at the process of establishing SASSA, it was grounded firstly in the discontent between the function of social security being run by provinces or national department. It is only through the work of task teams from the Chikane Committee to Taylor that the ideas and knowledge base became wider leading to the framing of the need for an agency. It could not have been enough for there to have been pressures from beneficiaries or the media for the government to reform. These committees laid both the theoretical and practical grounding for the idea of a centralised system dependent on a non-state functionary to deliver social grants.

Notwithstanding the importance of these committees as highlighted above, it is imperative that one realise that SASSA's establishment was driven by the government more than any task team or committee. Jehoma[41] said, "None of the committees were involved in the setting up of SASSA." Professor Plaatjies[42] provided a clearer understanding of why the committees were not as involved in the setting up of SASSA, even though they were present in the policy debates surrounding the agency question and its establishment. He said,

> You see there are committees and commissions, but at the end of the day the main decision making structure is the South African government Cabinet. There is a need for people sometimes to understand that there is commission work which typically brings administrative work or decisions which do not necessarily at the time address political imperatives or the political decision at the particular time. So the decision must be seen in terms of what I would say to my policy students 'time zones' and also the dynamics of the people involved in it.

In the case of SASSA, a decision was made at the ANC Stellenbosch Conference (2002) that there was a need to establish a social security agency, in order to ensure efficient and

---

[40] Jehoma, S. Field interview, 8 June 2010.
[41] Jehoma, S.Field interview, 8 June, 2010.
[42] Plaatjies, D.Telephone interview. 21 October 2010.

effective service delivery. In line with what Professor Plaatjies[43] said, this is a decision that could easily override any technical decisions made in the interests of political powers by members of any task team at a particular time. Therefore, as has been shown by evidence in this chapter the policy process was mainly driven by the Cabinet's marching orders and backed up by the various stakeholders that were consulted to fine tune the understanding of government. Furthermore, one can also see that this inclusion of various stakeholders was also aimed at legitimising the whole process.

Another group of organisations or individuals whose role is usually understated in the case of the establishment of SASSA like Black Sash and the LRC. The case that provided the window of opportunity for transformation, *Mashava*, was advocated for by the LRC and Black Sash. These organisations have also been very active in bringing litigation against government for non-payment of grants or delays in the processing of grants applications. Jehoma[44] acceded that they are a crucial component in the policy process when he highlighted that

> You know because grants are such a tangible way of providing to the poor; the civil society is probably more visible in our society's business. Other than litigation, remember the case was brought by the LRC with the support of the Black Sash. They felt that leaving the function in the provinces would be problematic and they wanted this function to be nationalised.

This indication that civil society was involved is a sign of legitimacy of the whole policy process as argued in Chapter Four. Naidoo and Finn Heinrich (2000:7) propose that this legitimacy is obtained through the ability of civil society groups "to bring new issues onto the public agenda, provide, and act independently from government and business interests and from their closeness to the people on the ground". This is extremely important in this case, because coincidentally this case that the civil society organisations brought before the courts in fact became the one catalyst for change.

The political economy of the transition to SASSA is tainted by the heavy presence of civil society organisations even in the debates surrounding the legislation that was being drafted by SASSA. The PMG minutes show various contributions by groups like the Black Sash, the Catholic Bishops Conference and South African Human Rights Commission to mention a few. Therefore, though the process leading to the establishment of SASSA was driven mainly

---

[43] Plaatjies, D. Telephone Interview. 21 October 2010.
[44] Jehoma, S. Field Interview. 8 June 2010.

by the government through DSD, MINMEC for Social Development and Cabinet Clusters it also involved a wide involvement of non-state actors that made contributions that shaped the new agency model that is presently functional in South Africa.

### 6.3.5 Summary

This section was a focused analysis of the policy processes leading to the establishment of SASSA. It picked up from the basis laid out in section one, where the ideational shifts were discussed in detail. Once an ideational frame informing the paradigm of reform had been chosen it became necessary to choose a program or set of principles that would inform the implementation process. This section therefore, attempted to detail the maturity of an idea to policy, embedded in this enquiry being relationships between state and actors. With major emphasis laid on identifying the actors that were involved in the process of establishing SASSA. In chapter one and two we arrived at the conclusion that because state building is a complex affair and a contested terrain; policy learning and making are neither benign nor do they involve the state working in isolation. Therefore, the next section will address contestations surrounding the establishment of SASSA.

### 6.5 CONTESTATIONS TO THE IDEA TO CENTRALISE AND TO ESTABLISH SASSA

Decision making is a result of negotiations between different stakeholder interests, power relations, incentives and usage of formal and informal institutions. It is influenced by for example the use of information, power relations, perceptions, the timing of policy discussions and by the level and inclusiveness of public debate. In doing this research, no assumption was made that interactions of ideas and actors in the policy domain are non-conflictual. Indeed, the assumption was one of policymaking as a highly contested terrain. Similarly, no assumption of linear rationality was made about the outcomes; new policies are not inherently more rational or 'better' than previous ones. Therefore, this section aims at highlighting some of the critical contestations in the process of policy shifts in the social security administration function. Contestations are defined for the purposes of this study as opposing conceptions of what constitutes the correct or proper path to follow in order to

improve service delivery in the administration of social security benefits. It also refers to the political and economic conflicts within the different stakeholders.

At every turn the idea to centralize was met with resistance from two very strong groupings; economy and politics. More so, once a decision had been reached of the nature of the organization to which the social security function would be ceded: an agency.

## 6.5.1 Context

Before, being asked whether there was any contestation to the centralization of the social security administration function in an agency, Selywn Jehoma[45] pre-empted this by saying that, "for your benefit there is contestation within government around these policies and not between government and outside players." This recognizes intra-governmental contestations, but contests could not have been limited to this because social security is an inter-sectoral issue, therefore a number of government departments as well as other organizations would have been affected by calls for transformation as well as the path of transformation to be adopted in reworking the tenets surrounding social security delivery.

## 6.5.2 The fiscal-economic-fiduciary dimension of the contestation

The heart of the contestations surrounding the reforms of social welfare and the social security function like the development of ideas need to always be located around central questions in the discourse of state functions: politics and economics. In Chapter Four an attempt was made to highlight the importance of the political economy of South Africa, as either a catalyst or an inhibitor of the policy process. The political economy of South Africa has impinged in some cases on state transformation and on learning process through the introduction of fiscal austerity that has at all levels limited progression in the name of making the country economically progressive. Selwyn Jehoma[46] indicated that

> Even then, the one thing that people miss out and a role that you should not underestimate is the role that the National Treasury plays in the making of social policy. The National Treasury is not a neutral referee allocating funds.

---

[45]Jehoma, S. Field Interview. 8 June 2010.
[46] Jehoma, S. Field Interview. 8 June 2010.

It seems that when looking at the gap between in principle Cabinet approval of the idea of SASSA, there were processes of contestation in order to thrash out ideas as well as opposition to the movement of the social security function. At the centre of opposition to the movement of this function was the National Treasury because of the agency route selected by government. Jehoma[47] who with then Minister of Social Development were central drivers of the agentification of social security function, argues that in choosing the agency option

> We could not be convinced that just shifting the function from provinces into the National department would change the culture and the way things were being done because we felt that we were going to be constrained by the Public Service Regulations and we argued for something that is independent from the day to day politics of government so that it could improve efficiency and just deliver social grants. That was the intention: change the culture and improve effectiveness and efficiency and delivery to make it more businesslike. We believe that, that could make the change and this was opposed heavily by the National Treasury.

Professor Daniel Plaatjies[48], director and head of the Graduate School of Public and Development Management who was in the middle of the contestations as the representative of the Treasury said, "I was in the Treasury and the Treasury's view was that the business case as articulated by the DSD was inappropriate at the time in relation to the establishment of SASSA." This is because once the function was moved to 'private' individuals there were concerns of a fiscal-fiduciary nature. Central to this fiduciary question is the distance between the government, through the DSD and an agency. The major actors in this were the DSD representing government/ the state and the National Treasury. In responding to the fiduciary question Jehoma[49] indicated that "The National Treasury felt that having an agency, under a CEO and a board making decisions on grants would take it too far from the government given the amount of money that was involved in the budget."

On the other hand the National Treasury argued along the lines of the nature of the state and the instability that this would cause in a democracy under transition. Daniel Plaatjies[50] indicated this by saying:

> The big thing was about the governance of this thing. I was of the view and I am still of the view shared by many people in the Treasury that you cannot and you should not transfer social assistance program which delivers social benefits to a lion's share of the people of South Africa, poor in particular. You do a fiscus transfer of now close to

---

[47] Jehoma, S. Field Interview. 8 June 2010.
[48] Plaatjies, D. Telephone interview. 21 October, 2010.
[49] Jehoma, S. Field Interview. 8 June 2010.
[50] Plaatjies, D. Telephone interview. 21 October, 2010.

R70 billion, and you leave the management and governance of that in the private hands. I am still of the view that this function should have remained in government.

Asked why he felt this way, he argued that it is

> Because, you cannot ask for something that is ostensibly the obligatory responsibility of government: fiscally, economically, policy, administratively into the hands of private. Into an institution that wanted to have its own board; that is the one thing. The other thing is that we are in a transition period and you must understand the fragilities of that and the fragileness that we are dealing with in terms of the state- we are in a transition and these programs are so important for poverty alleviation. It is so important because it creates a degree of solidarity and it allows government to keep that link between the rich and the poor and to hand that to private hands in and through a board was and is still just unacceptable.

The government's ability to control the private provider is at the centre of all questions regarding effectiveness of this agency model, as well as the feasibility and desirability of an external agent acting on behalf of the government. The arguments from both government and the treasury seem to be anchored by an understanding that the ability of government to control depends on the effectiveness of incentives and monitoring, but how does one monitor an organization that operates at arm's length if it does not fall under the purview of its regulations? Therefore, it became evident that for the fiduciary question to be answered favourably there was need for the objective of Cabinet in establishing SASSA to be observable. This could only be achieved by maintaining some form of leverage and the goal to reduce the payment cost by at least R 2 billion. This was achieved of course, by maintaining SASSA under big brother's watchful eye by the denial of a separate board to run SASSA and by the agency remaining under the purview of the Public Service Act and Regulations.

Furthermore, the arguments of the National Treasury are important, especially in a country that is following a developmental path. Key to developmental welfare is the issue of capacity- and capacity is measured through the workings of the state and the output of this.

Central to the discourse of state capacity is the question of the developmental state, the path of development chosen by South Africa in and through the 1996, GEAR macro-economic policies. Evans, (1995) argues that a developmental state is a state that successfully uses 'embedded autonomy' to relate realistically to the global economy within an understanding of its own limits. Capacity problems constrain the efficiency and responsiveness of service provision. In most cases the "problem of capacity is swept under the carpet as

implementation failure, but it also seems that when a policy fails because of its inflexibility or its disregard for implementation context, this failure should for all intense and purposes be attributed to short-sighted policymaking and not to implementation failure." (Hemson,*et al*, 2008:153) In neglecting to keep implementation constrains in mind, South African policy making often shows itself over-ambitious and starry- eyed. Furthermore any redistribution of a function that involves the wealth of a country will have no real meaning if this move does not translate into improved outcomes to the state functionary.

Therefore, like the neo-liberal policies discussed in Chapter Four, the fiduciary question brings to fore the role of the state. Contestation of fiduciary relationships stem from one's view of the role of the state in bringing about economic growth as well as efficiency gains that make the country competitive and competent to meet the needs of its populace. To do so, a government is mandated by the electorate to act in a certain way. Jehoma[51] indicates that

> At the heart of the contestation, and again it is linked to one's view of the role of the state. Should you have a state that is small that allows the private sector sufficient freedom and space to generate profit or should we have a state that provides welfare when welfare is needed?

Indeed the political economy of South Africa, framed within a discourse of fiscal prudence vis-à-vis a welfare strategy underpinned by principles of developmentalism, increases suspicion of any organization outside of the state administering tax payers' money. This is a legitimate concern, as argued in the literature review in Chapter Three; that a political party cannot place a moratorium on the functioning of non-state actors. Furthermore, accountability of the nature required by politics is only implicated on actors whom individuals would have voted for through an electoral process, thus making government solely responsible for the fiscal implications of the agency model.

The second contest arose over the issues of pricing: the cost structure, the cost of the agency model with regard to the management, administration and service delivery[52]. In *The Business Case for SASSA*, the DSD argued that there was no fiscal implication for moving the function from provinces to national government. Daniel Plaatjies[53] said that "this was total nonsense because this would be stripping out provincial budgets, at the time more than R40-50 billion

---

[51] Jehoma, S. Field Interview. 8 June 2010.
[52] Plaatjies D. Telephone interview. 21 October 2010.
[53] Plaatjies, D.Telephone interview. 21 October 2010.

out of their budgets." Admittedly, the implications of the shift would be insurmountable, but so was the loss that the government was facing with the function remaining in the provinces. The one issue that the National Treasury (NT) did not seem to be taking cognizance of is the amount of money that was being lost anyway in the provinces through, fraud, corruption and payments for litigation. I asked Selwyn Jehoma[54], if the NT in raising their objections ever considered the fact that they would be losing more anyway by maintaining the fiscal federal system? He responded by saying,

> That is a business case that you cannot make. You have not touched on the issue of fraud, we had to prove our bona fides and so we ran tests and said can you look at the fraud, and they still said it was not true. Eventually I had to take out all the papers and documentation of clients and every other report we have had to show them how much we were losing for them to see that indeed were making loses. Then you have a situation where instead of them giving us R100 million to clean up the system, they give us R20-40 million and you have to ask yourself where is the thinking in that?

A close reading of the view highlighted above seems to indicate that the NT saw the need for innovation in a uni-dimensional manner, where their opinion was informed by doing a cost-benefit analysis of the here and now without doing a wider systems analysis. In my view contests involving a cost-benefit analysis of a program of action need to be viewed widely, especially in the case of SASSA, because as argued elsewhere social security is an inter-sectoral function. It requires intra-state connectivity and networks for it to function successfully. This fact was also acknowledged by then Minister of Social Development, Zola Skweyiya that, "…mobilization of any form should accompanied by significant improvements in the administration of social grants by both the National and Provincial departments of Social Development. It requires strong collaboration with the departments of Home Affairs, Health, Government Communications and Information Services (GCIS) and National Treasury." (Department of Social Development, 2000) These collaborations are crucial as will be argued elsewhere in this section.

In the research we also found that post-SASSA's establishment there are criticisms that SASSA, because of its nature, has not been able to meet the efficiency gains that were promised, especially in the payment systems. This is because prior to the establishment of SASSA the DSD made a promise that as per international standards having an agency would lead to cost efficiency gains of about R2 billion. However, those who provide such criticism are also from the National Treasury; and they fail to take into account the interconnectedness

---

[54] Field interview. 8 June 2010.

of the social security function to other departments and functions in the government. A clear example that shows this point is, when choosing between a card payment system- ACB and the cash method, Mamello Nhlabati[55], a Senior Manager Payments Contracts, provides insight into this situation. When I asked her whether the contract system was the best delivery method she highlighted that:

> There are circumstances that influence your decision; it is not just a clear decision that you make. If you look at the majority of our beneficiaries, they are from a certain background. Very illiterate, though as you look at the trend now it is improving. You look at the location, geographic demographics and the infrastructure of those areas. So they are a lot of things that actually say which direction you follow, now if you look at most deep rural areas contracting is the best solution, why is it a best system there? To access those people in the most deep rural areas you will have to contract because you will not find an ATM there. You will find that the nearest town is sometimes about 150 kilometres away and in between you will not find any ATM…so the only way to ensure that those people get the service provider that is able to render services in those areas. Now when you come back to your more urban areas where we are now it is a totally different story there I would say the ACB model is the best way because you look at the calibre of your beneficiaries: you have young people, you have people who have mobile phones, you have people who have access to banks, people who can operate the ATM.

The quotation above raises issues that might not have been foreseen when the establishment of SASSA was being contested and contemplated. The first one is the need for connectivity and coordination with other ministries, in order for SASSA to achieve some of its cost efficiency gains. For example, the infrastructural issues require a link between SASSA and maybe a Development and Planning Ministry that would ensure that the question of accessibility of areas is dealt with in a systematic way.

Furthermore, the DSD did not also contemplate in their studies before establishing SASSA the issue raised by Professor Plaatjies[56] about the transitioning stage in which South Africa is as argued elsewhere. In the quote above- Ms Nhlabati[57] raised important issues surrounding the distinction in the demographic makeup of South Africa, with the poor and illiterate concentrated in the rural areas- places that are inaccessible. What this means again, is that to allay the cost-benefit fears, the government also needs to continue to rigorously integrate the masses left behind by the sweep of modernity. There is therefore, a critical disjuncture

---

[55]Mamello Nhlabati. Senior Manager Service Contracts SASSA. Field Interview. Perncedia Building. 18 August 2010.

[56] Plaatjies, D. Telephone interview. 21 October, 2010.

[57] Nhlabati M. Field Interview. Perncedia Building 1, Pretoria. 18 August 2010.

between the efforts of SASSA to deliver and the efforts of the state to solve state wide problems.

## 6.5.3 Service delivery and payment options

The second dimension of contestations arose from the nature of the service delivery and payment models which essentially were remodelled on a decentralised system where provinces were maintained and were only renamed to be called regions, but with the maintenance of similar structures. The payment system in SASSA retained the same old contracting system with contractors making paying out grants. Meaning that it ran the risk of being too costly and not achieving any efficiency gains for the government; because contracting out seems to be an overpriced method which could lead one to think that the old federal system was better. To this effect, Daniel Plaatjies[58] said that

> The idea of establishing an agency was to be able to get one single payment factory that will make sure that there is one price to pay no matter where people live. Also that geographically how payments happens, a single payment system would be much more efficient. That is what cabinet and government asked DSD to do.

In light of the quotation above, one needs to understand the context of the payment system once public-private partnerships were established. Mamello Nhlabati[59], gave insights into the nature of the contracting system and the relationship between the contractors and the provincial departments

> You had three main players or contractors with nine provinces. But, each of these provinces had its own contract with its own different terms. It became a challenge because you would have one service provider rendering services in four provinces, but with different terms and conditions within all those different provinces. Now if you had to manage that, you would be speaking to one person, but if I am in the Eastern Cape I am speaking a different language, then if I go to the Northern Cape it is the same person, but I am speaking a different language, that is what created problems. So the standards were obviously not the same, the service provision standards and those were the major problems created by the contracts not the contractors *per se*. This is because the legal relationship between parties to a contract is actually managed and monitored through the terms of the contract, so there were these differences which the public was not even aware of you see.

---

[58] Plaatjies, D. Telephone interview. 21 October, 2010.
[59] Nhlabati, M. Field interview. 18 August 2010.

The differences in the terms and conditions of these various contracts led to both administrative and payment system problems. This is because once the system is different there is irregularity and it becomes impossible for the whole system to be managed uniformly. This situation continued into SASSA, because contracts were ceded as they stood, thus maintaining the *status quo*. However, in 2007, SASSA realized that it was going to be a mammoth task to try and continue administering payments in the way that the DSD had carried on in the provinces which led to a need for consolidation of payment contracts as well.

It became necessary to rework the payment contracts because the managers of this unit also found it hard to understand the differences in the conditions and terms of each and every one of the contracts. A process was started in 2007 to try and streamline the contracts in order to make them more manageable- this was in line with the decision made within SASSA that in order for the agency to function effectively there was a need for centralization of the payment process and system[60]. This is because managers at SASSA realized that the reason why the agency was formed was to ensure uniformity and standardization, with the intention of reducing on the cost of the payment process to allow for more beneficiaries to be added onto the system. Mamello Nhlabati[61] as a manager in the Vendor and Contracts unit is well placed to speak about the ins and outs of the unit. After 2007, "an executive decision was reached that the Vendor and Contracts unit would work to ensure that contracts are managed. However, in the process of managing you realize that there are bigger problems and in order for us to achieve the purpose for which we were established, we need to try and come up with some kind of uniformity.'

Uniformity could only be achieved by renegotiating the contracts with the various vendors at the time: All Pay, Empilweni and CPS. So the starting point of the negotiations was a condition that

> If we give you business, if we extend your contracts things have to change. So we started looking at the contracts, some had good terms, but they were not universal. We took the terms that were best for the organization until we came up with a consolidated agreement that we had to sell now for extension purposes. We said to them at the time for extension we are not prepared to continue with the status quo, we will have new and standardized contracts.

---

[60] Nhlabati M. Field interview. 18 August 2010.
[61] Nhlabati, M. Field interview. 18 August 2010.

This consolidation of contracts should be seen as an important step in the learning process, although it might not be indicative of any efficiency gains, it is a step in the right direction, that in the long run will lead to efficiency, effectiveness and reduction in the costs of payment as SASSA and DSD promised to Cabinet.

Therefore, the contracts as they stand currently have been streamlined. Mamello[62] said,

> In 2008 and 2009 we managed with one service provider to consolidate about four contracts into one, so you find that with one service provider which was actually rendering services in four provinces we made it one and with one service provider we aligned the terms. For 2009 we ended up with seven of the ten contracts. We also negotiated the service fee in 2009 and it has become standard. In as much as service fee were standardized, we still retained the terms of the contracts as they stood. It is only in 2010 when we started renegotiating for renewal, that finally we got to consolidate the five into one so as we are speaking now we have more or less three contracts from the seven. What we have achieved is that if a service provider is rendering the services in five different provinces or regions then they lose one contract and then the one rendering in four will also lose one and so forth. So we have three major contracts and contracts for each one. However, with the banks you cannot do much because there is litigation involved there.

These shifts have shown a learning process in the work of SASSA. Suffice it to say at this point, the nature of cost-effectiveness measures that have been adopted in the payment delivery system, are improving. However, one needs to note, that evaluating the successes and failures of SASSA in relation to international agencies that it learnt from, is not a sufficient yardstick. This is because a comparative analysis of agencies has to also be undertaken in relation to the state and relationships between the agencies and their supporting ministries. Furthermore, SASSA finds itself within a complicated environment of strict fiscal prudence vis-à-vis developmental ideologies that do not seem to cohere with the state of the South African nation were a majority still find themselves in poverty. Also it is a period underpinned by jobless economic growth which means any efforts to maximize costs and effectiveness in SASSA are also imputed with these burdens brought on by both the nature of the political economy and the path of the development trajectory.

---

[62] Nhlabati, M. Field interview. 18 August 2010.

## 6.5.4 The capacity question

The capacity questions surrounding the establishment of SASSA were three fold: architectural and infrastructural; human resource and service delivery related. These capacity issues will be discussed in depth below.

### *6.5.4.1 Architectural/ Infrastructural Capacity*

There seems to not have been a systematic transfer of the social security administration function from provinces to national government- in the form of the agency. Critical contests surrounded the need to protract the time frame within which the move could be undertaken to at least a period of three years. Proponents of this need for a time lag were of the opinion that the move needed to be undertaken in Phases:

> The administrators did not look at this thing in a systematic way as the transfer was taking place. The plan was to do a three year transfer, with phases one through to three, but it happened suddenly[63].

This view is supported by responses of various key informants. The second key informant Carin Koster[64], was one of the first people to move to SASSA in the planning phase as a General Manager Business, she said this about the transition:

> In terms of the transition it definitely was not easy both on the support side as well as on the core side. It was not an easy transition, also in the regions where they had to split people from DSD to SASSA, in some instances there were no offices available immediately, if I can say that the two organizations would still run from out of the same offices and share equipment and things like that, and so there were from that level already some difficulties to get it sorted out. For example, one would be faced with a situation where they say yesterday I was working with Social Development and today I am in SASSA and these are my colleagues, who are still in DSD, but I am doing different work and focusing on different things, so the transition was not easy.

Jane Jooste[65] also confirms that there was a lack of architectural insight:

> In many ways it was business as usual because the job had to be done regardless of the fact that you did not have the support. By support I mean you did not have finance people, you did not have supply and management people. So you did not have this

---

[63] Plaatjies, D. Telephone interview. 21 October 2010.
[64] Carin Koster. Head Business Support Centre. Interview. Perncedia Building 2. Pretoria. 10 June, 2010.
[65] Jooste, J. Field Interview. 11 August 2010.

and that, but the beneficiaries still needed to get paid, the system still needed to be maintained.

The quotations above are indicative of the problems with the development of an implementation plan as it pertained to the transfer of the function from the provinces into SASSA. Most probably the implementation team did not take into account some of the nuances of the capacity within the public service at the time of contemplating the move. Furthermore, to fail to make a strategic phased move will be seen to have created problems that will be discussed further below.

## 6.5.4.2 Human Resource Capacity

The capacity issue has a second dimension: the human resource problem. Central to this problem are: questions surrounding whether there was better capacity at national level versus provincial level in terms of people and systems. Jane Jooste[66] gave insights of the nature of this problem, when she was asked about the transition, she exclaimed, "can you turn the tape recorder off when I say chaos!" John[67] interrupted at that point and tried to explain how this transition had occurred

> There was a committee which was tasked to look at the transition because the major concern was that before the move to SASSA it was DSD so there was the question of having to deal with labour, staffing and asset issues. After this committees work you see that, the staff which was doing the core business particularly grants administration were the first to move, and also the need for creating support for those that we administering grants. But Jane came here first and she would know.

Jane[68] spoke from her experience as one person who had been moved from one position in DSD, into that same position in SASSA. She said

> The one mistake that they made in bringing people over is that they looked at what your job description and they said ok, you are going to go and do the same job at SASSA, the fact that you have not been doing that job for however many years that you sort of migrated into doing something else and no matter how many times you told them I am not doing that, you come over and do a job which has no relationship with your qualifications or what you used to do in DSD. For example they took my job description misinterpreted it and put me into something that I would not have

---

[66] Jooste, J. Field interview. 11 August 2010.
[67] Skosana, J. Field Interview. 11 August 2010.
[68] Jooste, J.Field interview. 11 August 2010.

> done even if I had a gun stuck to my head. For several years, I had not even been doing what the job description said I was doing. At first I was into system design- I cannot design a system even if I was forced to. And then I was seconded to manage a project and I had no idea what that entailed.

I then asked her what she did once she had been confronted with that situation and she responded by saying

> I sat there for two months begging them to give me work until they found a position for me.

These same views were raised by John Skosana[69], but he seemed to differ from Jane in that he had experience in the area that he was transferred to work in. But he had to start the Grants Review unit independently. Meaning that when he was transferred to SASSA, there was no structure in place to accommodate what was a much needed function in the grants system.

The human resource capacity problem can be explained by looking at an intersection between two pieces of legislation; the Public Service Regulations and the Labour Relations Act. During the policy process and thinking through the implementation of SASSA, a study was undertaken into the implications of implementing SASSA as an independent agency, the result of that study led to a compromise between Labour Unions, civil society and the government. Jehoma argues that during the negotiations and contests "the unions were strongly opposed to the idea of an agency in parliament, they felt that it was 'Thatcherism' of some kind in another guise government were outsourcing.' This was a legitimate concern by the trade unions; because once these employees transferred from the public sector to the 'private sector' it would have an effect on both their employee status as well as trade union membership. These fears were circumvented by compromises made by the DSD to remain under the purview of the Public Service Regulations, which subsequently forced the human resource relocation to be done in terms of the Labour Relations Act.

S197 of the Labour Relations Act (no. 66 of 1995) deals with a situation when a business is transferred from one entity (old employer) to another (new employer). Prior to the promulgation of this Act the contract of employment was considered a personal one; employees had no right to employment by the new employer nor could they be compelled to accept employment by the new employer. The old employer accordingly had to retrench the employees and the new employer had the option to decide whether to employ them, and if so

---

[69] Field interview. 11 August 2010.

on what terms. However, the introduction of the s197 of Labour Relations Act remedied this problem. S197 was based on the Acquired Rights Directive of the Council of European Communities, which ensured the security of tenure of employees when a business was transferred as an ongoing concern. S 197 provides the following:

**197.Transfer of contract of employment.—**(1) in this section and in section 197A—

(a) "Business" includes the whole or a part of any business, trade, undertaking or service; and

(b) "Transfer" means the transfer of a business by one employer ("the old employer") to another employer ("the new employer") as a going concern.

(2)If a transfer of a business takes place, unless otherwise agreed in terms of subsection (6)—

(a) The new employer is automatically substituted in the place of the old employer in respect of all contracts of employment in existence immediately before the date of transfer;

(b) All the rights and obligations between the old employer and an employee at the time of the transfer continue in force as if they had been rights and obligations between the new employer and the employee;

(c) anything done before the transfer by or in relation to the old employer, including the dismissal of an employee or the commission of an unfair labour practice or act of unfair discrimination, is considered to have been done by or in relation to the new employer; and

(d) The transfer does not interrupt an employee's continuity of employment, and an employee's contract of employment continues with the new employer as if with the old employer.

The unambiguous effect of s197 (2) is an automatic and obligatory transfer of contracts of employment from the transferor employer, in this case DSD, to the transferee employer, SASSA when the function social security administration, in particular social grant administration was moved as a going concern to SASSA.

The effect of this translocation and protection based transfer of employees according to the Labour Relations Act has left an indelible mark on the human resource capacity of SASSA and invariably on the capacity of the agency to function effectively. Daniel Plaatjies[70] maintained that, the impact of the legislative directives of the LRA created "problems with

---

[70] Plaatjies, D. Telephone interview. 21 October 2010.

regard to the separation and ring fencing of what are ostensibly administrative staffing, liabilities and capabilities of government." This is a valid claim because initially the whole purpose of forming an agency was to achieve efficiency gains in every sphere, however, if one takes the same old employees from the provinces who as claimed by the government in ASGISA had no capacity what would be the result? It is the proverbial case of putting new wine in old skins. Jehoma[71] highlighted the effect of the capacity problem when he said 'believe me the same problems we had in DSD are continuing in SASSA. His statements are supported by Daniel Plaatjies[72], who in the time that he worked at SASSA as Executive Director, Manager Strategy and Business development, noted that

> You have a situation where the same systems are still in operation, the same inefficiencies are getting reproduced, so it is a case of what Trevor Manuel and Zola Skweyiya called, quote and unquote 'garbage in and garbage out in terms of the management and administration of.' So, effectively the inefficiencies as were prevalent in the provinces are being reproduced within the organization as it stands and that is unfortunate on the administration.

The reason why this is happening is because individuals were merely moved without a proper consideration of their competencies. In previous paragraphs, an interview participant, Jane indicated how she had been moved from DSD to SASSA with a wrong job description and title, she might not have been the only person and an obvious result would be a reproduction of inefficiencies in the system. The human resource question required for there to have been a well thought out process of transfer, retaining and hiring of staff where a choice could have been made between those who are competent and would add value to the organization and those who are not as effective. Instead this strategic process was not followed "it was a lock stock and barrel everybody that worked for social security administration got loaded onto the social grant system to the extent where in many cases it even weakened the welfare function."[73] . The same sentiments were echoed by Carin Koster[74] who said "all the core staff was moved in terms of s197 of the LRA. It's like a lock stock and barrel situation where an employee gets taken from one company to another, but they keep all their benefits so that they do not lose anything in the process."

Therefore, this idea of merely moving people without strategically considering whether or not they add value to the company is problematic. Telling of the increase in capacity problems is

---

[71] Jehoma, S. Field interview. 8 June 2010.
[72] Plaatjies, D. Telephone interview. 21 October 2010.
[73] Plaatjies, D. Telephone interview. 21 October 2010.
[74] Koster, C. Field interview. 10 June 2010.

the nature of the training that most of the people received once they had moved to SASSA. In the course of the research I asked if there was any training given to employees once they were moved to SASSA and various SASSA employees highlighted that "there have been informal training sessions, you know your, day to day training sessions that continue to happen, as well as some formal training that happens in house."[75] . This kind of training cannot be sufficient especially considering a public service that has a history of massive ineffectiveness and lack of capacity. This means that, a major system wide training needs to occur, in order to increase human resource capacity.

## 6.5.5 Systems anomalies and delivery problems

There were also questions surrounding the delivery system itself and how the payment service system ostensibly constrained any innovations around the service delivery system. This is because the delivery system is heavily dependent on the SOCPEN information system, which in itself needs to be up to date and sufficiently functional in order to produce sufficient efficiency gains. However in the process of doing the research I found that there were greater inefficiencies that were not addressed at the time of implementing and planning the agency. There were still problems that would render the delivery system dysfunctional, for example, data integrity questions. Jane Jooste[76] indicated that historically and to date 'we find data integrity issues that we can trace back to pre-1996 that needs an enormous clean up. But I am speaking from a systems point of view here." The problem was because at every point when there was a need to integrate and update the SOCPEN system they could not stop payment to beneficiaries so they continued adding on beneficiaries even with faulty information, John[77] added:

> We have had some challenges with data integrity, particularly in the previous system we were allowing people to come onto the system with dummy ID numbers and then you find that when we migrated to the thirteen digit ID number that the beneficiary still qualified in terms of age, but by the book or ID document from Home Affairs that beneficiary would not qualify. Then when you trace this you find that this person is even younger than what the ID book says. You also find people sharing ID numbers when the other one is receiving a grant in the Eastern Cape and maybe the other one is in Limpopo. Some of these problems one finds that they are beyond your control because they are home affairs issues.

---

[75] Carin Koster. Field interview. 31 August 2010.
[76] Jooste, J.Field interview. 11 August 2010.
[77] Skosana, J. Filed interview. 11 August 2010.

Jane[78] added that,

> One of our main challenges is Home Affairs Department because you will find that we have two beneficiaries who have the same ID number, which is their unique identifier on the SOCPEN system. So we cannot have two people in payment with the same ID number, because you may find that they both have ID books that indicate the same number- in such cases in order to keep all of them in the payment system we had to devise and design methods to keep both of them on the system. Our challenge is therefore the interface with Home Affairs.

Furthermore, this state of affairs was and is still precipitated by the fact that

> SOCPEN was written in a certain way to have its own requirements, its own validations, and its own structures and when you brought on completely different data bases in the process of integration it did not look exactly the same. So we ended up having to bring into the SOCPEN system and keep in payment beneficiaries who did not have same payment information, whose details and detail structure was different and it did not really fit. It became very problematic given the mandate that payment to beneficiaries should not stop at any point, because it was not the problem of the beneficiaries that there was need to amalgamate the system.

The above quotations indicate the need for thorough and systematic thinking around the question of the delivery system. It also shows as argued elsewhere the interdependence of the agency system on other government departments; in which case the DSD as the policy arm of the agency need to ensure that there is a policy in place to foster inter-governmental coordination and cooperation. Furthermore, it is a system that needs a complete overhaul or upgrade in order for it to work independently. There however have been efforts made to clean up the database

> You clean up the database and clean up the anomalies, but there were no resources attached to the instruction to clean up the database. You are told that you need to clean up the database, but in the meantime you also need to continue taking applications and seeing the beneficiaries and you are told that meeting their individual needs is your first priority and you only have resources to meet the first priority you do not get the anomalies cleaned up it just does not happen. Therefore, it has always been our priority to meet our beneficiaries' needs and not our systems needs. It is a massive project and it has been ongoing, every now and then we throw resources at it, but they are not enough. The process is gradually happening but very slow. We know that the problem is there and the AG certainly knows. When you have to make a choice between cleaning up a database and paying somebody to enable them to put food in their child's how you do choose? - it is not a choice at all.

---

[78] Field interview. 11 August 2010.

Unfortunately these efforts have not been enough even though they have been a step in the right direction. It is essential to invest in proper IT systems that will ensure that the SOCPEN system will function sufficiently and that data questions can be dealt with in their entirety if SASSA is going to function at optimum capacity.

## 6.5.6 Settling the various contests

### 6.5.6.1 Compromise

Decision making is a result of negotiations between different stakeholder interests, power relations, incentives and usage of formal and informal institutions. The one way in which to obtain a resolution is to compromise. In cases where the powerful supersede or win in cases of policy making and negotiation the resultant inequalities are solved through a bargaining process in which one party has to accommodate the interests of other stakeholders in order to reach a favourable outcome, almost like the Pareto outcome. Such compromises were made in order to get SASSA established. Jehoma[79] who was involved as one of the drivers of the process described the nature of the compromises that were made for SASSA to be established. He said,

> There was a big debate around the route of shifting. The extent to which you must please and accommodate people, I think it is the art of it; anyone who is unbending will never survive in policy. We had to make compromises, cut deals and make concessions. In fact a very important thing that we had to work out was alright how do you split this thing from the provinces and then shift it to SASSA? There was a very easy model that we could have used, ours was complicated. The question that had to be asked was who leads your process and who are your sponsors? Of course, we could have told the provinces- peeve off we are packing up and moving, but then you will have a Minister who is unpopular or you have a head like Mr Makiwane who felt that he let the people down. But all in all we tried to make sure that everyone was on board by the time we established SASSA.

Some of the significant concessions that the DSD had to make were to Labour and the Treasury. This is because at the core of the contests within the government against the move of the function from provinces to SASSA were two issues the independence/ autonomy of the agency vis-à-vis its accountability to government which raised questions of fiduciary

---

[79] Jehoma, S. Field interview. 8 June 2010.

accountability that were discussed above. The second core contest was from Labour in that there were vehemently opposed to the move of staff outside the workings of the public sector, maybe because this transfer would mean that they were not part of government with a subsequent effect that, they were no longer part of NEHAWU, which meant a direct loss for the Unions, but also a loss of protection for the employees. In order to deal with these problems the DSD, on behalf of the government made concessions. Jehoma[80] revealed that for each and every key player and stakeholder

> Compromises were made and some of these still haunt me till this day. We in government had to make compromises and the two biggest ones which if I am ever given another chance would never have make. You must know in these processes you are either convinced or coerced in some way you make a choice. The first one was for SASSA's labour move to be done in terms of s197. Secondly, for SASSA there is no board which in my view continues to be the biggest mistake of SASSA. Thirdly, was the concession to remain under the purview of the Public Service Regulations?

I turn now to discuss some of the effects of these compromises and concessions on the effective functioning of SASSA. In doing so I will also attempt to evaluate some of the successes and failures within SASSA, this is an essential component, because it hits at the heart of this study an investigation and evaluation of whether the establishment of SASSA comprises a trajectory of learning in the policy making process as undertaken by government.

## 6.6. Evaluation of SASSA (Implementation process and its effects)

### 6.6.1 Introduction

From the time a policy enters the policy agenda to its proper implementation one can decipher instances of either learning or unlearning, which lead to questions of the policy process itself and the capacity of the state to learn. These are important questions to be asking, especially in this research that is aimed at determining the capacity of the state to learn in the process of policy making, implementation and review. In this section, I will focus on some of the issues that have been raised within this chapter, that require critical evaluation to enable both government and private individuals to assist in the effective functioning of the social security delivery channel. SASSA was established with the intention of being almost a

---

[80] Jehoma, S. Field Interview. 8 June 2010.

one stop shop for the payment and delivery of social grants to beneficiaries. Not only, does it serve as payment centre, but also as an application and disbursement agency, that implements the policies adopted by the Department of Social Development, with regard to social security in South Africa. This section in the chapter aims to focus on the effects of the policy processes that led to the establishment of SASSA to assess both instances of learning and unlearning.

## 6.6.2 Infrastructural and service delivery issues

The method of transfer of the function from the provinces to SASSA was not done in stages or phases instead the approach that was adopted was almost like a big-bang. However, what this did was entrench systems that existed in the provinces. Professor Plaatjies[81], was candid in saying,

> I think the rush is part of the problem because of the rush there are problems with the institution. The big-bang versus a three phased approach of constructing a virtual organisation that gets approved and then appointing a senior management and then bringing people in from the provinces into it after the different processes have been articulated and implemented.

The same was echoed in the words of Jehoma who said that the lack of coordination that existed in the provinces still exists within SASSA. When asked to assess whether there was learning in the establishment of SASSA his response was in the affirmative, but he highlighted that there was a degree of unlearning. To this effect Jehoma[82] said, "We still probably haven't learnt the art of administration of the implementation though."

When asked why he was of that opinion, he added emphatically that,

> I think you can make an assessment; SASSA has been around for five years to see whether things have really changed then I do not think so. The one thing that has changed since the function has moved to SASSA is that the function has never again run out of a budget to pay beneficiaries; which happened previously at provincial level. Has the culture changed? Has the way how we deliver services changed? The one thing that we have not given Cabinet which we promised was reducing the cost of delivering social grants, those things have not changed. All indications I am getting are that things are still the same even though the structure has changed. I would say it is a little better or marginally better, but on the whole not different.

---

[81] Plaatjies, D. Telephone interview. 21 October 2010.
[82] Jehoma, S. Field interview. 8 August 2010.

Professor Plaatjies[83] was another participant who provided insightful thoughts on the situation of SASSA's successes and shortcomings. He highlighted that,

> The only efficiency gain and a sign of learning in this case is that the Agency was established. At least there is now this one window and one place where people can come in and do everything that they want to do and for people to say that this is the institution that is supposed to deliver social grants, but also the one place where people can allot their blame if they do not get their social grants. So on the one hand provinces have gained by the functions' shift because no longer is a social grants transfer an inability for them straddled on provinces. So given the fact that there have been good things in terms of the fact that there is an agency in place that has been established; there are structural and management deficiencies within it; there are monetary issues and questions of gains that still need to be proved.

It is imperative to explore some of the issues raised in these statements, because they are important in the assessment of whether the establishment of SASSA avails itself to being classified as an instance of learning or something else. Of course, the first indication of learning was the very fact that an agency was established, it is crucial because, as proposed by Halligan (2003:1) writing about the establishment of Centrelink, that democratic governments "normally have limited capability for radical design." Implied in this statement is an inference that democratic governments have certain elements that hinder the occurrence of innovations in the public sector.

SASSA definitely falls under a radical design by government, from the Weberian hierarchies that existed prior to its development; therefore availing itself to being considered a form of learning in line with the theoretical underpinnings that were discussed lengthily in Chapter Two. This is so given the background underpinning the establishment of an agency as decided in the *Mashava* case.

One must never be misled to understate the importance of this case in informing the decision and the speed at which the agency was established. The Constitutional Court in *Mashava* gave the DSD, 18 months in which to put proper systems in place to enable SASSA to function efficiently from inception. This was not a negotiable mandate that they could circumvent or delay, therefore resulting in the nature and speed at which the agency was established and perhaps some of the problems that are currently being experienced. Therefore, to actually have an agency after two years is a major innovative achievement by the government. Having established that SASSA is innovation which accords to the theories

---

[83] Plaatjies, D.Telephone interview. 21 October 2010.

of learning that have been discussed in this research it is imperative to move now and discuss some of the issues implied in the quotations above.

## 6.6.3 Service delivery

Jehoma[84] expressed an opinion that the delivery system has not changed. This is a true fact, in as far as structural delivery questions are concerned, because the structures utilised in the provinces were maintained. SASSA's operations are still divided into provinces, what they now call regions, the only distinction is that the operations are standardised and flow from one operational place, the SASSA and Pencardia Buildings in Pretoria. In so far as delivery is still being disbursed by the different 'regions' there will be issues of standardisation and uniformity. This situation is compounded by the fact that the payment system is also still managed externally by contractors. And because contractors provide services in different geographical areas, with their own demographic and accessibility issues, there will always be a lack of uniformity. It would be good if SASSA could somehow be developed into a bank of some sort in order to make its own payments. Another option would be ensuring that the ACB system can function fully in most if not all areas in South Africa that way it reduces on the cost of delivery. Furthermore the agency could also consider making payment through post offices in conjunction with the ACB method. Especially, in an age where technology has advanced to allow for cell phone banking-like the E-wallet provided by First National Bank (FNB).

Another issue implied in the words of both Jehoma[85] and Professor Plaatjies[86], is the grants application process itself. At the centre of this is the question of the turn-around time for processing the applications for a grant. There are differing views. Employees at SASSA are of the opinion that there is a one day turn around period in the application process (Alice Odhiambo, 2010, Karin Coster, 2010; Eric Mutsekene; 2010 and Mamello Nhlabati). Jane Jooste[87] also indicated that

> We have become dramatically better, our turn around in terms of when an application is taken in and when the person goes to get the payment used to be very long, but now in certain parts of the country its down to one day, a person can walk out with their response, something that used to take months even years for a person to get a

---

[84] Jehoma, S.Field interview. 8 August 2010.
[85] Jehoma, S. Field Interview. 8 August 2010.
[86] Plaatjies, D.Telephone interview. 21 October 2010.
[87] Jooste, J.Field interview. 11 August 2010.

response. Now in certain parts of the country they can walk out with a written response saying that you are either approved or not approved for the grant for the following reasons and even the places that do not have the one day turn around they are looking at probably less than a month, so that is a dramatic improvement.

However, those outside of SASSA like Professor Plaatjies[88] and Selwyn Jehoma[89] despite this argue that the application period still takes too long,

> There are a number of processes which are necessary that could cut down on this process. The politicians have consistently asked for that, and so the administration has failed the politicians on that. This stems from the top- down bloated bureaucracies the promise was made to the administration that the administration would be much cheaper and the structural configuration at the decentralised level will make sure that people make decisions correctly and at the appropriate time so that people can get grants quicker and fast, but that did not happen.

In light of these contentions, as late as 2010 there was litigation brought against the CEO of SASSA, on the grounds of delays in the processing of the applications of grant beneficiaries. In 2010 the case of *Ngomana v the CEO, South African Social Security Agency* (23036/09 [2010] ZAWCHC 1723 [13 September 2010]) came before court[90]. In 2009, another case, *Van Wyk v The Chief Executive Officer of SASSA* [(1606/2007) [2009] ZANWHC 7 (5 March 2009)] came before the court on 5 February[91]. Another case *Cele v The South African Social Security Agency and 22 Related Cases* [(7940/07) [2008] ZAKZHC 18; 2009 (5) SA 105 (D) 19 March 2008] came before court on 3 March 2008[92]. The cases continue to cause congestion of the court roll, but at the same time are indicative of other problems within SASSA itself.

In the *Cele* case members from the State Attorneys Office: Mr Govender and Mrs Naidoo ventured to highlight the cause of the problems within the social grant administration system.

---

[88] Telephone interview. 21 October 2010.

[89] Field interview. 8 June 2010.

[90] Twenty one applicants brought a case before court, requesting the court to grant them relief by ordering the respondent to consider and determine the applicants' applications for social assistance and advise their attorney in writing of such determination within fifteen (15) days. Although some of the claims were unsuccessful on the grounds that the applicants did not have sufficient information to prove their cases, about sixteen claims were granted in favour of the applicants with costs against SASSA.

[91] The applicant was seeking an order compelling SASSA to disclose the outcome of her application, however, in the course of the litigation it became apparent that she did not have sufficient evidence to anchor her claim, but the judge even though he dismissed the case gave an order for costs on an attorney-client scale against SASSA.

[92] Most of the cases brought in this suit were adjourned pending other considerations by the court. However, within the course of the judgment the judges revealed the magnitude of cases that come before the courts to mandate SASSA to give notification or process various grants. For example in the *Cele* case it became apparent that in Durban alone there is on average about 65 cases that go before the courts for social grants.

Mrs Naidoo cited bureaucracy and red tape to be major causes of the problems. Whilst, on the other hand the State Attorney Mr Govender, proffered that SASSA indeed had problems. However, for these problems to be solved he indicated that there was need "to have people in the agency working at their desks, properly supervised and instructed in what to do" (*Cele*, 2008:37). The fact that this is so simply means that the administrative problems that previously existed at provincial level have now been transferred to SASSA. Sadly, an examination of the written arguments in the *Mashava* case shows that this state of affairs had been predicted. Which begs the question why the government did not take these issues into account when they were thinking of an implementation plan? What has government been doing to ensure that these problems are handled? Unfortunately these questions go beyond the scope of this research, but it would be essential to get an understanding of this.

Notwithstanding these problems one also has to realise some of the gains that have been achieved in the service delivery system. One major one being how the organisation has managed to humanise the marginalised in society, by so doing attempting to ensure better service delivery. Evidence of this is seen in the discourse used to address 'beneficiaries'. In an interview with Carin Koster[93] of SASSA, she kept on referring to beneficiaries as clients and I asked why that was she highlighted that,

> This is something that we are trying to instil now in our organisation more of a client focus, because with the client comes also your principle of serving somebody and of being helpful, supportive and not dictating. So, where previously in the provinces they would for instance say we have these beneficiaries: poor people that we need to give money. How do we do it? Let us just open a cash point there and give them money. You found that the standard of care was not present that is why for example you would find loan sharks at these pay points. Now we are trying to take the focus off of these people, just being poor and needing a hand out, to saying this is our client base, how do we best serve these clients? We want to be more customer or client oriented and that is what our service delivery model is also driving at. By calling them clients we are moving away from just saying these poor people that we want to give money. We are focusing our services around their needs rather than just merely dishing cash out.

The same question was also posed to another SASSA employee, Alice Odhiambo,[94] who added that

> I guess previously there was more emphasis on the beneficiary than onto the client, but the thing is now anybody who could come to the SASSA offices should be treated according to the *Batho Pele* principles, whether they are new beneficiary who is just

---

[93]Koster, C. Field Interview. 10 June 2010.
[94] Odhiambo, A.Field interview. 15 June 2010.

walking into the door to try and find out about grants, and it even goes beyond people who want to access grants. Therefore we have adopted a customer centric approach.

The statements above show a shift both in the thinking and action of the agency in relation to the individuals who benefit from social grant disbursements. The two key informants are right in indicating the importance of customer focus leading to effective management of the system. Customer focus is essential because it means engaging customers in the identification of agreed upon results; the planning, design and delivery of processes, support, service and products to achieve good results; the allocation of resources to increase cost efficiency and the evaluation of the services of the agency. In changing angles on how to view beneficiaries, it becomes an important policy initiative that feeds into the regions that disburse funds, to ultimately increase the effectiveness of the agency. This in itself is an indication of learning the benefits of the customer in the role of increasing the effectiveness of the agency. So in addition to the agency being a product of learning it is also continuing to learn by increasing its engagement with the beneficiaries of its services.

### 6.6.4 Culture of the organisation

Jehoma[95] who is an overseer over SASSA argued that the culture in the organisation has not changed. The discussion above has hinted to that and it will be explained further here. By culture of the organisation we are referring to the attitudes and behaviours that are characteristic of a particular social grouping. Two such characteristics that were dealt with extensively in Chapter Five were: corruption and fraud. This is a problem that is far from being over as highlighted in the statement of Police Minister Nathi Mthethwa, that "those involved in social grant fraud must surrender to police or face police tracking them down" (All Africa.Com, 21 September 2010). He gave these comments after the arrest of seven suspects believed to have been part of a syndicate that defrauded the Mpumalanga and Limpopo Provincial Governments of R174 000 in social grants. These individuals worked for SASSA at the time (All Africa.Com, 21 September 2010).

A 2009/2010 report to Parliament for the South African Auditor General (SAAG) showed that there was R10.6 billion's worth of benefits payout administered by the independent

---

[95] Jehoma, S. Field interview. 8 June 2010.

SASSA missing (PMG, 2010; Donnely, Mail and Guardian, 29 October 2010). Peyper (Die Burger, 13 October 2010) quoted Abrie Adendorff a senior manager at the AG's who made it known in its annual report that SASSA had gotten a 'negative audit', which in government speak stands for mismanagement of money. Adendorff was quoted as saying that

> The department has been engaged for a while to investigate the extent of corruption and fraud in the granting of social welfare payouts. Officials from municipalities and private companies must also be investigated, as they also could be receiving such benefits.

A similar report was carried on Radio Netherlands were it was shown that SASSA had lost on average 1.09 billion Euros of the approximately 8.3 billion Euros that it distributes per annum (Mannak, Radio Netherlands, 26 October, 2010: 15:20 pm). Mannak (2010) argued further that "the money had been spent but it was not clear on what: it is unclear whether fraud, corruption, misspending, bad management or a mistake in the audit was the culprit." However, in the same article, Mannak (2010) quoted, Miesie Nkau an executive in the SAAG office explaining that "inadequate controls were to blame: the deficiencies open gaps for fraudulent or irregular and wasteful expenditure." All this indicates that, as highlighted in Chapter Five, fraud and corruption are insidious ills within the social security delivery machinery. Ensor (Business Day, 21 July, 2010) argues that prior to the auditor general's work the government was already looking at a turnaround strategy for SASSA, because of the problems of fiscal mismanagement. She argued that

> The South African Social Security Agency has existed for only five years, but already a turnaround strategy is being devised for the body, which has notched up a cumulative, unfunded deficit of R1, 2 billion and it is paying more than R1 billion a year more than it should to outside payment contractors to distribute social grants.

All this supports Jehoma's accusations of there not being a change of culture within the agency. Suffice to say at this point that, a lack of change indicates either a situation of unlearning or that as highlighted elsewhere the disjuncture in the state system itself, leading to functions within the agency to be mismanaged. It is important not to judge these incidents in isolation, but to also remember that corruption and fraud have been pervasive in the wide state machinery, so to look at the problems in SASSA in isolation of this context would lead one to over emphasise corruption at the expense of the greater lessons that are being learnt in the organisation. Furthermore, an over emphasis on corruption and fraud will also

overshadow efforts being made to try and deal with these problems, for example the investigations and arrests of individuals who have perpetrated corruption and fraud. Not only are these efforts targeted towards members of public, but also against corrupt SASSA officials. For example, in August three officials from SASSA in Mthatha were arrested for defrauding the social grant system (IOL News, 19 August, 2010: 15:43). These initiatives are crucial to ongoing learning, and should never be underestimated especially considering the complexity of the question of corruption in social security and in South Africa in general.

## 6.7 What can the agency do to continue learning?

The issues raised above are very valid. SASSA is not the only agency or organisation to be formed with a massive mandate to oversee the disbursement of funds. There is also the case of SARS. For the benefits of learning within the agency to continue, there is need for transformation and realignment of the business form of the kind that was undertaken to increase effectiveness and fiscal efficiency gains in SARS. SARS was transformed in post-1994 through a process of re-engineering with the intention to transform the organisation to attain efficiency gains for the revenue organisation. Prior to the re-engineering process, SARS had been plagued by decline in revenue generation directly attributable to South Africa's tax base in apartheid and soon after 1994 (Adesanya, 2009:12). Transformation in the form of re-engineering was therefore inevitable. Once it had been carried out SARS recorded substantial growth as evidenced by an improved fiscus of approximately R282.2 billion in 2002/03 (2002/03 SARS Annual Report, 2003). The SARS case is compelling in augmenting the lessons of innovation in government that SASSA' establishment has provided to policy thinkers.

 I asked the interview participants what the benefits would have been to adopt the SARS approach for SASSA. Professor Plaatjies[96] was of the opinion that 'you are right if we had followed the same trajectory as the SARS thing you would probably have had a different product, because SARS' transformation was done in stages and phases leading to a well thought out process and structure." Arguing along same lines Jehoma[97] also showed the benefit of the SARS case in developing SASSSA to its most effective condition. He said

---

[96] Plaatjies, D. Telephone interview. 21 October 2010.
[97] Jehoma, S. Field interview. 8 June 2010.

A good way to understand the differences is to look at where SASSA is and where SARS is. But then you have to ask yourself what got SARS to change? You look at the business model and the delivery model. In order to transform, SARS were able to invest serious money into IT, they grabbed people from the private sector to upgrade their IT systems. They are also not under the Public Service Regulations. So they can give people bonuses twice a year and that is what SASSA cannot do. You have two agencies with distinctions in their operations and outputs and it is difficult to convince the powers that be, that it is because of the differences within the agencies that there are differences in their output as well. Not taking from Pravin Gordhan who was a very strong leader with political clout, one who could say to government, if you want my staff to be smile when tax payers walk in this is what I want you to do for them. Has that been done for SASSA? No, so the capacity is there to turn in the organisation, but to use an old cliché, there is no free lance to invest in people and systems. You have to invest in those systems and unfortunately we have not done it for most of the agencies in government, except for SARS. And for SARS why have we? Because it fits the economic agenda of government, we try and get as much tax money in and not out. Therefore there is a fear, as treasury people have often said that making SASSA effective will result in more people coming onto the social grant system.

Embedded in the words of Jehoma and Plaatjies are connotations of political management of the agencies, where SASSA, an agency that disburses finances to the public gets minimal investment into it functions, compared to SARS. This is a question for another research, but it provides a lynchpin for understanding some of the inefficiencies of the agency that have been cited in previous sections. It is also important to take cognisance of some of the significant issues that have been raised here that have a direct impact on the effectiveness of the agency. For example, lack of proper investment into the systems of SASSA as has been discussed in earlier sections has an impact on the capacity of the agency, both human resource and systems capacity. One cannot lay blame solely on the fact that the establishment of an agency moves the function outside of government, but as Jehoma rightly points out, the lack of investment post-establishment leads to a disjuncture between good policy and implementation. Therefore, it is important to note that SASSA does in fact represent learning, but as indicated in earlier sections, government has not yet learnt how to implement these good policies.

## Conclusion

This chapter set out to discuss the research findings and interpretation of those research findings. The chapter started off by answering the question about the importance of ideas,

especially in the establishment of SASSA. It was shown that ideas are an important locus for policy development; and highlighted that in order to propose radical changes policy makers must have time to change discourses and frames in ideas in order to sell ideas to the citizens and the state actors alike. Furthermore, it was shown that ideas provide specific solutions to policy problems, constrain the cognitive or normative range of solutions that policy makers are likely to consider and constitute symbols and concepts that enable actors to construct frames with which to legitimise their policy proposals. It was necessary to embark on an understanding of the role of the ideas and trajectory of its development in order for one to understand the basis for policy change and the factors underpinning that change. Having established the cycle of ideational change, the next section highlighted the policy processes leading to the establishment of SASSA. This section, attempted to detail the maturity of an idea to policy, embedded in this inquiry being relationships between state and actors. With major emphasis laid on identifying the actors that were involved in the process of establishing SASSA. This was based solely on an understanding that state building is a complex affair with deep nuances with both inter and intra state relationships underpinning policy. It was also argued and shown that decision making is a result of negotiations between different stakeholders. In doing this research, no assumption was made that interactions of ideas and parties in the policy domain are non-conflictual. Indeed, the assumption was one of policymaking as a highly contested terrain. Therefore an analysis of the contestations was carried out. Furthermore this chapter also evaluated both the successes and failures of SASSA post implementation for one to be able to interpret whether there is learning or no learning in the establishment of SASSA. Therefore, this chapter concludes on an understanding that indeed the processes leading to the establishment of SASSA are indicative of both learning in general and the capacity of the state to learn in the process of policy making.

# CHAPTER SEVEN:
# CONCLUSIONS AND RECOMMENDATIONS

## 7.1. Introduction

The overall aim of this thesis was to assess the capacity of the 'state to learn', as expressed through the shifts in the policy and institutional framework on social welfare in South Africa. This was in line with our intention to explore the efficacy of labelling South Africa a learning state by relying on the policy and political processes leading to the establishment of SASSA as a subject of analysis. To understand this we crafted the concept 'state learning' which we drew from Psychology, Political Science and Organisational Studies. Our conceptual premise was that state learning is indicated when there is a change in thinking about a specific policy issue. Furthermore, we proposed that to assess whether there has been learning there has to be a change of ideas or beliefs, skills or competencies as a result of observation and interpretation of experiences. Importantly, these changes need to be relatively enduring for them to constitute learning.

The study was motivated by understanding that though there have been various changes and developments in welfare policies that have been documented by various scholars; none of these place emphasis on the political processes that result in the development of those policies. Our focus in the thesis was on the shifts in welfare policy in post-Apartheid South Africa. By looking at the shifts in welfare policy in relation to the state, we sought to understand the policymaking processes, capacity to evaluate policy and the capacity to adjust policy in response to the outcomes of various policy assessments.

Therefore the thesis was designed to address the following

(a) To map the changes in the system of the social grants administration since 1994. In the context of this overarching objective, we are concerned with sources (within and outside the state) that contribute to shifts in policy and the institutional framework on social welfare in South Africa.

(b) To assess the responses and processes within the state that result in policy shifts, and the extent to which these can be considered dimensions of state learning.

(c) To assess the power of knowledge and ideas in the policymaking process, as expressed in the changing framework of welfare administration

(d) To examine what happens when a 'state' changes its mind and the processes involved in turning new ideas into policies and law.

(e) To assess the influence of non-state agencies/actors in policy contestation and learning processes.

This chapter aims to evaluate the success and failure of establishing whether South Africa exhibits qualities of what we called 'state learning'. Further, to also discuss the implications of this research to state-society relationships and to give recommendations for further development in the arena of policymaking in South Africa. This chapter raises important issues that were identified within the course of doing the research that speak to and of the state as learning.

## 7.2. Capacity of the State to Learn

During the course of this research we realised that the capacity to learn involves various components, one major one being the role of ideas within the political discourse. We found that ideas have a certain primacy within the policy process: from the process of formulating policy to its implementation. In the case of the establishment of SASSA we found that the government has had a long history of idea stimulation and formulation. We identified that the trajectory for the idea to establish an agency started as far as the 1990s when Winnie Mandela was the Head of Welfare in the ANC through to about 2006 when SASSA was finally established. This aligns with Lieberman's (2002:697) view that paying equal attention to ideas is necessary for the understanding of policy change.

By focusing on the role of the ideas in politics we found that, contrary to popular belief, the establishment of SASSA did not arise solely from the crises identified within the media and public discourse around capacity and service delivery questions in the years 2000-2006. Instead, we found that the ANC government has always had ideas to bring about change in the administration of social grants in South Africa. Initially it was about building democracy by allowing equality to every South African citizen, in line with the provisions of Section 27 of the Constitution (1996). But, post-1997 the question was no longer about democracy, but about improving the institutions within government in order to create a capable state that

would deliver welfare within the parameters of developmental state theories. After its 51st national conference, the ANC decided to establish a comprehensive social security system. It meant, more than anything, that there was need to reform the state machinery. This leads one to conclude that the South African government has, in fact, since 1997 been motivated to create a state that realises its mandate, its strengths and limits, but still manages to act independently. From this, and armed with the conception of policy paradigms by Hall (1993), we understood in this research that policy change is not just about parties and interest groups, but that there are wider state-society relationships, with the state as the leader. Therefore, as contended by Hall (1993) we need to view the transmission belt between the state and society to include the role of ideas and how ideas inform policy.

We also found in this research that state-society relationships cannot be understood without focusing on the role of ideas in the policy process. Because, a critical link between state and society is ideas and their flow which produces certain realms of discourse within which any political party or interest group functions. This ideational emphasis is important in the case of South Africa in order to understand how the levers of power are used to produce change. Firstly, we found that even in the post-Apartheid South Africa, the power to define public discourse, in the sense of economic and cultural capital is still largely by the beneficiaries of the old racial order. This is reflected in the period of time that it took the idea of setting up an agency to get on the policy agenda.

The trajectory of the idea to move the function from provinces was influenced by various issues. Some of these include the claim that South Africa has a culture of a hostile media. Intellectually, you have a hostile academic establishment. Economically you have a very powerful business elite opposed to any shift in public policy in the direction of equity and solidarity-based economic relations. These findings provide an interesting mix but with profoundly conceptual implications for the idea of state and state learning. The effect is the constraints that this state of affairs imposes on state functionaries who want to pursue a policy line but cannot because of the lack of hegemony in state, economy, or society. So as we tried to show in Chapters Four, Five and Six, there was a stream of ideas produced within government, but the efficacy of implementing these ideas were influenced by the dominant intellectual climate in South Africa, its political economy, and an understanding of the role of the state. Therefore, there is the need to distinguish the continuum from society-political society-state in public policymaking. Political Society refers to the terrain of political parties and bodies formally organised for the capturing of state power. They are linked to and rooted

in society but these need to be distinguished from society, broadly. State should also be understood as larger than 'government' (even in the narrow sense of the executive branch). Here as well the contested nature of things is an interesting point to highlight.

As such questions of reviewing the actions of the state have been tackled with a hostile policy climate in South Africa. This is as a result of the legacies of apartheid within the intellectuals who write about policymaking processes. For example when researching on the political economy of South Africa, that has had a major impact on all policies concerning welfare provision, we found that the state was still viewed with much scepticism: in adversarial and negative terms. This means that despite the capacity within the state to produce sound ideas and the possibility to implement these, as long as there are intellectuals who analyse state action in a hostile manner, those who receive such information find it difficult to see the capacity within the state to learn or function with a degree of dexterity within its key policymaking units.

Furthermore, we noted how policies are driven by the party in power, the ANC, something that is less prominent in other jurisdictions like the United States of America. Interestingly we found that though the ANC is in power its hegemony within the state remains contested. Much of this goes back to the nature and outcome of the negotiated settlement of post-apartheid South Africa. The result is a very interesting mix, and pronounced contestation of power. The effect is an imposition of considerable limitation on the capacity of a party that has won, on average, 66.15%[98] of the vote in the four national elections since 1994, to make rapid progress in reversing the legacies of Apartheid. As we established in Chapter Four, the negotiated settlement has become something of a "poisoned chalice".

Beyond the contestations and limitation on the ruling party's capacity to implement deep-seated changes are the inter-departmental contestations of the policy terrain *within* the state. The effects of this can be seen in the contests surrounding the idea of moving the social assistance or social grants delivery function from provinces to an agency. Objections were raised mostly from the National Treasury which introduced a macro-economic policy, GEAR that overtook the RDP policy framework in the post-apartheid context. Treasury officials raised these objections citing the need to maintain a federal system. Their arguments were raised despite the failures of the federal system to provide the necessary gains and reform required in the case of the South African social security system in post-apartheid South

---

[98] It was about 62.5% in 1994; 66.35% in 1999; 69.69% in 2004, and 65.19% in 2009.

Africa. In Chapter Four and Five we established that federalism resulted in the provinces receiving unfunded mandates on top of them not having the capacity to implement policy efficiently. With this in mind one cannot help but wonder why the National Treasury and other scholars on social policy could not see the fallacy of the federal system and its tenets.

We also established how the ANC as a party in power has always been keen to develop the nature of the state machinery informing various policies. Therefore, we found that the concept of an agency is not new to South Africa, but has been informed by a history of ideational developments. This confirms the view expressed in Chapter Two that policies change in different ways. Some are innovative and new, while others are incremental refinements of earlier policies. Furthermore, Hall (1993) and Heclo (1974) posit that the reason why policies change is not only because of the pressures exerted on the government by society, but because of the ability of the government, civil servants, consultants and other policy specialists to shape the intellectual debate.

The relevance of this can be seen in the efforts of government to produce suitable solutions to the problems of the institutional management and administration of social grants. This process of solving problems involved 'detecting and correcting errors' (Leeuw *et al*, 1994). To achieve this we found that the ANC-led government established epistemic communities and commissions of inquiries within which ideas that informed government discourse were formed. Some of these communities include the Chikane Committee; the PSC; the Taylor Committee just to mention a few. This endeavour to seek out information constitutes a very important component of learning: knowledge acquisition. We established in Chapter Two that learning is also driven by the ability of an organisation to acquire knowledge. Learning is also furthered when the knowledge acquired is used to identify and correct a mismatch between intended outcomes and the actual outcomes. In doing this research we found that from 1994 the national government carried out researches that were in some instances implemented to try and match the intentions of government with what was happening on the ground. This process was detailed at length in Chapter Five where we showed the various shifts in welfare policy and how the government was quick to respond to the recommendations of various committees. We inferred from this process a form of learning by the government.

## 7.3. Limitations to State Capacity

Having detailed the capacity of the state to learn in the process of policymaking, we also found that there is a disjuncture in the capacity of the state. As argued above, the ability to establish ideas and ideological patterns that serve to inform policy show a huge capacity to learn. But, in the course of the research we found that there was a missing gap between the learning processes and the implementation of policy. In Chapter Six we indicated that there is a classic disjuncture between ideas and implementation, which means that even when policies are assented to, the state often, does not have the capacity to implement them. A classic example is the establishment of SASSA. After the Act giving force to the agency was passed in the Parliament in 2004, it still took two years for the government to establish the infrastructure of the organisation that would take over the social assistance function. Even so, a significant aspect of the implementation of social grants payment is still handled by service contractors—because the agency itself does not have the capacity to roll out the full implementation of its mandate. As a result we find a situation that the good lessons that have been learnt within the policymaking process are lost in the implementation.

While SASSA is based on good legislation, evidence presented in Chapter Six shows that the problems that existed prior to the establishment of SASSA are still continuing within SASSA. What this means is that there is either a lack of capacity within the individuals employed to give effect to policy or there is a disjuncture between idea and practice. When one looks at the lack of capacity within individual employees of the organisation it can be explained by looking at the nature of the establishment of SASSA. Like the negotiated settlement of the post-apartheid state, the coming into force of SASSA was also based on compromises that assisted in bringing the Acts into force, but have become the Achilles heel of the state in the running of SASSA. In Chapter Six we found that employees were moved to SASSA on the basis of s197 of the LRA, whose unambiguous effect is an automatic transfer of contracts of employment from one employer to another. The effect of this compromise led to the worsening of the human resource capacity and reduction of efficiency gains of the agency model. This situation is worsened by the fact that the post-apartheid civil service was an amalgam of all fragmented state institutions of the apartheid state and the 'homelands'.

The result was to compound the separate weaknesses of the parts that make the 'new' South Africa. Skill deficiency remains a widely acknowledged limitation to the efficient and effective functioning of the state institutions across the republic. In effect, transferring people without considerations of their capabilities is akin to undoing the processes of learning.

Another gap that we identified was in the knowledge banks both within the state itself and external to the state. We noted that most of the research documents that were referred to in the preceding chapters had not been made available either to the public or the individuals who are entrusted with the making, development, evaluation and implementation of policy. This hiatus of knowledge is problematic, especially in new organisations like the Department of Social Development and SASSA, where post-apartheid institutional memory is lacking in depth. This gap within the knowledge arena means that no matter how good policy might be, if those implementing it do not have sufficient knowledge of the policy they are implementing and its evolution, they will be handicapped in their capacity for the effective policy implementation. This already reduces the success rate of any policies implemented by government. The invariable effect of this is the direct reduction of state capacity to implement policies.

However, we do not disqualify the states' efforts merely because of the existence of these limitations. After the considerations highlighted above we arrive at the conclusion that there is great capacity for learning within the state. We have shown this capacity by the ability of the state to stimulate ideas, debate ideas to establish ideational matrixes as well as paradigms that have informed the development of policy, take ideas and implement them to try and solve mismatches between the intention of the state and the outcomes and the ability of the state to produce policy.

## 7.4. Sources of Learning

During the course of research we found that the major source for policymaking is within the ANC. The ANC dominates policymaking structures by being the driver of policy at its conferences. For example the idea to establish an agency was arrived at from the discussions leading to and at the 50th (1997) and 51st (2002) conferences of the ANC. However, after such discussions these issues are taken to various ministerial constituencies where the ideas are debated and discussion documents are produced. Unlike other policies, the policy leading to the establishment of SASSA was solely driven by the ANC through the Department of Social

Development. We showed in Chapter Five the role of commissions of inquiry in the development of policies in South Africa. In the case of SASSA, epistemic communities and policy advocacy groups assisted only in getting the question of establishing the agency on the policy agenda. But, the thinking behind this agency model has been debated within the structures of the ANC.

Besides the role of the ANC as the driver of policy we also discovered that certain civil society organisations had powerful roles. For example the Black Sash and the LRC, agitated for the *Mashava case* to go before the courts. This case formed the window of opportunity for the thinking of the ANC in establishing the agency to come to the fore. Importantly, by looking at this case we found that there is great deal of political management within the policy process. The ANC led government having realised the difficulty in selling their idea to coordinate policy within an agency, deliberately abstained from opposing the case before court. This meant that upon the Constitutional Courts' decision, the government obtained a decision that they had always wanted. Facts like these confirm Heclo's (1974:305) view that "policymaking is often a form of collective puzzlement on society's behalf; it entails both deciding and knowing." Therefore, we found the complexities that are involved in the policymaking process. Especially given the fact that the ANC government always knew in their debates that the agency model was appealing. Why it took a period from 1994 to 2006 for the policy to become a reality can only be explained by making reference to the argument made by Lamb (1978) about the nature of the policymaking process. Lamb (1978:6) notes that "policymaking is often iterative, haphazard and a highly political process, in which the apparently logical sequences of decision-making turn out to be reverse." This has been shown in the case of the establishment of SASSA.

We also identified the presence of the labour organisations (COSATU and NEHAWU) and NGOs, within the later stages of the policy debates surrounding agentification. Their role was seen mainly during the debates to alter the wording and nature of the Bills that would give force to an agency. Therefore, the policy process was influenced mainly by the ANC and supported by labour organisations, civil society organisations and NGOs.

Furthermore, policymaking in the case of social security system was influenced by the failures that existed in the system and in the policies that government had adopted prior to SASSA. Failure served as an important stimulus for policy change because it created dissatisfaction in policymakers and the general populace, thus prompting the various searches

for ideas and solutions. We also found that along the way it was difficult at times for the government to acknowledge failure. However once they acknowledged failure of any particular policy the government looked for solutions to resolve these problems.

## 7.5. Is South Africa a Learning State?

Our conceptual premise for the concept of 'state learning' was that learning is considered to have occurred when there is change in thinking about a specific policy issue. It is difficult to assess learning, especially when inferences being drawn are from the policy for which learning is supposed to be the explanation. However, in order to ensure that our conception matched the inferences we were drawing about the policy processes leading to the establishment of SASSA, we made reference to testimonies from key informants who in different respects have influenced the development of policy. Below we will discuss whether South Africa has learnt or not.

First, the establishment of an agency itself shows a great amount of learning. This is in light of the view of Halligan (1998) that democratic governments have limited or no capacity for innovations. The establishment of SASSA constitutes innovation in line with the New Public Management theories. But it should be noted that the establishment does not fall squarely into NPM framework. The idea for SASSA is different. It relates more to the use of distinct state agencies to deliver on policy precisely because you cannot ask civil service to do such things[99].

Furthermore, we noted that the very fact that the government introduced the need to change is in itself indicative of 'state learning'. It is important to highlight from the beginning that the establishment of SASSA was not so much about centralisation of power within the ANC as it was about developing policy co-ordination; a goal that the ANC led government has worked towards for most policy areas. This is seen in its efforts to establish the Policy Co-ordination Unit. All these efforts speak to the South African government as learning in the process of making policy. In the words of Hall (1993) these reflections show "deliberate attempts to

---

[99] Hence you have in the arena of economic activities, state owned enterprises; or public service bodies responsible for water, electricity, public works and so forth. In the field of education you have specialized agencies to implement policies and advice the public authorities. It is not the specialized nature of these bodies that make them NPM items; they often operate from the point of view of people delivering "public goods".

adjust the goals of policy in light of past experience", to lead to a process of policy change. This invariably led to a process of learning. This is regardless of the long gestation, within the ANC, of the idea of the delivery on social assistance being a national mandate.

Second, the ability to transform ideas to policy is also an indication of learning. Importantly so considering the amount of time it took for this idea to arrive on the policy agenda. It is important to highlight some of the developments of this idea to form an agency. The key was that the government identified that there were problems; government officials had some idea of what to do but they needed to know more; the government then appointed various commissions of inquiry to develop its idea and thinking; the commissions of inquiry submitted reports to government; and the government would at each time pick recommendations that were in line with its original thinking. This policy process showed how policymaking can be haphazard, because one would have thought that once the idea came about in the 1990s it would have been implemented. But, we found that policy is influenced by the political economy, history and nature of discourse around a policy issue in a country. In lead to the post-apartheid arrangements, we saw that the concern of the political parties of the old order, like the National Party, was about limiting the consolidation of the power of the government under the ANC, hence the federal arrangements. Therefore, the ability to implement radical alternatives, against the backdrop of such efforts points to learning in the development of ideas as well as their implementation. Hence, learning in the South African case has involved paradigmatic shifts rather than simply incremental additions to past policies.

Lastly, after the idea to establish an agency had been introduced and refined it did not end there. The government sent representatives to the Netherlands, Australia and the United States of America, to glean from the best practices in these countries. During the research we found that the model of the agency was not new policy; it had been adopted successfully in other jurisdictions. In the case of the establishment of SASSA we learnt that establishment of SASSA in South Africa is a prime example of learning in the form of either mimicking or transfer of knowledge from one jurisdiction to another. This is because the structure of SASSA was modelled on Australia's Centrelink. In Australia *Centrelink* was tasked with the administration of social security. SASSA, in many ways, is a local manifestation of the emerging Commonwealth public administration trends, in particular discourses on strengthening the centre of government and integrated service delivery. In modelling SASSA on *Centrelink*, one can see the borrowing of ideas across political jurisdictions. The Social

Development Portfolio Committee (2004) also sent a delegation to Centrelink to learn, among other things about *Centrelink's* relationship to the Australian parliament. It was hoped that this would enhance the Committee's capacity to exercise oversight as well as help with the implementation of SASSA (2004). Further we contend that South Africa has learnt from drawing lessons from other jurisdictions, however, this was not simply about just cross-jurisdictional transplantation of the model into the South African policy domain. Instead, what they gleaned helped them improve their understanding of the "creature" called agency, hence the shape of the South African social security agency.

## 7.6. Limitation of the Research

Some of the limitations we encountered in this research were data related. This is mainly because in some cases there was lack of information which meant the need to find informants. But, as in the case of most government departments in Africa, there is a problem of either brain drain or the movement of employees to other departments meaning that they would be less likely to be contacted. The other limitation in our research was that it was focused on one organisation the South African Social Security Agency, which is a different state/public agency. Because we tested our theory on one case sample it might be difficult to generalise the concept of 'state learning'. However, suffice to say this is a new conception we crafted and hope that further research will be carried out to modify its efficacy within the South African policymaking arena.

## 7.8. Recommendations

In the course of this research we raised certain issues that could not be addressed successfully in this thesis because of the limitations of space and time. Therefore, in this section we highlight issues of further research as well as some recommendations for the government to efficacy of policies. These include that:

1. The government needs to do further research into the questions of the disjuncture between policy and implementation.

2. There is a need for a massive drive to be carried out encouraging the publication of documents, manuscripts and policy debates. This is important in South Africa in order

to increase the capacity of the state to learn in the process of policymaking. This knowledge needs to be made available to employees of SASSA, the Department of Social Development and the public. This free flow of ideas will ensure that there is a check on policies once they are developed. It is important to ensure that the transmission belt between state and society is maintained through a clear flow of ideas.

3. Further research needs to be carried out on how to continue to improve SASSA. We identified that it is already embattled with capacity issues, corruption, and human resource problems.

4. The government needs to ensure that efforts are made to ensure linkages between various ministries, departments, and institutions. This will be beneficial ensuring increased success in the implementation of government policies.

**Conclusion**

This research has showed that the processes leading to the establishment of SASSA are indicative of two things: the state as having the capacity to learn in the process of policymaking and the state as learning in policymaking and implementation. The general capacity of the state was indicated by the success of the state in developing knowledge to idea, and ideas to policy. This policy was in turn implemented with an appreciable degree of success. Furthermore, we indicated that the policymaking processes leading to the establishment of SASSA are driven within political circles, led by the ANC and supported by various organisations external to the government. We conclude that South Africa fits into our concept of 'state learning' and that it continues to exhibit potential to learn. In short, the case of the establishment of SASSA avails itself to being considered as an example of state learning, with the South Africa state as 'learning state'.

# REFERENCES

Accelerated and Shared Growth Initiative for South Africa (ASGISA). Government of South Africa. Accessible at: http://www.info.gov.za/asgisa/asgisa.htm . [Accessed : 29/06/09].

African National Congress, (ANC). (1992a). "ANC Policy Guidelines for a Democratic SA: Draft for Discussion." 27 April 1992. Pretoria: South African Government. Accessible at: http://www.info.gov.za/speeches/1994/230994009.htm [Accessed on: 30/06/09].

African National Congress, (ANC). (1992b). "Ready to Govern: ANC Policy Guidelines for a Democratic South Africa, adopted at the National Conference 28-31 May 1992." Policy Unit of African National Congress. Johannesburg. Accessible at: http://www.anc.org.za/list.php?t=Policy%20Documents&y=1992 [Accessed on: 30/06/09].

African National Congress, (ANC). (1994). *Reconstruction and Development Programme: A Policy Framework.* Johannesburg: Umanyano Publications

African National Congress, (ANC) (1996). "The State and social transformation." Discussion Document. Accessible at: http://www.anc.org.za/306 [Accessed on: 15/03/09].

African National Congress, (ANC) (1997). "ANC Constitution." As amended and adopted at the 50th National Conference, December 1997. Accessible at: www.marxists.org/subject/africa/anc/ANC-Constitution.doc [Accessed on: 15/03/09].

African National Congress, ( ANC). (1998). "The State, property relations and social transformation: a discussion paper towards the Alliance Summit." Umrabulo 5 (3). Available at http://www.anc.org.za/ancdocs/pubs/umrabulo/umrabulo5.html [Accessed on: 12/02/09].

African National Congress, ( ANC). (1999). "Cadre policy and deployment strategy, facing the challenges." Umrabulo 6 (4). Available at: http://www.anc.org.za/ancdocs/pubs/umrabulo/articles/cadrepolicy.html [Accessed on: 12/02/09].

African National Congress, ( ANC) .(2000). "ANC National General Council Report." 11-15 July. Available at: http://www.anc.org.za/ancdocs/ngcouncils/docs2000/finalreport.html.

African National Congress, ( ANC) .(2005). "Consolidated report on sectoral strategies. ANC National General Council, 29 June-3 July." Available at: http://www.anc.org.za/ancdocs/ngcouncils/2005/consolidated_report.html. [Accessed on: 30/09/10].

Adler, P.S., Goldoftas, B., Levine, D.I. (1999), "Flexibility versus efficiency? A case study of model changeovers in the Toyota production systems." *Organisation Science*.10(1):43-68.

Anderson, J.R. (2005). *Learning and memory: an integrated approach*. London: John Wiley and Sons.

Argryis, C. (1976). "Single-Loop and Double Loop Models in Research of Decision making." *Administrative Science Quarterly*. 21(3):363-375.

Argryis, C. & Schon, D. (1978). *Organisational Learning: A theory of action perspective*. San Francisco: Addison-Wesley.

Argryis, C. (1992). *On organisational learning*. Cambridge, UK: Blackwell Publishers.

Alasuutari P, Bickman L and Brannen J (2008). *The Sage Handbook of Social Research Methods*. Paperback Edition. Los Angeles: Sage Publications.

Alexander N (2002). *An ordinary country. issues in the transition from Apartheid to democracy in South Africa*. Pietermaritzburg: University of Natal Press.

Alderman, H. (1999). "Safety Nets and Income Transfers in South Africa." South Africa: Poverty and Inequality, Informal Discussion Paper Series 19335. World Bank. February 1999.

Anderson, JE. (1990). *Public policy-making*. 2$^{nd}$ Ed. New York: Holt and Reinhardt.

Ardington, E & Lund, F. (1995). "Pensions and Development: Social Security as Complementary to Programmes of Reconstruction and Development." *Development Southern Africa*. 12(4):557-577.

Auluck, R. (2002). "Benchmarking a tool for facilitating organisational learning?" *Public Administration and Development*. 22(5):109-122.

Babbie, E. and Mouton, J. (2001). *The practice of social research*. Cape Town: Oxford University Press.

Balla, S. J. (2001). "Interstate professional associations and the diffusion of policy innovations." *American Politics Research.* 29(3):221-245.

Barberton, C. (1998):4. "PSC's vision of social security short-sighted." *Budget Watch* 4:2 (1998). Cape Town.

Bassey, M. 1999. *Case study research in educational settings*. Buckingham: Open University Press.

Baumgartner, F.R. & Jones, B.J. (2009). *Agendas and issues in American politics*. Chicago: University Press of Chicago.

Beer, S. (1982). *Britain against self: the political consequences of collectivism*: New York: Norton.

Béland, D. & Hacker, J. S. (2004). "Ideas, private institutions and American welfare state 'exceptionalism': case of health and old-age insurance, 1915-1965". *International Journal of Social Welfare.* 13(1):42-54.

Béland, D. (2005). "Ideas and Social Policy: An Institutional Perspective." *Social Policy and Administration*. 39(1):1-18.

Béland, D. & Waddan, A. (2000). "From Thatcher (and Pinochet) to Clinton? Conservative think tanks, foreign models and US pension reform. *Political Quarterly*. 71(2):202-210.

Bergmark, A.; Thorsulund, M.; Lindberg, E. (2000). "Beyond benevolence-solidarity and welfare state transition in Sweden." *International Journal of Social Welfare*. 9(1):238-249.

Bhorat, H. (1995). "The South African Social Safety Net: Past, Present and Future." *Development Southern Africa*. 12 (4):595-604.

Bhorat, H. (2003). "Estimates for Poverty Alleviation IN South Africa, with an Application to a Universal Income Grant". *Development Policy Research Unit Working Paper 03/75. Cape Town Development Policy Research Unit*: University of Cape Town.

Bhorat, H. & Leibbrandt, M. (2001). *Fighting Poverty: Labour Markets and Inequality in South Africa.* UCT Press: Cape Town.

Bierly, P.E., Kessler, E.H. & Christenson, E.W. (2000). "Organization learning, knowledge and wisdom." *Journal of Organizational Change Management*. 13(6):595-618

Bird, R. and Vaillancour, F. (1998). *Fiscal decentralisation in developing countries*. Cambridge: Cambridge University Press.

Blunn, T. (2000). "The new interface between government and the community on social welfare delivery: Centrelink, is it working as hoped?" Paper presented to the *Conference on Public and Private Sector Governance in Australia: Exploring the Changing Boundaries*. 7 April 2000. Canberra: Australia.

Bond, P. (2000). *Elite Transition: From apartheid to neo-liberalism in South Africa*. Pietermaritzburg: University of KwaZulu Natal Press.

Bond, P. (2004). "From Racial to Class Apartheid: South Africa's frustrating decade of freedom." In: *Monthly Review*. March 2004.55 (10):45-59.

Bond P, Dor G, Ruiters G (2000). "Transformation in infrastructure policy from Apartheid to democracy." In: M. Khosa. (2000). *Infrastructure Mandates for Change 1994-1999*. Pretoria: Human Research Science Council.

Booysen, S & Erasmus, E (1998). *Public policy-making in South Africa. Government in the new South Africa*. Pretoria: Van Schaik.

Booysen, S. (2006). Public policy-making in South Africa. In A.Venter & C. Landsberg. (2006). *Government and politics in the new South Africa*. 3rd Ed. Pretoria: Van Schaik.

Borghi, V. & Van Berkel, V (2007). "New Modes of Governance in Italy and the Netherlands the case of Activation Policies." *Public Administration*. 85(1):83.

Bornstein, L (1998). "Institutional Context." In: J. May. (1998). *Poverty and inequality in South Africa: meeting the challenge*. Cape Town: David Philip Publishers.

Bowman, A.O. (2008). *Policy implementation*. Encyclopaedia of Public Administration and Public Policy. 2nd ed. South Carolina: University of South Carolina.

Bozeman, B. (1987). *All organizations are public*. San Francisco: Jossey-Bass.

Bradshaw, J. (1992). "Social security." In: D. Marsh & R.W Rhodes (1992). *Implementing Thacherite policies*. Buckingham: Open University Press.

Brown, M. and Neku, R.J. (2005). "A historical review of the South African social welfare system and social work practitioner's views on its current status." *International Social Work*. 48(3):307-312.

Burns J, Keswell M and Leibbrandt M (2004). *Social Assistance, Gender and the Aged in South Africa*. Feminist Economist. Cape Town: University of Cape Town.

Calland, R. (2006). *Anatomy of South Africa: who holds power?* Cape Town: Zebra Press.

Camerer, L. (1997). "Poverty and Corruption in South Africa: Government Corruption in Poverty Alleviation Programmes." *Input record prepared for the PIR on Costly Crimes Institute for Security Studie*s. Pretoria: ISS.

Carlsson, J. & Wohlgemuth, L. (2000). *Learning in development cooperation*. Stockholm: Almqvist and Wicksell.

Carmel, E. (2003). "What is so European and social about European social policy? Some remarks on the open methods of co-ordination." *ESPAnet Conference, "Changing European Societies- the role of social policy"*, Copenhagen.

Carnegie Report. (1932). Carnegie Commission of Investigation on the Poor White Problem in South Africa. Stellenbosch: Carnegie Corporation.

Case, A. & Deaton, A. (1996). "Large Cash Transfers to the Elderly in South Africa." *NBER Working Paper no 5572*. National Bureau of Economic Research. Accessed on 23/03/09. Accessible on: http://www.nber.org/papers/w5572.pdf.

Caulfield, J (2004). "Measuring autonomy in social security agencies: A four country comparison." *Public Administration and Development.* 24(2):137-145.

Centre for Development and Enterprise (CDE). (1999). *Policy-making in a new democracy: South Africa's challenges for the 21st Century*. Johannesburg: Centre for Development and Enterprise.

Centrelink (1997). *Centrelink Strategic Framework, 1997–2002*, Canberra.

Centrelink (1997). www.centrelink.gov.au.

Champion, C. & Bonoli, G. (2009). "The future of welfare state: paths of social policy innovation between constraints and opportunities. Institutional fragmentation and coordination initiatives in Western European Welfare states." Paper Presented at the *Annual ESPA net Conference*. 17-19 September 2009.

Cheru, F. (2001). "Overcoming apartheid's legacy: the ascendancy of neo-liberalism in SA's anti-poverty strategy." *Third World Quarterly.* 22(4):505-527

Chothia, F. (1999) "Moosa admits provincial govts need reform." Business Day, 9 February, 1999.

Chothia F and Jacobs S (2002*).* "Remaking the presidency: the tension between co-ordination and centralisation." In: S. Jacobs and R. Calland. Eds. (2002). *Thabo Mbeki's world: the politics and ideology of the RSA President*. Pietermaritzburg: University of Natal Press.149-54.

Christensen, J.G. (1999). "Bureaucracy autonomy as a political asset." *In ECPR Joint Sessions of Workshops*. Mannheim: Germany.

Christensen, T & Laegreid, P. (1999). "New Public Management-are politicians losing control? *In joint session of workshops*. Mannheim: Germany.

Classen, J., Duncan, G.; Eardley, T., Evans, M.; Ughetto, P., Oorschot, W. & Wright, S. (2001). "Towards Single Gateways? A cross national review of the changing role of employment offices in seven countries". *Zeitshcriftfur auslandis ches und internationals Ar beits-ndd Sozialrecht.* 15 (1):43-63.

Codd, M. (1996). "Better government through redrawing of boundaries and functions." In: P. Weller and G. Davis. Eds. (1996). *New Ideas, Better Government*. Allen and Unwin, St Leonards. 164–85.

Common, R. (2004). "Organisational learning in a political environment." *Policy Studies Journal*. 25(1):35-49.

Connolly, M (1990). *Politics and policy-making in Northern Ireland*. New York: Philip Allen.

Constitution of the Republic of South Africa (1996). Act 108. Pretoria: Government Printer.

Cox, R. H. (2001). "The social construction of an imperative: why welfare reform happened in Denmark and the Netherlands but not in Germany." *World Politics*. 53(1):463-98.

Cyert, R. & March, J.G. (1963). *A behavioural theory of the firm*. New Jersey: Prentice-Hall, Englewood Cliffs.

de Coning, C. (2008). "Policy Review and the Provincial Growth and Development Strategy in the Western Cape." *Africanus*. 38(2):77-94.

De Jager N (2006). "The South African government, co-optive power and ideological hegemony." *Acta Academia* .38(2): 61-84.

de Swardt, C. (2003). "Unravelling Chronic Poverty in South Africa: Some Food for Thought." Conference Paper. *Staying Poor: Chronic Poverty and Development Policy*. 7-9 April 2003. IDPM, University of Manchester.

De Villiers, N. (2002). "Social Grants and the Promotion of Administrative Justice Act". (2002) 12 *SAJHR* 348.

Department of Social Development (2002). Transforming the Present-Protecting the Future. Report of the Committee of Inquiry into a Comprehensive system of Social Security for South Africa.

Department of Social Development, (2002/03). Mothers and fathers of the nation: Report of the Ministerial Committee on Abuse, Neglect and Ill Treatment of Older Persons, in SAHRC 2002/03, *The right to social security: 5th economic and social rights report series.* Pretoria: South African Human Rights Commission (SAHRC).

Department of Social Development (2004). You and your social grants, 2003. Accessible at: http://www.socdev.gov.za/Documents/2004/April/ugrant.htm. [Accessed on: 23/03/09].

Department of Welfare and Population Development (2000). Speech on Budget Vote 35 by Dr Zola Skweyiya, Minister of Welfare, Population and Development. National Council of Provinces, 6 June 2000.

Accessible at: http://www.info.gov.za/speeches/2000/00060795591003.html.

[Accessed on: 30/06/10].

Deutsch, K.W. (1963). *The nerves of government: models of political communication and control*. NY: Free Press.

DHSS. (1985). *Department of Health and Social Security. United Kingdom. The Reform of Social Security: Programme for Action*. London: HSMO.

Dingane, Z. (1997). *Budget reform and the MTEF: debate on intergovernmental fiscal relations.* Cape Town: National Council of Provinces.

Dobbin, F. (2004), "How Institutions Create Ideas: Railroad Finance and the Construction of Public and Private in France and the United States" Los, Angeles: Department of Sociology, UCLA (Theory and Research in Comparative Social Analysis, Paper, no 11). Accessible at: http://repositories.cdlib.org/uclasoc/trcsa/11/. [Accessed on: 05/11/09].

Dolowitz, D. & Marsh, D. (1996). "Who Learns from What from Whom? A Review of the Policy Transfer Literature." *Political Studies*, 44:343-357.

Dolowitz, D. & Marsh, D. (2000). " Learning from Abroad: the role of Policy Transfer in contemporary policy-making.". *Governance*, 13:5-24.

Dolowitz, D., Hulme, R., Nellis, M. & O'Neal, F. (2000). *Policy Transfer and British Social Policy*. Buckingham: Open University Press.

Downs, A. (1967). *Inside bureaucracy*. Lexington, MA: Lexington Books.

Eatwell, J., Milgate, M. & Newman, P. (1996). *The New Palgrave: A Dictionary of Economics.* London: Macmillan Press.

Etheredge, L. (1985).*Can Governments Learn?* New York: Pergamon.

Esping-Andersen, G. (1996). *Welfare states in transition: national Adaptations in global economies.* London: Sage.

Esping-Andersen, G. & van Thiel, S. (1984). From poor relief towards institutional states: the development of Scandinavian social policy. *The Swedish Institute for Social Research.* Report 5.

Etzioni, A. (1967). "Mixed-scanning: A 'third' approach to decision making." *Public Administration Review*. 27(1):385-92.

Evans, P. (1995). *Embedded autonomy: states and industrial transformation*. Princeton, NJ: Princeton University Press.

Financial and Fiscal Commission. (1998). *Recommendations & Comments-The allocation of Financial Resources to National, Provincial and Local Government for the 1998/99 Fiscal Year. Submitted in terms of Section 9 of the intergovernmental Fiscal Relations Act, 1997, 9 January, 1998.* Cape Town: Government of South Africa.

Financial and Fiscal Commission, "Should social security grants be the jurisdiction of the national or provincial government?"Draft Report of the Financial and Fiscal Commission, 9 December 1998. Cape Town: Government of South Africa.

Fiol, M. & Lyles, M. (1985), "Organisational learning." *Academy of Management Review*. 10(4):803-13.

Ferreira, M. (1999). "The Generosity and Universality of South Africa's Pension System", *The UE Courier*. 176(6):55-56.

Friedman, T.L. (1999). *The Lexus and the olive tree*. New York: Farrar, Straus, Giroux.

Friedman, S. (2002), "Pro-poor plans need a dash of political savvy." *Business Day.* June 4, 2002.

Friedman, S. & Chipkin I. (2001). *A poor voice? The politics of inequality in South Africa.* Centre for Policy Studies: Johannesburg.

Gains, F. (2000). Understanding Department-Agency Relationships. PhD thesis. University of Sheffield.

Galvin M and Habib A (2003). "The politics of decentralisation and donor funding in South Africa's rural water section." *Journal of Southern African Studies* 29 (4) 865-84.

Garvin, D. (1993). "Building a learning organization." *Harvard Business Review*. 1(7): 78-91.

Gelb, S (2005). "An Overview of the South African Economy." In: J. Daniel, R. Southall & J. Witchman. Eds. (2005). *State of the Nation, South Africa 2004-2005.* Pretoria: HSRC.

Gelb, S. (1991). "South Africa's Economic Crisis: An overview." In: S. Gelb. Ed. (2001). *South Africa's Economic Crisis*. Cape Town: David Philip Publishers.

Gherardi, S., Nicolini, D., and Odella, F. (1998). "Toward a social understanding of how people learn in organizations." *Management Learning*. 29(1): 273-290.

Gray, E.D. (2004). *Doing Research in the real world*. London: Sage Publications.

Gray, M. (2006). "The Progress of Social Development in South Africa." *International Journal of Social Welfare*. 15(1):53-s64.

Greer, P. (1994). *Transforming central government: the Next Steps Initiatives*. Buckingham: Open University Press.

Greve, C., Flinders, M., & van Thiel, S. (1999). "Quangos- what's in a name? Defining Quangos from a comparative perspective. Governance." *An International Journal of Policy and Administration*. 12(2):129-146.

Greve, C. (2000). "Exploring Contracts as reinvented institutions in the Danish public sector." *Public Administration*. 78(1):153-164.

Gumede, W.M. (2005). *Thabo Mbeki and the battle for the soul of the ANC*. Cape Town: Zebra Press.

Haarmann, C. (2000). Social Assistance in South Africa: its potential impact on poverty. PhD. University of Western Cape: Institute for Social Development.

Haas, E. (1990). *When knowledge is power: three models of change in international organisations*. Berkley: University of California Press.

Habib A and Taylor R (1999). "South African: anti-apartheid NGOs in transition." *Voluntas* 10(1): 73-82.

Habib, A. and Kotze, H. (2002). Civil Society, governance and development in an era of globalisation. Pretoria: HSRC.

Habib A. (2003). "State-civil society relations in post-apartheid South Africa." In: J. Daniel, A. Habib & R. Southall. Eds. *State of the nation: South Africa 2003-2004*. Cape Town: HSRC Press. 227-241.

Habib, A. (2004). The politics f economic policy-making: Substantive uncertainty, political leverage and human development. Paper delivered to the Africa institute on 24-26 March, 2004.

Hall, P.A. (1993). "Policy paradigms, social learning and the state: the case of economic policy in Britain." *Comparative Politics*. 25(3):275-296.

Halligan, P. (2003). Institutional Innovation in a Global Context: The case of Centrelink. Paper presented at the *IPSA Structure and Organisation of Government Research,*

*Innovation, Institutions and Public Policy in a Global Context*. George Washington University, 23-24 July 2003.

Halligan, P & Wills J. (2008). *The Centrelink Experiment: innovation in service delivery*. Canberra: The Australian National University Press.

Ham, C & Hill, M (1993). *The policy process in the modern capitalist state*. 2<sup>nd</sup> Ed. New York: Harvester/ Wheatsheaf.

Hanekom, SX & Sharansky, I. (1993). "Policy-making & implementation in conditions of extreme uncertainty: The cases of South Africa & Israel." *SAIPA*. 28(2):94-119.

Hassim, S. (2005). "Turning rights into entitlements: Women and welfare provision in post apartheid South Africa gender." *In Social Research*. 72(3):621-646.

Hassim, S. (2005). "Gender, welfare and developmental State in South Africa." Paper prepared for publication for *United Nations Research Institute for Social Development.* Johannesburg: University of Witwatersrand.

Hemerjick, A. & Visser, J. (2003). *Policy learning in European welfare states*. Manusript. University of Amsterdam.

Accessible at: http://eucenter.wisc.edu/OMC/Papers/hemerijckVisser2.pdf . [Accessed on: 10/06/2010].

Hemerjick, A. (2005). Linking welfare recalibration and social learning. *RC-19 Annual Conference.* Chicago, 8-10 September 2005.

Hemson, D., Carter, J. & Karuri-Sebina, G. (2008). "Service Delivery as a measure of change: state capacity and development." In: P. Kagwanja & K. Kondlo. Eds. (2008). *State of the Nation: South Africa 2008*. Pretoria: HSRC Press.

Huber, G.P. (1991). "Organizational learning: the contributing processes and the literatures." *Organization Science*. 2(4): 89-115.

Human Science Research Council (2005). "Conflict re-emerges at Crossroads." *HSRC Review*. 3(1) 2005.

Heclo, H. (1974). *Modern social politics in Britain and Sweden: from relief to income maintenance*. New Haven, CT: Yale University Press.

Heidenheimer, A.J; Heclo, H & Adams, C.T. (1990*). Comparative public policy: the politics of social choice in America, Europe, and Japan*. (3<sup>rd</sup> Ed). New York: St Martins Press.

Hoogwood, B. W. & Peters, B.G. (1983). *Policy dynamics*. Brighton: Wheatsheaf Books.

Holscher, D. (2008). "The Emporor's new clothes: South Africa's attempted transition to developmental social welfare and social work". *Journal of International Social Welfare*. 17 (2):114-123.

Holsti, O. (1969) *Content analysis in the social sciences and humanities*. Reading, MA: Addison- Wesley.

Hood, C. & Schuppert, G. (1988). *Delivering public services in Western Europe*. London: Sage.

IDASA Budget Information Service (2000). IDASA Submission to the Portfolio Committee on Finance on the 2000/2001 Budget, 2 March 2000. Accessible at: http://www.jutastat.com/CGIBIN/om_isapi.dll?clientID=85300&hitsperheading=on&infobase=pmg2&jump=FPC%20=Documents.htm. [Accessed on 23/03/09].

Ikelegbe, A. (2001). "The perverse manifestation of civil society: evidence from Nigeria." *The Journal of Modern African Studies*. 39(1):1-6.

Jacobs, S. (1999). "An imperial presidency." *Siyaya: Social Delivery*. 6(9):4-9.

Jacobs, S. & Calland, R. (2002). *Thabo Mbeki's world: the politics and ideology of the South African President.* Pietermaritzburg: University of Natal Press.

James, O. (2003). *The executive agency revolution in Whitehall: public interest versus bureau-shaping perspectives.* Palgrave, Basingstoke.

Jenkins, H.C. & Sabatier P.A. (1993). "The Dynamics of Policy-Oriented Learning." In: P.A. Sabatier, and H.C. Jenkins-Smith. Eds. (1993) *Policy change and learning. An advocacy* coalition *approach*. New York: Westview Press. 41-56.

Jehoma, S (2006). Field Interview. In: T. Reddy and A. Sokomani (2008*). Corruption and Social Grants in South Africa.* Institute for Security Studies' Corruption and Governance Programme. Monograph 154, 21. 1 November 2008. Cape Town: Institute for Security Studies.

Johnson K (2002). 'State and civil society in contemporary South Africa: redefining the rules of the game." In: S. Jacobs & R. Calland. Eds. (2002). *Thabo Mbeki's world: the politics and ideology of the RSA President*. Pietermaritzburg: University of Natal Press. 221-241.

Jonker, A. (2001). "Challenges and Imperatives facing modern government." In: D. Van Nierkerk, G. Van der Waldt, & A. Jonker. (2001). *Governance, Politics and Policy in South Africa.* Cape Town: Oxford University Press.

Kautto, M., Heikkila, M., Hviden, B., Marklund, S. & Ploug, N. (1999). *Nordic Social Policy: Changing Welfare States.* London: Routledge.

Keeler, JTS. (1993). "Opening the window of reform: Mandates, crises and extraordinary policy-making". *Comparative Political Studies.* 25(4):433-86.

Kemp, R. & Weehuizen R (2005). Policy Learning: *What does it mean and how can we study it?* Publin Project. Innovation in the Public Sector. Oslo: NIFU STEP.

Kingdon, J.W. (1995). *Agenda, alternatives and public policies*. 2nd Ed. New York: Harper-Collins College Publishers.

Knoepfel, P. & Kissling-Naaf, I. (1998). "Social Learning in Policy Networks." *Policy and Politics*. 26 (3): 343-367.

Koma, S.B. (2005). "A Critical Commentary on the Establishment of South African Social Security Agency- the case of Alternative Service Delivery." *AJPAM* . 16(2):1-23.

Kotze, F.G. (1995). *Social Welfare Policy for a post-apartheid South Africa: A developmental perspective.* Bellville: UWC.

Krasner S. (1978). *Defending the national interest.* Princeton: Princeton University Press.

Khosa M. (2000). *Infrastructure mandate for change 1994-1999*. Pretoria: HSRC

Kruger, J. (1992). State provision of social security: Some Theoretical, Comparative and Historical Perspectives with Reference to South Africa. MComm. University of Stellenbosch.

Kuhn, T. (1962). *The structure of scientific revolutions*. Chicago: University of Chicago Press.

Kumar, R. 1996. *Research methodology: a step by step guide for beginners*. London: SAGE Publications.

Lamb, G. 1987. (14). *Managing Economic Policy Change: Institutional Dimensions*. World Bank Discussion Papers. Washington DC: Library of Congress Cataloguing-in-Publication Data.

Lavis, J. N. (1998). *Ideas, policy learning and policy change: the determinants of health synthesis in Canada and the United Kingdom*. Working Paper, 98-6. Hamilton, Ont: McMaster University Centre for Health Economics and Policy Analysis.

Leeuw, F.L., Rist, R.C. & Sonnichsen, R.C. (1994). *Can governments learn? Comparative perspectives on evaluation and organizational learning*. New Brunswick, NJ: Transaction Publishers.

Legrain, A. & Auwers T. (2006). "The Principal-agent model and the network theory as framework for administrative procedures: Social Security in Belgium." Paper Presented at the *EGPA conference "Public Manager under pressure: between politics, professionalism and civil society"*. Milan, September 6-9, 2006 (Study Group VI: Governance of Public Sector Organisations).

Lehulere, O. (1999). 'Gear blues the morning after'. *South African Labour Bulletin*. 23(4) 35-40.

Le Roux, P. (2002). A Targeted and Affordable Universal Income Grant for South Africa. Paper presented at the conference DPRU/FES Conference on Labour Markets and Poverty in South Africa, Johannesburg. 22-24 October 2002. Accessible: http://www.commerce.uct.ac.za/dpru/Pieter%20Le%20 Roux.pdf. Accessed on 23/03/09.

Liebenberg, S. "Human Rights and Social Security". (1998) 1 (2) *ESR Review* 1.

Lindblom, C.E. (1980). *The policy-making process.* 2nd Ed. London: Prentice Hall Inc.

Lowenberg, A.D & Kaempfer, W.H. (2001). *The Origins and Demise of South African Apartheid. A public choice analysis*. Michigan: University of Michigan Press.

Lund, F. (1993). "State Social Benefits in South Africa" *International Social Security Review.* 46 (1/93): 5-25.

Lund, F. (2001). *A review of the Lund Committee*. Monograph. Durban: University of KwaZulu Natal Press.

Lund, F. (2008). *Changing social policy: the Child Support Grant in South Africa*. Cape Town: Human Sciences Research Council.

Lundahl, M. (1992). *Apartheid in theory and practice: an economic analysis*. Boulder Colorado: Westview Press.

Lyles, M. (1988), "Learning among joint venture sophisticated firms", *Management International Review*. 28 (1):85-98.

Lyles, M. (1992). "The impact of organisational learning on joint venture formations?" Paper presented at the *Academy of Management Meetings*. Las Vegas: NV.

Mabbett, D. & Bolderson, H. (1999). Theories and methods in comparative social policy. In: J. Clasen (Ed). *Comparative Social Policy: concepts, theories and methods*. Oxford, UK: Blackwell.

Makino, K. (2004). 'Social Security Policy Reform in Post-Apartheid South Africa: A Focus on the Basic Income Grant." Johannesburg: Centre for Civil Society Research Report No.11.

Mamphiswana, D. & Noyoo, N. (2000). Social Work Education in a changing socio-political and economic dispensation. *International Social Work*. 43(1):21-32.

Mandela, N. (1994). State of the Nation Address by the President of South Africa, Nelson Mandela. House of Parliament, Cape Town, 24 May 2004. Available at: www.anc.org.za/ancdocs/history/mandela/2004/html. [Accessed on: 29/06/09].

Mandela N (2001). Opening address by former President Nelson Mandela at the National Civil Society Conference, 24 April, 2001.

Available at:  http://www.idasa.org.za/csi/speeches.html. [Accessed on: 29/06/09].

Manning, N. & Shaw, I. (1998). 'The transferability of welfare models: a comparison of the Scandanavian and state socialist models in relation to Finland and Estonia." *Social Policy and Administration* 32(5):572-590.

Manuel, T. A. (2003). Budget Speech. 26 February 2003.

Accessible   at:   http://www.finance.gov.za/documents/budget/2003/budget/speech/html. [Accessed on 20/06/09].

Manuel, T.A (2004) Budget Speech. 18 February 2004.

Accessible   at:   http://www.finance.gov.za/documents/budget/2004/budget/speech/html. [Accessed on 20/06/09].

Marais, H. (2001). *South Africa: limits to change. The political economy of transition*. Cape Town: UCT Press.

Matisonn, H. & Seekings, J. (2002). "Welfare in Wonderland? The Politics of the Basic Income Grant in South Africa." Paper presented at *the DPRU/FES Conference on Labour Markets and Poverty in South Africa*, Johannesburg, 22-24 October 2002. Accessible: http://www.commerce.uct.ac.za/dpru/JSeekings.pdf. Accessed on: 05/01/09.

Maqubela, N. (1997). Rationalisation of Social Security and Social Welfare. Masters Thesis. Durban: University of Western Cape.

May, P. (1992). "Policy learning and failure." *Journal of Public Policy*. 12(4):331-354.

Mbeki T. (2002). Address of the President of the ANC at the Opening of the 51st National conference of the ANC. Stellenbosch, 16 December. Available at:

http://www.anc.org.za/ancdocs/history/mbeki/2002/tm1216.html. [Accessed on: 15/02/11].

Mbeki T. (2003). State of the Nation Address of the President of South Africa, Thabo Mbeki, Houses of Parliament, Cape Town, 14 February, 2003. Accessible at: http://www.info.gov.za/speeches/2003/0302141252100.htm. [Accessed on 05/02/2010].

Mbeki T. (2004). State of the Nation Address to Parliament. 6 February 2004. Available at: http://www.info.gov.za/speeches/2004/04020610561002.html.[Accessed on: 05/02/2010].

Mbeki T. (2004). State of the Nation Address to Parliament by the President of South Africa, Nelson Mandela, Houses of Parliament, Cape Town. 24 May.

Mbeki T. (2005). Address of the President of South Africa at the Second Joint Sitting of the Third Democratic Parliament. Cape Town, 11 February.

Mboweni, T. (1994). "Formulating for a democratic South Africa : Some observations." *Ids Bulletin*, 25 (1):69-73.

Mboweni, T. (1997). "Seminar given at the Centre for Policy Studies." Johannesburg. 4 April 1997. Johannesburg: HSRC.

McDonald, A. (2002). "The theory of Cost Recovery in South Africa." In: A. McDonald & P. John. Eds. (2002). *Cost Recovery and the crisis of delivery in South Africa*. Pretoria: HSRC.

McKendrick, B.W. (1988). The development of social welfare and social work in South Africa. In: B.W. McKendrick .Ed. (1988). *Introduction to Social Work in South Africa*. Pinetown: Owen Burgess Publishers.

McLean, I. (1996). *Oxford Concise Dictionary of Politics*. Oxford: Oxford University.

McNabb, D.P. (2007). *Knowledge management in the public sector: a blueprint for innovation in government*. Armonk, NY: ME Sharpe.

Meredith, M (2007). *Diamonds, Gold and War. The making of South Africa*. New York: Pocket books with Jonathan Ball Publishers.

Meth, C. (2002). "What to do until the doctor comes: Relief for the Unemployed and for poorly-paid workers. Accessible at: http://www.nu.ac.za/csds/Publications/methrelief.pdf. [Accessed on 20/06/09].

Michie, J. & Padayachee, V. (1997). *The Political Economy of South Africa's Transition: policy perspectives in the late 1990s*. London: Dryden Press.

Midgley, J. (1984). *Social Security inequality and the third world*. New York: John Wiley and Sons.

Midgley, J. & Tang, K. (2001). "Social policy, economic growth and developmental welfare." *Journal of International Social Welfare*. 10(4):244-252.

Ministry of Welfare and Population Development. (1995). *Draft White Paper for Social Welfare.* Department of Welfare: Pretoria.

Ministry of the Office of the President. (1994). White Paper on Reconstruction and Development. Accessible at: http://www.gov.za/gazzette/whitepaper/1994/16085.pdf. Accessed on 10/05/09.

Ministry of Welfare and Population Development. (1995). Draft White Paper for Social Welfare. Pretoria: Department of Welfare.

Ministry of Welfare and Population Development. (1997). White Paper for Social Development. Pretoria, Department of Social Development. accessible at: http://www.gov.za/whitepaper/1997/soswel97.html. Accessed on 10/10/2009.

Ministry of the Office of the President (1994). White Paper on Reconstruction and Development. Accessible at: http://www.gov.za/gazzette/whitepaper/1994/16085.pdf. [Accessed on: 10/10/2009].

Moe, T. (1984). "The new economics of organisation." *American Journal of Political Science*. 28(4):739-777.

Mohiddin, A. (2007). *Reinforcing Capacity towards Building the Capable State in Africa.* Concept Paper. United Nations Development Programme: Africa Governance Forum. Accessible at: http://www.undp.org. [Accessed on 02/03/09].

Mosseberger, K. & Wolman, H. (2003). "Policy Transfer as a form of prospective policy evaluation: challenges and recommendations." *Public Administration Review*. 63 (3): 428-440.

Muchie, M. (2004). Africa integration in and for civil society: Bulletin 3, centre for Civil Society. Available at: http://www.ukzn.ac.za/ccs/default.asp?5,50,5321

Naidoo, K. & Finn Heinrich, V. (2000). "Global Civil Society and the challenges of the new millennium: implications for civil society in Africa." Paper prepared *for the Civil Society in Africa Panel at the ISTR Conference,* Trinity College, Dublin, 5-8 July 2000.

Nattrass, N & Seekings, J. (1997). "Citizenship and Welfare in South Africa: Deracialisation and Inequality in a Labour-surplus economy. *Canadian Journal of African Studies*. 31(3):452-481.

Nattrass, N. & Seekings, J. (2001a). "Democracy and Distribution in Highly Unequal Economies: The Case of South Africa."*Journal of Modern African Studies*. 39(3):471-498.

Nattrass, N. & Seekings, J. (2001b). "Two Nations?'Race and Economic Inequality in South Africa Today." *Daedalus*. 130(1):45-70.

Nattrass, N. & Seekings, J. (2002). "A Basic Income Grant in South Africa?" Paper presented at the *First Congress of the United States Basic Income Guarantee Network*. New York, 8-9 March 2002.

National Audit Office. (1999). *Lord Chancellor's Department, Crown Prosecution Service, Home Office: Criminal Justice: Working Together*. Publication date: 01/12/1999. HC 29 Session 1999-2000. London: The Stationary Office.

Ncholo, P. (2000). "Reforming the public service in South Africa: a policy framework." *Public Administration and Development*. 20, 87-102. 2000.

Netshitenzhe J. (1996). The democratic revolution is it still on track? Umrabulo 1 (4). Avalailable at : http://www.anc.org.za/ancdocs/pubs/umrabulo1.html#art1. [Accessed on: 02/02/10].

Niklasson, B. (2010). "Agency Autonomy and Administrative Reform: A Swedish Case Study." *Paper Presented in the permanent study group "Governance of Public sector Organisations". Theme "About time: looking back, taking stock and thinking about the future of agentification process" at the EGPA Conference*, Toulouse, September 7-10 2010.

Niksic G (2004). "Difficult but not impossible the ANC's decentralisation strategy in South Africa." *Development and Change*. 35(2):353-74.

Norris, P. (1999). *Critical citizens: global support for democratic governance*. Oxford: Oxford University press.

Nye, J., Zelikow, P. & King, D. (1997). *Why people don't trust Government*. Cambridge, MA: Harvard University Press.

Nye JS (1997). *Understanding international conflicts*. 2nd Ed. New York: Longman.

Nye JS (2003). *Understanding International Conflicts*. 3rd Ed. New York: Longman.

Oates, W (1972). *Fiscal Federalism*. New York: Harcourt Brace Jovanovich.

OECD. (2002a). *Distributed public governance: agencies, authorities and other government bodies*. OECD: Paris.

OECD. (2002b). *Distributed public governance: agencies, authorities and other government bodies*. OECD: Paris.

Olivier, M.P. (2000). *Social Security Law in South Africa: a comparative perspective.* Rand Afrikaans University: Centre for International and Comparative Labour and Social Security Law.

Olsen, J.P & Peters, B.G (1996). *Lessons from experience. Experiential learning in administrative reform in eight democracies*. Oslo: Scandinavian University Press.

Osborne, D & Gaebler, T. (1992). *Re-inventing Government: how the entrepreneurship spirit is transforming the public sector.* New York: Addisson-Wesley Publishing company, Inc.

O'Toole, B. & Jordan, G. (1995). *Bureaucracy in the modern state: an introduction to comparative public administration.* Aldershot: Edward Elgar.

Padayachee, V. (1997). "The Evolution of South Africa's International Financial Relations and Policy: 1985 – 95." In: J. Michie and V. Padayachee. Eds. (1997). *The political economy of South Africa's transition*. London: Dryden Press. 27- 55.

Painter, M & Yee W.H (2010). 'Task Matters: A Structural-Instrumental Analysis of the Autonomy of Hong Kong Government Bodies." *In: Cost of living in Cluj-napoca (2010). Rumania.*

Parsons, W. (1996). *Public Policy*. Cheltenham, England: Edward Elgar.

Patel, L. (1992). *Restructuring social welfare. Options for South Africa*. Johannesburg: Raven Press.

Pauw, K. & Mncube, L. (2007). "Expanding the social security net in South Africa: opportunities, challenges and constraints." *Country Study No 8- Cash Tranfers Research Programme. International Poverty Centre, United Nations Development Programme: Brazil.*

Pelser, E. (1999). "The challenges of community policing in SA." *ISS Occassional Paper No. 42*. Pretoria: Institute for Social Security Studies.

Peters (1983). *Policy dynamics*. Brighton: Wheatsheaf Books.

Picard, L.A. (2005). *The state of the state: institutional transformation, capacity and political change in South Africa*. Johannesburg: Wits University Press.

Plasket, C. (2003). "Administrative Justice and Social Assistance". *SALJ* . 120 (1): 494-512.

Polidano, C. (2000). "Administrative reform in core civil services: Application and applicability of the New Public Management". In: W. McCourt & M. Minogue. Eds. (2000). *The internationalisation of public management: reinventing the third world state*. Cheltenham: Edward Elgar.

Pollitt, C. & Talbot, C. (2003). *Ubundled government: a critical analysis of the global trend to agencies, quangos and contractualisation*. London: Routledge.

Pollitt, C. (2003). "Agencies, apples and pears; mapping the agency debate." *Paper for the 7th International Research Symposium of Public Management.* Hong Kong, 2-4 October. Hong Kong.

Pollitt, C. & Bouckaert, C. (2004). *Public Management Reform: A Comparative Analysis.* Oxford: Oxford University Press.

Pollit, C. & Bouckaert, C. (2000). *Public Management Reform: A comparative analysis.* Oxford: Oxford University Press.

Pollitt, C.K., Bathgate, J., Smullen, A. & Talbot (2001). "Agency Fever? Analysis of an International Fashion". *Journal of Comparative Policy Analysis*: Research and Practice. 3 (2):271-290

Portfolio Committee on Social Development. (2003). Minutes: Social Development Portfolio Committee, Draft Social Security Agency Bill: Briefing Available for Parliamentary Monitoring Group: http://www.pmg.org.za/viewminute.php?id=2789

Potgieter, M.C. (1970). *Maatskaplike Sorg in Suid-Afrika 'n Ontleding van die aard, omvang, funksieverdeling en finansiering van die dienste gelewer deur die Staat en partikuliere welsynsorganisasies. Unviversiteit van Stellenbosh. DPhil-proefskrif.*

Ramathodi, N. (1998). "Fresh look at levels of government needed." Business Day, 11 May, 1998.

Ransom, S. & Stewart, J. (1994). *Management for the public domain: enabling the learning society*. Basingstoke: Macmillan.

Rapoo, T. (1995). "A system in dispute: Provincial Government in Practice." *Policy Issues and Actors.* 8(9):9-11.

Reddy, T. and Sokomani, A. (2008). *Corruption and Social Grants in South Africa. Institute for Security Studies' Corruption and Governance Programme*. Monograph 154, 21. 1 November 2008. Cape Town: Institute for Security Studies.

Remenyi, D.1996. "So you want to be an academic researcher in business and management studies! Where do you start and what are the key philosophical issues to think about?". *South African Journal of Business Management*. 27 (1/2)

Republic of South Africa. (1999). Speech by the Minister of Welfare and Population Development on the occasion of the Budget vote for Welfare in the National Assembly, 19 March. accessible at www.gov.za.

Rose, R. (1993). *Lesson-drawing in Public Policy – A Guide to Learning across Time and Space*. New Jersey: Chatham House Publishers.

Rosendorff, B.P. (1996). "The transition to democracy in South Africa: Trade, contest and sanctions." *Working Paper. Department of Economics*. Los Angeles: University of South Carolina.

Rowlands, D. (2002). *Centrelink's Relationships*. Unpublished paper. Australia: Canberra.

Sabatier, P. (1988). "An advocacy coalition framework of policy change and the role of the policy-oriented learning therein." *Policy Sciences*. 21(1):129-168.

Sabatier, P. (1991). "Towards better theories of the policy process." *Political Science and Politics*. 24(6):144-156.

Sabatier, P. & Jenkins- Smith, H. (1993). *Policy change and learning: an advocacy coalition approach*. Boulder: Westview Press.

Sabatier, P. (1998). "The advocacy coalition framework: revisions and relevance for Europe." *Journal of European Public Policy*. 5(3):98-130.

Sagner, A. (2000). "Ageing and social policy in South Africa: historical perspectives with particular reference to the Eastern Cape." *Journal of Southern African Studies*. 26(3): 523–553.

SAHRC 2002/03SAHRC 2002/03. *The right to social security: 5th economic and social rights report series*. Pretoria: SAHRC.

SAIRR (1992/93). *Race Relations Survey*, Johannesburg: South African Institute of Race Relations.

SAIRR (1998). *1997/1998 Survey*. Johannesburg: South African Institute of Race Relations.

Samson, M. & Babson, O. (2002) *Research Review on Social Security Reform and the Basic Income Grant for South Africa*. Cape Town: Economic Policy Research Unit.

Samson, M. (2003). "The Social, Economic and Fiscal Impact of a Basic Income Grant for South Africa." *Presentation at the Heritage Hearings on the Taylor Report held by the Portfolio Committee on Social Development*. 9 June, 2003. Johannesburg.

Samson, M., Mac Quene and van Nierkerk, I (2002). "The Macro-economic Implications of Poverty-reducing Income Transfers." Paper presented at *the Basic Income European Network, 9th International Congress*. Geneva. September 12-14, 2002.

Samson M., MacQuene, K. & van Niekerk, I. (2005). "Policy Brief 1, 'Social Grants, South Africa." *Economic Policy Research Institute (EPRI). Secretariat of the International Regional Inequality Facility at the Overseas Development Institute*: London.

Schrire, R. (1989). "Bureaucracy and the process of reform". In: R. Schrire, R. (Ed). (1989). *Critical choices for South African society*. Cape Town: Institute for the Study of Public Policy.

Scott, J. (1999). "Transnationalizing Democracy Promotion: The Role of Western Political Foundations and Think-Tanks". *Democratization*. 6(3):146-170.

Seekings, J and Nattrass, N. (2006). *Class, Race and Inequality in South Africa*. Durban: University of Kwa-Zulu Natal Press.

SIGMA. (1999). *Public Management Profiles of Central and Eastern European Countries*: Lativia. Paris: PHARE/OECD.

SIGMA (2001). "Financial management and control of public agencies." *SIGMA Paper No 32. Paris: CCNM/PUMA (2001) 4,* April. Available at: www.oecd.org/puma/sigmaweb. Accessed on 01 November, 2010.

Skocpol T. (1992). *Protecting soldiers and mothers*. Cambridge: Harvard University Press.

Skogstad, G. (2007). "Policy failure, policy learning and policy development in a context of internationalisation." Paper Presented at the workshop on policy failure. *Canadian Political Science Association Annual Meeting*. Saskatoon: Saskatchewan, 30 May, 2007.

Simon, H.A. (1997). *Administrative behaviour*. 4th Ed. New York: The Free Press.

Sparks, A. (2003). *Beyond the miracle: inside the new South Africa*. Johannesburg: Jonathan Ball Publishers.

Spitz, R. & Chaskalson, M. (2000). The Politics of transition: A hidden history of South Africa's negotiated settlement. Johannesburg: Witwatersrand University Press.

Stake, R.E. (1994). *The art of case study research*. London : Sage.

Stewart, M. (07-06) (2006). Woolmans R, Roux T., Klaaren, J., Stein, A., Chaskalson, M. & Bishop, CM. *Constitutional Law of South Africa*. 3rd Ed. Cape Town: Butterworths.

Stone, D. (2001). "Learning Lessons, Policy Transfer and International Diffusion of Policy Ideas." CSGR University of Warwick. *CSGR Working Paper No 69/01 April 2001*.

Stone, D. (2004). "Transfer Agents and Global Networks in the 'Transnationalization' of Policy." *Journal of European Public Policy*. 11(3):545-566.

Taylor, V. (2002). Committee of Inquiry into a Comprehensive System of Social Security for South Africa. *'Transforming the Present- Protecting the Future*. Draft Consolidated Report. Pretoria- Committee of Inquiry into a Comprehensive System of Social Security for South Africa accessed at http://www.welfare.gov.za/documents/2002/May/pdf.

Tetyana, V.(2005). *Eastern Cape Department of Social Development, Monitoring Brief for 2001/02-2002/03*. Grahamstown: Public Service Accountability Monitor.

The Presidency, RSA. 2000/2001. Democratic governance- a restructured presidency at work. South Africa: Government Communication and Information System.

The Presidency. (2003). *Towards a Ten Year Review*.

 Accessible at: http://www.thepresidency.gov.za/docs/reports/10year.review/social/social-security.pdf. [Accessed on: 25/08/09].

Thelen, K. & Steinmo, S. (1991). "Historical Institutionalism in Comparative Politics." In: S.

Steinmo. Eds. (1991). *Structuring Politics: Historical Institutionalism in Comparative Analysis*. Cambridge: Cambridge University Press. 1-32.

Thurlow, J. (2002). "Can South Africa Afford to become Africa's First Welfare State?" *Trade and Macroeconomics Division Discussion Paper No 101. International Food Policy Research Institute (IFPIRI)*. Cape Town: UCT.

Thynne, I. & Goldring, J. (1987). *Accountability and control: Government Officials and the Exercise of Power*. Sydney: Law Book Company.

Thynne, I. (2003). "Making sense of organisations in public management: a back-to-basics approach." *Public Organisations Review*. 3(3):317-332.

Thynne, I. (2004) "State organisations as agencies: an identifiable and meaningful focus of research?" *Public Administration and Development*.  24(2): 91-99.

UNDP. (1997). *Human Development Report*. United Nations Development Program. New York: Oxford University Press.

Van Berkel, R. & Van Borghi, V. (2008). "Introduction: The Governance of Activation." *Social Policy and Society*. 7(3):331.

Van der Berg, S. (1997). "South African Social Security Under apartheid and beyond." *Development Southern Africa.* 14(4):481-503.

Van der Berg, S. & Bredenkamp, C. (2002). *Devising Social Security Interventions for Maximum Poverty Impact*. Cape Town. CSSR Working Paper no.13. Centre for Social Science Research. University of Cape Town: Cape Town.

Van Driel, M. (2008). The Social Grants and Black Women in South Africa: A case study of Bophelong Township in Gauteng. PhD. University of Witwatersrand: Johannesburg. Also published in 2009 in the *Journal of International Women's Study*. 10 (4) 2009.

Van der Merwe, K. (2006). Field interview. In: T. Reddy and A Sokomani. (2008). *Corruption and Social Grants in South Africa*. Institute for Security Studies' Corruption and Governance Programme. Monograph 154, 21. 1 November 2008. Cape Town: Institute for Security Studies.

Van der Walt, S.(2004). *Conceptualizing poverty or social development in the Eastern Cape. Conference on Social Development*. Province of the Eastern Cape, Department of Social Development. Cape Town: Development Policy Research Unit.

Van der Westhuizen, C. & Van Zyl, A. (2002). "Obstacles to the Delivery of Social Security Grants". *Budget Brief, No 110. IDASA Budget Information Service*. October 2002.

Van Nierkerk, R. (2007). Social Policy and Citizenship in South Africa: The Development of Inclusive, de-racialised social policies in the periods 1939-1961 and 1989-1998. Thesis submitted for the Doctor of Philosophy-Comparative Social Research. Oxford University.

Van Niekerk, R (2008) Social Policy and Citizenship In South Africa: The Development Of Inclusive, De-Racialised Social Policies In The Periods 1939 - 1961 and 1989 – 1998. DPhil Thesis. Oxford University.

Van Thiel, S. (2000). *Quangocratization: Trends, causes and consequences*. Universetiet Utretch: Utrech.

Van Zyl, A. (1998). *Creating governments: managing and sequencing the system of intergovernmental relations in South Africa*. Budget Information Service. Cape Town: Institute for Democratic Alternatives for South Africa (IDASA).

Van Zyl, A and Walker, L. (1999). "Juggling central control and provincial fiscal autonomy in South Africa." *Development Southern Africa*. 16(2):239-258.

Vardon, S. (1998). 'Creating a responsible service delivery agency: Centrelink Australia', *The Innovation Journal*. 3(3):1-18.

Accessible at: http://www.innovation.cc/volumes-issues/vol3-iss3.htm. Accessed 2 July 2009.

Verhoest, K. (2003). "Anatomy, contracting and competition: what is their effect on the performance of executive organisations?" *EGPA Conference. Workshop Governance: what do we know?* 3-6 September 2003. Oeiras: Portugal.

Verhoest, K.; Verschurere, B; Rubecksen, K.; MacCarthaigh, M. (2010). *Autonomy and control of state agencies: comparing states and agencies*. Basingstoke: Palgrave.

Vince, R. & Saleem, T. (2004). "The impact of caution and blame on organisational learning." *Management Learning*. 35(2):131-152.

Visser, W. (2004). "Shifting RDP into GEAR". The ANC Government's dilemma in providing an equitable system of social security for the "new" South Africa." *Paper presented at the 40th ITH Linzer Konferez, 17 September 2004. ITH-Tagungsberichte 39 "Mercy of Right". Development of Social Security Systems*, Akademische Verlagastalt, Wien (2005) 105-124.

Visser, W. (2009). "From RDP to GEAR to Post-Polokwane. The ANC and the provision of social security in post-apartheid South Africa." Paper Presented at the *World economic History Conference*, University of Utretcht, The Netherlands, 3-7 August 2009. Also published in Social Work. 45(3): 225-240.

Vorster, J.H. (2000). "Getting social security into gear: Reflections on welfare reform in South Africa." *The Year 2000 International Research Conference on Social Security*. Helsinki, 25-27 September 2000.

Vorster, J. (2006). *Study on incentive structures of social assistance grants in South Africa: Quantitative report.* Stellenbosch: University of Stellenbosch.

Walker, J. (1974). "The Diffusion of Knowledge and Policy Change: Toward a Theory of Agenda- Setting". A paper presented to the *Annual Meeting of the American Political Science Association.* 6 September 1974. New York.

Warwick, D.P. (1975). *A theory of public bureaucracy*. Cambridge, MA: Harvard University Press.

Webster, E., Buhlungu, S. & Bezuidenhout, A. (2003). *Work and Organizations*. Oxford Press Southern Africa: Cape Town.

Wehner, J. (2000). "Fiscal federalism in South Africa." Institute for Democracy in South Africa. *Publuis Summer*. 30 (3):47-72.

Welfare and Population Development Portfolio Committee 2000. Administration of social grants briefing. 21 June. Parliamentary Monitoring Group. Accessible at: www.pmg.co.za

Welfare Portfolio Committee on Social Security 1998. Social Security: discussion with Provincial MECs. Available.at: http://www.pmg.org.za/viewminute.php?id=7039. [accessed 10 March].

Wettenhall, R. (2003). 'These executive agencies!'.*Canberra Bulletin of Public Administration*. 106(1):9–14.

Wieck, K.E. & Roberts, K.H. (1993). "Collective mind in organisations: heedful interrelating on flight decks." *Administrative Science Quarterly*. 38(3):357-381.

Weir, M. (1992). *Politics and jobs*. Princeton, NJ: Princeton Univ. Press

Wilensky, H.L. & Lebeaux, C.N (1965). *Industrial Society and Social Welfare*. The Free Press and Collier MacMillan: New York and London.

Wilson, R. (1999). "The Civil Service in the New Milenium". Speech, May (Sir Richard Wilson). In: C. Pollit, K. Bathgate, J. Caulfield, A. Smullen & C. Talbot . "Agency Fever? Analysis of an International Fashion". *Journal of Comparative Policy Analysis: Research and Practice*. 3(3):271-290.

World Bank. (2002). "Draft of the World Bank Development Report. 2004: Making services for poor people." Accessible at: http://www.worldbank.org. Accessed 20 June 2009.

World Bank. (2008). "The Political Economy of policy reform: issues and implications for policy dialogue and development operations." Report No.-44288-GLB, 19 June 2008. Department of Social Development. Washington DC: World Bank.

Yesilkagit, K. (2004). "The design of Public Agencies: Overcoming agency costs and commitment problems." *Public Administration and Development. Public Admin*istration and Development. 24(2): 119-127.

Yesilkagit, K & Christensen, J.G. (2009). "Institutional design and Formal Authority: Politics versus Historical and Cultural Explanations.*" J Public Adm Res Theory.* 20(1):53-74.

Yesilkagit, K. (2010). Institutional design and formal autonomy: political versus historical and cultural explanations. *Journal of Public Administration Research and Theory*. 20 (1):53-74.

Yin, R.K. (1981). *Case study research: Design and methods* (2<sup>nd</sup> edition). California. Sage.

Yin, Z. (2003). *Case studies: a method of research. London*: Lloyds.

Zahariadis, N. (1999). "Ambiguity, time, and multiple streams." In: P. Sabatier. Ed. (1999). *Theories of the policy process*. Boulder, Col: Westview Press.


Newspapers

*All Africa*. Com.2010. 21 September. Johannesburg.

*Business Day*. 1996. 4 April. Johannesburg.

*Business Day*. 1997. 25 November. Johannesburg.

*Business Day.* 2000a. 10 September.

*Business Day*. 15 September. Johannesburg.

*Business Day*. 2001. 5 April.

*Business Day*. 23 April. Johannesburg.

*Business Report*.2005. 13 May. Johannesburg.

*City Press.* 2001. 22 April. Johannesburg.

*City Press.* 2005a. 29 May. Johannesburg.

*City Press* 7 August. Johannesburg.

*Die Burger*. 2010. 13 October. Cape Town.

*Mail &Guardian*. 1996. 19 July. Johannesburg.

*Mail & Guardian*. 2005. 19 August. Johannesburg.

*Mail & Guardian*. 2010. 29 October. Johannesburg.

*Sowetan*. 2000. 13 October. Johannesburg.

*Sunday Times*. 1996. 3 May. Johannesburg.

*Sunday Times*. 2004. 19 September. Johannesburg.

*The Argus*. 1997. 22 December. Cape Town.

*The Star*. 1997. 22 October. Johannesburg.

*The Star*. 12 July 2004. Johannesburg.

*The Sunday Independent*. 2000. 8 October. Johannesburg.

*The Sunday Independent*. 2005. 15 May. Johannesburg.

**Name of Participant**

<u>**Introduction**</u>

- How long have you worked in the Department of Social Development?
- In what capacities have you worked in the Department?
- In these positions were you involved in the policy-making processes of the department?
- And what was your role in the work of changing the institutional framework for social grant administration?

<u>**Mapping the system in the social grant administration:**</u>

- Can you describe the institutional landscape for the administration of social benefits during the apartheid era?
- Were any of the administrative and payment structures of the apartheid system retained into the post-apartheid era? And for how long?
- What were the problems associated with these retained systems of administration?
- In the period post-apartheid how did the government approach the issue payment of social benefits?
- What led to the changes in 1996, going forward?
- What was the context in which the need for policy change arose?

*Post-apartheid:*

In 2003, Dr Makiwane, stated that 'the role of the National Department in the administration of social grants was that of policy making, coordination and monitoring'.

*Policy-making*

- Can you describe the process of policy-making that is adopted by the state?
- When and how did the question of the administrative system for social grants arrive on the policy agenda?
- How did the state develop alternatives to deal with the problems associated with the administrative system?
- Were there any institutional checks and balances that were in place to ensure an effective administrative system?
- Who was involved in these processes of identifying the policy problem? And in the process of formulation of the problem?

*Policy coordination*

- In the period of transition from apartheid to the post-apartheid era what issues did the state have to deal with in trying to develop a new administrative system for social grants?
- In the period when the provincial governments delivered social grants, what measures did the national government put in place to ensure coordination of the entire administrative system?

*Policy Monitoring*

- What measures did the National Department put in place to try and monitor delivery of social grants?

**Processes and responses within the state that result in policy shifts**

- When did the government realize that there were problems with delivery in the provinces?
-  What led the government to act on this matter?
- In light of the problems that you have highlighted, how did the state respond to try and curb these problems and to make the system more efficient?

**There have been various commissions of enquiry and committees that have been developed to deal with problems associated with social assistance:**

1. **The Chikane Commission**
2. **The Lund Committee**
3. **The Taylor Commission**
4. **The Public Service Commission**

**For each of these we have to ask the following questions:**

- What roles do commissions of enquiry or committees of enquiry play in the policy-making process?
- What factors led to the setting up of each one of these commissions?
- What where the nature of the recommendations of each of these commissions?
- What were the reactions to them from government, civil society and other stakeholders in the policy process?
- Explore issue of public-private partnerships, what was the problem with these partnerships?
- What was the effect of private public partnerships in an already weakened decentralised system?
- How did the government react to these problems?

**The role of ideas and knowledge in the policy making process**

- In a 1998 report of the Welfare Portfolio Committee with Provincial MECs, there was recommendation of a hybrid system for the administration of social grants- what did this hybrid model entail?

- Where did this advice for a hybrid administrative process come from?
- Why was this recommendation not adopted? And what were the sources of information and knowledge that informed the government not to adopt these recommendations of the hybrid system.
- From where you stood, what were the problems with this hybrid system?

## Establishment of SASSA

- In 2002, Cabinet, agreed to the principle of a centralized institution for the administration of social grants- how did this idea of a centralised system come onto the policy agenda?
- Can you describe the process that took place from the period of approval by Cabinet to the drafting of new policy?
- After the approval by Cabinet in 2002, why did it take more than 4 years for SASSA to be established?
- How did the government arrive at the idea of introducing a central Agency, instead of using the hybrid model?
- Where is South Africa learning from in the process of policy making?
- Were there any sources of pressure that swayed the decision making process?
- What were the challenges that were faced in the decision making process?

## Process of turning ideas into policy

- When an idea comes onto the policy agenda, what follows after that?
- Has there been information or ideas adapted from Non-profit Organisations?
- How has the information impacted and been used in the South African policy making process?
- What impact did organisations external to the state have on the policy-making process in South Africa?
- Please describe the competing sources of policy demand on the government, which influence the process of learning.
- How does contestation of policies play itself out in the policy making process?
- What is the role of international organisations in bringing about the learning of policies?

## Contestation in the policy process and policy shifts

- Can you describe the political context within which alternatives were considered?
- What are the landmark forums and institutions along the way that have influenced policy learning?
- What policy experts and political actors frame alternatives in ways that would increase popularity of policy ideas?
- When an idea enters the policy arena, and there are various sources of information and pressure, how does the government decide on what issue to take into account?
- And how does the government finally decide on which alternative to adopt?

- During the hearings and debates concerning passing of Social Agency and Social Assistance Bills, it was argued that the bills had come about in a vacuum- can you describe the process that led to the establishment of the Bills?
- How then did the government finally decide that SASSA would be the best institution to administer social assistance grants?

**Post-SASSA**

- Now that SASSA has been developed, what are the differences between this new system and the previous ones?