

**Developmental local government as a catalyst or an impediment towards a  
South African developmental state**

**by**

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## DECLARATION

I, David Matheakuena Mohale, declare that this research report – *Developmental local government as a catalyst or an impediment towards a South African developmental state* - is my own unaided work. It has not been submitted before for any degree or examination at this or any other university. All the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

.....

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**20 June 2017**

## **SUMMARY**

South African authorities formalised their goal to pursue a developmental state with the adoption of the National Development Plan (NDP) in 2012. It is clear from the reading of the NDP that the authorities are convinced that the developmental state approach is a cause for development. The declaration to construct a developmental state is interesting at best or bizarre at worst in that developmental states are often identified by assessing their (economic) performance over a period. They hardly sought out to intentionally build developmental states.

The South African governance system has implications for a quest to construct a developmental state. Whereas the literature on East Asian countries tends to focus on the role of central governments in economic development, the South African governance places a huge emphasis on cooperative governance between the three spheres of government. To this end, the constitution spells out the specific developmental objectives that must be pursued by municipalities. This essentially means that the system of cooperative governance, and the extent of effectiveness of local government, will either catalyse or impede the realisation of South African developmental state.

Developmental states are often distinguished from others by their structures, roles and outcomes. Their structures and roles are developmental and are a cause for soaring outcomes. This logic was employed to analyse the nature of structures and roles in eight (8) selected municipalities over a 15-year period and how these influenced the actual policy performance. Findings that emerged from over 30 interviews with high ranking officials in various institutions and the thorough analysis of a number of documents confirm that structures and roles in municipalities are far from being developmental. The study also found that informal factors have effectively 'juniorised' local government as a sphere of government despite the constitution emphasising the equality of all three spheres.

In the final analysis, local government is incapacitated to carry out its developmental mandate. It is against this reality of incapacitation of local government that the study argues that the performance of local government, measured against its constitutional objectives, effectively impedes the realisation of a developmental state in South Africa.

### **Key terms**

Developmental state; developmental local government; cooperative governance; decentralisation; capacity; institutions; legitimacy; embeddedness; leadership; bureaucracy

## **DEDICATION**

This dissertation is dedicated to my late parents and late siblings. I would not have turned out to be passionate about education without my mother's unfailing strategic guidance and patience. I am therefore greatly indebted to my mother, Mampati Mohale. No words can aptly capture the intrigues of our relationship. Kea leboha Mokoena.

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# ABSTRACT

The 2008 plummeting of the global economy led to the resurgence of enthusiastic debate about the developmental state. For critiques of the neoliberal orthodoxy, the crisis confirmed the long-held view that unfettered markets cannot be trusted with the wellbeing of nations and common development for all of humanity. The financial meltdown under the auspices of neoliberalism meant that the state had to resume its rightful place as the guarantor of development of nations. The developmental state framework is therefore once again increasingly seen as the cause for development.

The study sought to deconstruct the applicability of the developmental state in the context of South Africa. While copious literature exists on the notion of the developmental state, the aspect of central-local relations (or intergovernmental relations) has not received sufficient attention from scholars in relation to the success or failure of the framework. Through its adopted National Development Plan (NDP), South African government recognises that the prospects of the attainment of a South African developmental state hinge on the functionality of intergovernmental relations and cooperative governance. There is, therefore, tacit acknowledgement that realising the dream of a developmental state is impossible without getting local government to perform at optimum level.

The study adopted both the qualitative primary and secondary sources of data to determine if local government serves as a catalyst or an impediment towards the dream of a developmental state in South Africa. Interviews and content analysis were used to complement each other. The period covered in the study starts from 2000 and ends in 2014. One metropolitan municipality, two district municipalities and five local municipalities of different types were identified as units of analysis in order to understand underlying political, social and economic factors whose combination with internal institutional conditions affect the performance of municipalities.

The study found that while municipalities are doing well in the delivery of basic infrastructure, they seem to have adopted some flippant attitude towards economic development activities and programs. This was demonstrated by the fact that none of the units of analysis had consistent and functional relations with business stakeholders in their areas of jurisdiction. Relations with other key stakeholders were executed more for compliance than an appreciation of conditionality of municipality-community relations as an ingredient of success. Internally, the

study found that the proliferation of fulltime councillors without determination of value for positions led to pervasive conflicts between key political officials and offices. Conflict at leadership level had adverse effects in each of the units of analysis, resulting in the emergence of cults, division, loss of institutional memory, stress for senior managers and demoralisation.

The study recommends a typology for a functional municipality. Amongst others, national and provincial spheres of government need to desist from the temptation to treat local government as a junior sphere. With regard to regulations, the study proposes the determination of minimum requirements for election of political officials like mayors, speakers and the needed fulltime politicians. The study further proposes the series of action which municipalities need to undertake to ensure their functionality. These include a shift from tall to flat structures, institutionalisation of performance incentives to the establishment of value-creating partnerships with local business, universities and nongovernmental organisations.

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# ACRONYMS

AFS	Annual Financial Statement
AG	Auditor General
ANC	African National Congress
ANCYL	African National Congress Youth League
CBP	Community-Based Planning
CCM	Chama Chama Mapinduzi
CDE	Centre for Development Enterprise
CFO	Chief Financial Officer
CMTP	Consolidated Municipal Transformation Programme
CODESA	Convention for a Democratic South Africa
Cogta	Department of Cooperative Governance and Traditional Affairs
COPE	Congress of the People
COSATU	Congress of South African Trade Unions
CST	Colonialism of a Special Type
DA	Democratic Alliance
DESTEA	Department of Economic, Small Business Development, Tourism and Environmental Affairs
DG	Director General
DM	District Municipality
DPLG	Department of Provincial and Local Government
FDI	Foreign Direct Investment
FRELIMO	Front for the Liberation of Mozambique

FSGDS	Free State Growth and Development Strategy
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution strategy
GHS	General Household Survey
HDI	Human Development Index
HOD	Head of Department
IDB	Industrial Development Bureau
IDP	Integrated Development Plan/Planning
IGR	Intergovernmental relations
IIASA	Institute of Internal Auditors of South Africa
ILC	Interim Leadership Core
ILO	International Labour Organisation
IMATU	Independent Municipal Allied and Trade Union
IMESA	Institute of Municipal Engineering of Southern Africa
IMFO	Institute of Municipal Finance Officers
IRIS	Incident Registration Information System
ISRDP	Integrated Sustainable Rural Development Programme
KCIA	Korean Central Intelligence Agency
KRP	Key Resource Person
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LGTAS	Local Government Turn-Around Strategy
LLF	Local Labour Forum

LM	Local Municipality
MBA	Masters of Business Administration
MPRDA	Mineral and Petroleum Resources Development Act
MDB	Municipal Demarcation Board
MEA	Municipal Engineers Association
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MINMEC	Minister and Members of the Executive Council
MISTRA	Mapungubwe Institute of Strategic Reflections
MITI	Ministry for International Trade and Industry
MMC	Member of Mayoral Committee
MOU	Memorandum of Understanding
MP	Member of Parliament
MPAC	Municipal Public Accounts Committee
MPL	Member of Provincial Legislature
MPLA	Popular Movement for the Liberation of Angola
MPRA	Municipal Property Rates Act
NATO	North Atlantic Treaty Organisation
NDP	National Development Plan
NDR	National Democratic Revolution
NEC	National Executive Committee
NGC	National General Council

NIC	Natal Indian Congress
NPC	National Planning Commission
NQF	National Qualifications Framework
OECD	Organisation for Economic Cooperation and Development
PAC	Pan African Congress
PCC	President's Coordinating Council
PCF	Premier's Coordinating Forum
PEC	Provincial Executive Committee
PIMS	Planning and Implementation Management Support
PLEF	Planning and Local Economy Forum
PPC	People's Plan Campaign
PRC	Presidential Review Commission
PRI	Mexico's Institutional Revolutionary Party
QLFS	Quarterly Force Labour Survey
RARE	Responsible, Accountable, Relevant and Ethical
RDP	Reconstruction and Development Programme
REC	Regional Executive Committee
SACP	South African Communist Party
SADC	Southern African Development Community
SAIC	South African Indian Congress
SAICA	South African Institute of Chartered Accountants
SAIRR	South African Institute of Race Relations
SALGA	South African Local Government Association

SAMWU	South African Municipal Workers Union
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SEDA	Small Enterprise Development Agency
SLP	Social and Labour Plan
SOE	State Owned Enterprises
TIC	Transvaal Indian Congress
TLC	Transitional Local Council
TVET	Technical and Vocational Education and Training
URP	Urban Renewal Program
US	Unites States
USAID	United States Agency for International Development
WSDP	Workplace Skills Development Plan

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# Chapter 1

## Introduction and background of the study

### 1.1 Introduction

The study focuses on the role of local government towards the realisation of a South African democratic developmental state within the context of intergovernmental relations (IGR) and cooperative governance. This is often referred to as central-local relations. It specifically looks at the achievements and failures of local government in South Africa between 2000 and 2014; the causes for actual performance outcomes versus policy goals; and what these indicators mean for prospects of a developmental state as envisaged by the South African National Development Plan (NDP). This chapter provides the background of the research and presents research essentials such as the problem statement, research questions, research objectives as well as the methodology used to collect and analyse data. The adopted definitions of the core concepts used to deconstruct the topic are also listed in this chapter. The chapter concludes with the presentation of the brief overview of the Free State province on key economic and social trends as well as the outline of the thesis.

### 1.2 Background of the study

The fourth democratic administration of South Africa has declared the realisation of a capable and developmental state by 2030 as a government goal. This policy position was motivated by ideological shift from the initial tenacious cling on neoliberal policies with the hope that policies such as privatisation of the State-Owned Enterprises (SOEs) and deregulation would have facilitated economic growth. Understandably, South Africa may not have had too much policy space to manoeuvre and choose policies of its own making, which would have responded to peculiar social and economic conditions that characterised the country at the moment of its democratisation. It democratised at the time when neoliberalism was on the marauding ascendancy, chiefly punctuated by globalisation and decentralisation as global cooperation and public participation became popular mantras. Although developmental states are hardly a product of “a grand plan” (Routley, 2014:159), it would seem like South Africa believes that its NDP is the suitable vehicle for construction of a South African developmental state.

When South Africa democratised in 1994, there was a general expectation of a better life for all. Before 1994, the apartheid state used the colour of one’s skin to determine the right or lack thereof to development. However, by the time the National Planning Commission (NPC)

released its diagnostic report on the state of the nation in 2011, it had become increasingly evident that the 1994 moment of rebirth did not necessarily represent watershed with regard to the improved quality of life for many South Africans. While much progress has been achieved in social policy realm, the introduction to the NDP notes that “millions of people remain unemployed and many working households live close to the poverty line” (Presidency, 2011:1). The report continues to summarise the overarching goal of the NDP:

“The national plan has to attack the blight of poverty and exclusion, and nurture economic growth at the same time; creating a virtuous cycle of expanding opportunities, building capabilities, reducing poverty, involving communities in their own development, all leading to rising living standards. Such a virtuous cycle requires agreements across society about the contribution and sacrifices of all sectors and interests. This will translate into greater confidence and a greater field of opportunities for individuals and the country. Growth and development, and reducing poverty and inequality, are the core elements of this virtuous cycle. Strong leadership throughout society, national consensus, social cohesion and a capable state are its key enablers” (Presidency, 2011:2).

The NDP recognises that much as there were a number of great achievements which the state has achieved since 1994, democratisation has still left many citizens disappointed. The limitations and failures of adoption of neoliberal policies by the post-apartheid state propelled the state to seek recourse in the approach of a developmental state. This is because developmental states have proven to be a durable cause for economic development. As Naseemullah & Arnold (2014:123) point out, the concept has been the most pre-eminent in the political economy at least since it was first coined in 1982 by Chalmers Johnson. It is the combination of the wondrous successes of countries like Japan, South Korea and Taiwan and the evidence of “a sense of chaos” (Nyamnjoh, Hagg & Jansen, 2013:14) in South Africa’s political, economic and social landscape that almost voluntarily imposed a need for “institutional retreat” (Kalinowski & Park, 2016:62). Institutional retreat refers to a situation where a policy experiences performance problems in its original setting but gets transferred to a new setting to pursue the same institutional goals, functions and purposes. Although South African elite has pinned its hopes on a developmental state approach, it will be pointed out in Chapter 3 that developmental state has been hollowed out in quintessential developmental states.

While consensus on what exactly developmental state means remains elusive, Knight (2014:1335) suggests that the broader definition which stresses state objectives and institutional arrangements is the useful criteria to determine if a state qualifies for

developmentalism or not. The task of this study was therefore to determine the role and influence of local government towards the realisation of the dream of a South African developmental state. This was done by collating data on the performance of constituent municipalities. Analysis focused on how IGR, the intra-municipal arrangements and municipality-community dynamics affected the real performance against the stated constitutional objectives. The Ministry for International Trade and Industry (MITI) was almost an independent variable in determining Japan's economic success. In South African context, it becomes quite obvious that the constitutional delegation of specific functions and services to the local government sphere makes the context of cooperative governance and intergovernmental relations quite prominent regarding the prospects of a South African developmental state.

The macro-organisation of the state is therefore a critical variable for assessment on whether the state will succeed to realise its vision. Some scholars (Pempel: 1999) dismiss suggestions that some attributes of a developmental state such as bureaucratic autonomy were enough to explain the success of states which achieved sustained economic growth. They argue that success of national economies was also shaped by propitious international environment. To bring this argument closer to home in order to respond to the main question of the study, the success of a developmental municipality depends on the extent to which the regulatory, political, economic and social environments serve as enablers of the potential of a municipality to carry out its functions. For instance, decentralisation does not suggest that municipalities are immune from local capture by a collusive elite (Bardhan, 2016:875). It is widely known that local government tend to experience pervasive politics and political factionalism. As Mehri (2015) observes, political factionalism can transform institutions into economically incoherent and rent-seeking predatory states.

The pitfalls associated with local government institutions do not eliminate its important role in a quest for a democratic developmental state. Inevitably, local government is a crucial component of national dynamics which will enable or stymie the formation of a developmental state to achieve developmental outcomes. In this way, this study supports the approach that identifies the features of a developmental state first before it focuses on its effects (Williams, 2014:7). Specifically, local government can facilitate democratic deliberation, which is regarded to be central in enhancing the state capacity in addressing the country's developmental challenges (Edigheji, 2010:3).

An ideal South African developmental state will thus have to be built from ‘bottom-up’ (Nkuna: 2011). Although normatively ideal in order to advance capabilities required for a twenty-first developmental state, local government in South Africa is bereft with many problems which render both decentralisation and the prospect of a developmental state failed projects, particularly if assessed against the delivery of thirty eight functions assigned to municipalities by the constitution (Koelble & Siddle: 2013). According to Mathebula (2016, 49-50), local government in South is not only resource-less; the mandate placed on municipalities is also too limiting for South Africa to use this sphere of government to facilitate a developmental state.

### **1.3 Significance of the study**

The developmental state paradigm might have emerged as a potential alternative to World Bank sponsored orthodoxy. Its scholarship is indisputably growing, but there remains some critical issues that the literature has not addressed satisfactorily. Some of the pertinent issues that the new developmental state must grapple with are environmental degradation and gender issues (Evans, 2010:52; Marais, 2010: 343). In fact, it could even be argued that East Asian developmental states are the cause for ecological problems in the region as governments narrowly focused on economic growth through industrialisation at the expense of environmental justice. Preservation of natural environment and promotion and protection of human rights as we understand them in present day were not the preoccupation of the developmental elites at the time.

Developmental states were also notably identified by their deliberate political centralisation and subordination of subnational structures of government and various social classes. Centralisation policy could be justified against the reality that states which ended up being developmental faced a real or potential external threat at some point. It therefore makes security sense. It is also important to point out that colonising countries preferred highly centralised governance systems for the sole purpose of safeguarding their imperial interest of capital flight (Edoun, 2012:100). It is not surprising therefore that Fine (2010:173) correctly criticises the literature on developmental state for its neglect of central-local relations.

The mainstream literature on developmental state has neglected two important factors over the years, both of which are contributing to the significance of this study. These are central-local relations, or what is alternatively known as intergovernmental relations, and the role of local government as an important institution of delivery. In order to compensate for this gap, there



is recently an emergence of the notion of local developmental state. Bateman (2016:6) notes that:

“The initial narrative of the developmental state in East Asia focused on the contribution of national-level developmental state institutions promoting development ‘from the top down’, such as MITI in Japan and Economic Planning Board in South Korea. One important initial reason for this emphasis was that only national government institutions had the scale and scope to successfully build large industrial enterprises and industries and endow them with the most advanced technologies, which was initially seen as the main route to structural transformation and economic growth. However, drilling further down to identify the root causes of many of the most successful development experiences since World War II reveals that much, and in some cases most, of the impetus for development was actually coming not from ‘top-down’ national state institutions, but from ‘bottom-up’ sub-national state institutions. Not least because they were more flexible than central governments with regard to changing markets, technologies, innovations and consumer tastes, it began to become clear that sub-national governments had taken on the responsibility for building their own developmental state institutions, sometimes with and sometimes without the support of central government, and they were achieving major development successes as a result”.

The recent reappraisal of the development literature by bringing in local government and decentralisation is a welcome gesture. It proves that the concept of developmental state is not static. It evolves. This type of scholarship is particularly growing at a fast rate on China’s developmentalism. For instance, Ahlers (2015:121) argues that urbanisation in China will succeed because it has encouraged “a more comprehensive and sustainable system of localised developmental planning”. Schubert & Heberer (2015) conclude that local state in contemporary China is developmentalist in nature. According to these authors, developmentalism rests on a “creative mixture that combines the administrative streamlining of local bureaucracies, policy experimentation and innovation, cadre management and, most notably, the economic guidance of the private sector” (Schubert & Heberer, 2015:3). From this, it is easy to deduce that local state in China is able to carry out similar functions that the central government is undertaking.

The increasing role of local governments both in practice and development literature still falls short of adequately covering the full story. The assessment of success of local government will obviously cover areas such as results, legitimacy and durability. These outcomes are dependent on internal institutional characteristics which are much broader than an assumption of apolitical, insulated bureaucracy. However, local government institutions carry out their mandates and functions within the context of formal and informal system of intergovernmental relations. By implication, institutional arrangements which give rise to the emergence of a

developmental state are no longer reducible to a simplistic corporate bureaucratic coherence within a pilot agency like MITI alone. Within a single institution, there is a need for deliberate facilitation of what Chibber (2014:34) terms “internal cohesiveness”, which transcends a functioning bureaucracy. In the context of decentralisation, there must be a deliberate cooperative cohesiveness between the three different spheres of government. The same is expected to be the case two the tiers of local government as currently exist in South Africa. Similarly, there is a need for cooperative cohesiveness between adjoining municipalities which share boundaries. Smoke (2015A:102) notes that:

“National politics can obviously support or undermine specific decentralisation policies. They influence, for example, which functions and revenues are devolved, the degree to which the central government is willing to grant subnational autonomy, and the process and support structures that enable local governments to assume new roles. Reluctance to decentralise may reflect an unwillingness of the centre to relinquish functions and resources, or efforts to pursue reforms superficially may result from clashes between the legislature and the executive or among groups within legislatures (based on party politics)”.

#### **1.4 Problem statement**

The challenge with African development strategies is that they are rooted in approaches originated in other countries. The same could be said about the developmental state approach. This may largely explain why Africa continues to be placed on the lowest rung of development ladder. Africa needs to rise and claim the twenty second century and make it an African century with regard to rapid development. For this to happen, “the African political leadership and African citizens should pursue a process of unlearning, relearning, unthinking and rethinking dominant thought paradigms” (Gumede, 2016:86). It is against this backdrop that the main thesis advanced by this study is that the realisation of a South African democratic developmental state rests on the outcomes of decentralisation policy. The outcomes of decentralisation policy in South Africa, in turn, are influenced by the role of local government against its constitutional mandate as well as the quality and effectiveness of intergovernmental relations in supporting local government to carry out its mandate.

Arguing for the role of local government in a quest to construct the developmental state is one thing. Its requisite capacity as an essential characteristic of the developmental state is another. An unacceptably high number of municipalities in South Africa are “crisis-ridden” (von Holdt, 2010:241) and are unable to provide basic services because of loss of skills, lack of experience and institutional memory. In 2009, the government itself conceded that a local government

system designed to be developmental was in distress (Department of Cooperative Governance and Traditional Affairs: 2009a). Marais (2010:349) characterises this failure as “considerable”.

Successive reports of the Auditor General and the growing number of municipalities placed under provincial administrations<sup>1</sup> – some more than once – are signposts of the dysfunctionality of many municipalities as a result of absence of visionary leadership and competent bureaucracy at best. At worst, it is the case where destructive politics take precedence over policy resulting in subversion of rules and loss of value creation for and benefit by the citizens.

Since it is evident that developmental states were built as a result of some threat, the pervasive crisis predominant in many municipalities must inspire a concerted effort to build the requisite institutional capacity that make them responsive. Local government cannot be wished away. It is precisely for this reason that the study sought to argue for the integration of local government within the matrix of institutional arrangements in the evolving knowledge of the developmental state approach. Based on his comparative case studies of local economic development experiences across regions and countries, Bateman (2016) concludes that it is impossible to fully comprehend the notion of the developmental state without its “localness”. Similarly, Schoburgh (2014:7) argues that “the problems of the ‘bottom billion’ for whom poverty and high mortality persist” can be resolved with the necessity to reconstruct life from below.

To conclude this section, I argue that local government system in South Africa is a central part of conscious efforts towards the realization of what has curiously been described as a capable and developmental state. The study hypothesizes that the continued under-performance of local government in South Africa defers a dream of a developmental state. Lastly, the study further argues that a combination of endogenous and exogenous factors affect the performance of each municipality and ultimately the degree of responsiveness of the entire local government system.

### **1.5 Overview of the Free State province**

Free State province is one of the nine provinces that make up the entire territory of South Africa. It used to be called Orange Free State before 1994 and was established as one of the four provinces in 1910 upon the establishment of the Union of South Africa by the British colonialists. It is the third largest province in the country in terms of landscape, covering 129 825 km<sup>2</sup> (Free State Growth and Development Strategy, 2013). It is unarguably the most

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<sup>1</sup> I did the study for my Masters’ Degree that focused on the interventions in municipalities by provinces. Collapse of good governance, absence of internal controls and poor financial management are among the leading factors for failures in municipalities.

central province in South Africa, sharing borders with six provinces of the eight remaining provinces. It also shares borders on the South with Lesotho, one of the countries constituting Southern African Development Community (SADC). From an economic point of view, this gives the Free State Province a competitive advantage.

According to the Free State Growth and Development Strategy (2013), five types of settlement can be found in the Free State. These are large urban settlements, regional towns, middle order towns, small towns and communal areas. According to this report, 40 percent of the population resides in large urban centres. It is also estimated that urbanisation has increased from 70.5 percent to 80 percent between 1996 and 2006. The province has the second lowest population density after Northern Cape. In 1996, population stood at 2 633 504. It grew to 2 706 775 in 2001, to 2 745 590 in 2011 and to 2 8000 000 in 2016 (Statistics South Africa).<sup>2</sup> Number of households also increased from 823 316 in 2011 to 946 639 in 2016, representing the growth of 123 323. Annually, there is growth of additional 24 665 households in the province. The growth of households presents municipalities with challenges of increased demand for water, electricity, sanitation and refuse removal. Blacks dominate the population of the province, numbering 46 percent of the entire provincial population. 58.3 percent of the population in the province are male while 41.7% percent are female (Statistics South Africa, 2016).

The provincial real economy is dominated by mining and agriculture. Although mining remains the largest economic sector for the province, representing 11% of the province's real economy, it could not reverse the continuing trend of the provincial growth lagging behind the national growth. This is as a result of "the maturing of gold mines, which offset the benefits of the commodity boom for the province" (Tips, 2016). In 2015, the province accounted for 5% of national employment according to Quarterly Labour Force Survey (QLFS). 43% of the working age population was working in 2015.

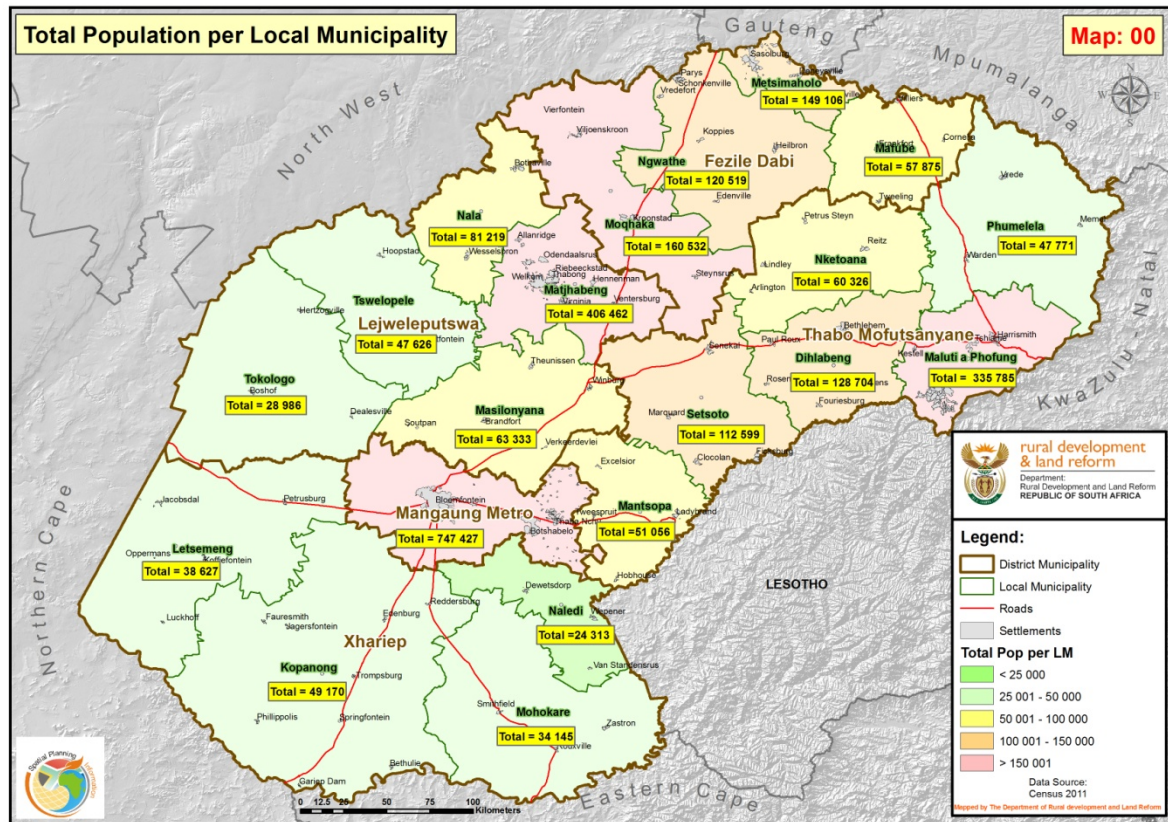
Free State has one metropolitan municipality out of a total of 24 local municipalities. It has four district municipalities. **Figure 1.1** below shows all municipalities in the Free State in 2014 and their vulnerability position in terms of their socio-economic profile. The closer look at 2014 General Household Survey (GHS) reveals that the province has made significant strides in the delivery and expansion of basic services to communities. The survey found that 90% of households had running water in their houses or yards in 2015, up from 70% in 1996. 89% of

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<sup>2</sup> The mild growth of population continues in the Free State, having reached 2.8 million in 2016 according to Community Survey 2016 conducted by Statistics South Africa.

households had electricity in 2015, up from 57% in 1996. The provincial running water and electricity surpassed national rates, which stood at 73% and 85% respectively.

**Figure 1.1: Map showing Free State municipalities and population**



*Source: Department of Cooperative Governance and Traditional Affairs, Free State*

According to Tips (2016), municipal expenditure per person in the Free State stood at R6000 in 2015/2016 financial year, which was higher than R5900 national average. The metro and secondary cities spent an average of R7200 per person compared to R5200 spent by smaller municipalities per person in the province. The survey further notes that 41% of the population is found in the metro and secondary cities while the rest resides in smaller and rural municipalities. On collection, the metro and secondary cities collect about 57% from rates and taxes while smaller and rural municipalities are almost entirely dependent on transfers from national government.

## **1.6 Topic and research questions**

The topic sought to establish if there is any role that local government plays in constructing a developmental state. Informed by the review of the relevant literature, the following research questions had to be answered:

### **1.6.1 Primary research question**

- Does local government have a role to play in constructing a democratic developmental state?

### **1.6.2 Secondary research questions**

- What role should local government play in constructing or strengthening a democratic developmental state?
- How do the functions of local government assist or frustrate the efforts to construct a democratic developmental state?
- What is the role of municipalities in economic development?
- What is the effect of demarcation on the ability of municipalities to build the requisite institutional capacities?
- What is the state of the current capacity of municipalities in the Free State?
- What are the attributes of a developmental local government that will assist with faster construction of a democratic developmental state?

## **1.7 Research objectives**

The ruling ANC and the South African government want to build a developmental state. One of the attributes of such a state will be its organisational capacity, which will include “permutations among policy and implementation organs within each sphere, allocation of responsibilities across spheres, effective management of inter-governmental relations and the stability of the management system” (Strategy and Tactics, 2007:40). This attribute anchored the goal of this study, which was largely to explore the role of local government in constructing a democratic developmental state in the context of cooperative governance. Further aims of the study were to:

- collect, analyse and evaluate the performance of the South African local government on development since 2000;

- investigate the existing technical and organisational capacities or lack thereof in the selected municipalities;
- analyse both the internal and external environments which influence the performance of specific and all municipalities under study;
- investigate and analyse the nature and kind of relations different municipalities have with their constituent groups and how these impact on policy performance;
- develop the criteria against which to measure the performance of local government in the Free State;
- formulate and recommend the new definition of a developmental local government;
- recommend new specific and general policy solutions that will improve the performance of local government in the province;
- build the case for inclusion of local government and central-local relations as core components of the developmental state discourse.

### **1.8 The scope and delimitation of the study**

The study was not necessarily ground-breaking in a sense of being the first of its kind in investigating the symbiosis between the notions of the developmental state and the developmental local government. This area of study has received attention before (van Dijk & Croucamp: 2007; Nkuna: 2011; Mathebula: 2016). The main difference between this study and the works referred to here is that this study combines both the theory and empirical findings, whereas others mainly relied on literature review. Secondly, it is also important to point out that there is rich literature on the notion of decentralisation both within and outside South Africa. The same can be said about local government as a sphere of government. These facts compelled one to be careful on how he treated these two bodies of knowledge in relation to their impact as either enablers or impediments of a desired South African developmental state.

The second challenge was about the unresolved debate regarding the exact meaning of the concept of the developmental state; linked to this controversy is whether economic vision or actual economic growth are defining elements of a developmental state; and if they are, the resultant question is whether local government has inherent capacity to pursue economic development as its function. As pointed out earlier, the approach taken in this study was to

focus more on the dimension of causes (structures and roles) than outcomes (local economic development is treated as an outcome of the cause).

According to Collins (2001:12), successful organisations consist of “disciplined people, disciplined thought and disciplined action”. In the context of developmental states, structures can only be developmental if they comprise disciplined people who possess capacity for disciplined thought and disciplined action. That is the only precondition for a distinction between great, good and poor states measured in terms of their policy performance. Developmental structures and developmental roles are therefore the “enduring physics” (Collins, 2001:15) of developmental states “that will remain true and relevant no matter how the world changes around us”. Great results (i.e. economic development) are therefore a function of the specific “immutable laws of organised human performance” (*ibid*).

This means that analysis of data focused largely on the interpretation of the developmental state from the political than economic school. The study did not seek to resolve the long standing and sometimes acrimonious debates common every time the term developmental state is bandied about. However, its usefulness is found on its clear posture that assumes that institutional features constitute important inputs which consequently determine the outputs. Thus, it follows that economic development cannot be seen as the single feature that determines the developmental orientation of a municipality. The achievability of economic development as an end is the function of the cocktail of inputs an organisation invests in. As the thesis will point out later, it is also evident that the adoption of neoliberal economic policies by the South African national government has not left much space for creativity by municipalities to pursue economic development despite it being a mandatory objective. In the final analysis, while not discounting economic development as a variable in the developmental state discourse, this study argues that institutional features (structures and roles/functions) are more preeminent than what they produce (results). This, however, does not assume linearity in government performance. There are environmental factors that may still disregard the quality of inputs, thus leading to poor outputs and outcomes. This point is made again at the beginning of Chapter 3.

However, the strength of this study was its focus on the specific context. The study sampled eight units of analysis in the Free State Province – these were one metropolitan municipality, two district municipalities and five local municipalities of different types in terms of the Municipal Structures Act, No 117 of 1998. The process of rationalisation of local government system in South Africa continues continually since 2000 following the first democratic local



government elections. This has meant that the number of different categories of municipalities changes has not been static. It changes every five years following the process of redetermination of outer boundaries and ward delimitations by the Municipal Demarcation Board (MDB). As of 03 August 2016, there were 8 metropolitan municipalities, 44 district municipalities and 205 local municipalities. In terms of the study sample, these represent 12.5%, 5% and 2% of each category in terms of the Act.

The advantage of context-sensitive qualitative studies is their ability to focus on illuminating details and perspectives, while they also reject generalizability as an appropriate objective of the research (Frodin, 2011:181). While it was the objective of the study to contribute to the existing body of knowledge on the subject of the developmental state, the findings of this study need to be treated with caution as context-sensitive studies must always strive for striking “a reasonable balance between the particularistic and the generalizable” (*ibid*).

The study focused on a fifteen-year period from 2000 until 2014. Most of the data collected therefore falls within that period, unless otherwise stated in the thesis.

### **1.9 Ethical consideration**

Neuman (2011:143) describes ethical issues as the concerns, dilemmas, and conflicts that arise over the proper way of conducting research. These issues require that a balance is drawn between the pursuit of scientific knowledge and the protection of the rights of those participating in the study or society generally. The researcher needs to ensure that respondents are protected from any form of harm. This was complied with.

The second major ethical issue is about the bias of the researcher. I remained the practitioner in local government throughout the period of the study and I was thus fully conscious of potential bias influenced by my own experiences and perceptions. I was fully aware of the ethical obligation to suspend my own preconceived beliefs or assumptions about the sector, including suspension of the personal relationships I had with the participants in the study. In this regard, maximum care was taken purposefully to avoid involving those that share personal relationships with the researcher, unless unavoidable on the basis of the positions that they held and the consequent usefulness of such positions with regard to the required information.

No vulnerable individuals participated in the study. All respondents participated voluntarily and the purpose of the research was explained to both the relevant organisational authorities as well as individual respondents. Identities of respondents are not exposed in the thesis. I

complied fully with the provisions of the informed consent form in line with the research ethical requirements approved by the university.

### **1.10 Clarification of terms**

There are number of key terms which are used throughout the thesis. However, one has singled out these few which indisputably anchored the study.

#### **1.10.1 Developmental state**

Both the popularity and the prominence of the concept in explaining economic development across regions have not helped to forge consensus on the exact meaning of the term. Developmental state is often identified by its form and effects (Williams, 2014:7). For Knight (2014:1335), the two-pronged criteria used in the identification of the developmental state are the set objectives and institutional arrangements. Similarly, the extent of developmentalism of both the structures and their subsequent roles help researchers to see if a state is developmental with regard to features (institutional arrangements) and effects (results from the prosecution of roles) (Vu, 2007:28). The following few definitions are offered for enhanced understanding of what the term connotes:

A developmental state is the one that sets, as its first priority, economic development. It is identifiable by (i) the small, inexpensive but elite state bureaucracy staffed by the best managerial talent available in the system; (ii) political system in which the bureaucracy is given sufficient scope to take initiative and operate effectively; (iii) perfection of market conforming methods of state intervention in the economy; (iv) a pilot organisation that is small, indirectly controls government funds and functions as a think tank (Johnson: 1982; 1999).

The logic of the developmental state rests precisely on the combination of bureaucratic autonomy with unusual degree of public-private cooperation (Onis, 1991:115).

A developmental state is the one that is based on highly selective meritocratic recruitment in order to inform corporate coherence, which is the basis for state apparatus autonomy from social classes. The state apparatus is embedded in a concrete set of social ties that binds the state to society and provides institutionalised channels for the continual negotiation and renegotiation of goals and policies. The co-existence of both the autonomy and embeddedness render a state developmental (Evans, 1995:12).

A developmental state is distinguished from others by both its ideology and structure. Its ideology is developmentalist in that it conceives as its mission as that of ensuring economic development, in reference of high rates of accumulation and industrialisation. Structurally, the state must have capacity to implement economic policies sagaciously and effectively. (Mkandawire, 2001: 290).

“We understand a developmental state to exist when the state possesses the vision, leadership and capacity to bring about a positive transformation of society within a condensed period to time (Fritz and Menacol, 2007:533).

“The new developmental state is one where equal emphasis is given to the concepts development through performance, managerial, technical and bureaucratic efficiency and effectiveness and institutional rationalisation and transformation, while maintaining the democracy which provides a voice for the poor and marginalised, protects and accrues the rights of citizens, promotes institutional separation of powers and functions, transparent decision making, accountability and effective monitoring and control (van Dijk and Croucamp, 2007:664).

### **1.10.1.1 Reflections of the implications of cited definitions**

For Johnson, growth is the ultimate goal and constitutes the only basis for legitimacy of the state at the expense of other (important) goals. An assumption is that the high economic growth will have the trickle-down effect on matters of social policy. The capacity of the state to set the goal of industrialisation and mobilise support of the nation is crucial and emphasised. Consistent with Tilly’s theory of close ties between war making and state formation, Johnson (1999:41) suggests that Japanese economy was mobilised for war. This suggests that the state would have used the threat of war (real or imaginary) as the mobilising rhetoric for the nation to support industrialisation and growth as the goals ahead of other social goals. However, the success of the growth project was dependent on the institutional arrangements of the public service, including its ability to direct or coerce the private sector into the direction determined by the administrative elite.

Johnson’s emphasis on the importance of a specified goal is shared by Mkandawire and Fritz and Menacol. There are also points of difference nonetheless. Mkandawire (2001:290-291) differs with Johnson on the point of equating economic success to state strength. Wealth does not always trickle down to address “life-and-death issues such as poverty, personal security, distributive growth, social justice and environmental sustainability” (Mufumadi, 2008:1). While Mkandawire agrees with Johnson on the imperative of state capacity, he cautions that state capacity alone cannot be a panacea to achieving economic growth and social policy goals. It is useful to accommodate “exogenous factors” in the analysis of developmental states for they often have little regard for state capacity (Mkandawire, 2001:291). According to this account, it is important to understand the interconnection and interdependence between the internal dynamics within the state and external factors on the one hand as well as the interface between domestic and global developments on the other hand.

Furthermore, the choice of the word “vision” by Fritzs and Menacol (2007), without stressing the nature of this vision, could be interpreted to imply that it does not necessarily refer to economic growth. Clearly, this does not discount the centrality of economic development as the basis for securing sovereignty, reconstruction of societies and meeting social policy objectives. The use of a vision without being descriptive is helpful as it suggests that the lifespan of a developmental state does not necessarily have to end with achievement of economic growth.

Of importance to note from the definition by Fritz & Menacol (2007) is the emphasis of a horizon. According to these authors, a developmental vision has to be achieved within a specified period of time. Thus far, it is clear that developmental states are largely identified through their structures, roles, ambitions and actual results against identified ambitions. Further, it is evident that leadership plays an important role in developmental states. The central task of state leadership, to paraphrase Mandela (1995:627) must be to know when to move out of the flock with full confidence that the people are led the right way. This requires the skill to maintain fine balance between autonomy (Evans: 1995) or insulation (Weiss: 1998) on the one hand and embeddedness on the other hand (Evans: 1995; Weiss: 1998).

It is this balance that gives the essence of the logic of a developmental state as described by Onis (1991). In other words, a developmental state straddles both the state and the market to indicate their mutually beneficial interdependence. This approach bridges the dichotomy between the two as promoted by structuralism on the one extreme and the neoclassical paradigm on the other. A developmental state places emphasis on both the state and the market as twinned partners for development, appreciating inherent weaknesses of each in the absence of sufficient mutual checks and balances. The condition, nonetheless, is that the state need to have the upper hand over the market and other social classes. A developmental state is thus a shorthand for a consciously functional and mutually beneficial partnership between the state and the market. In the twenty first century, the partnership obviously has to include various elements of civil society as well.

The last definition, coming from South African scholars, is important in many respects. Firstly, it captures the specific tasks that an emergent nation like South Africa needs to grapple with in a post-war context and changed international environment such as institutional transformation in order to respond to expectations of democratisation. It directs scholars and policymakers to probe the coexistence of a developmental state with managerialism and questions compatibility

of development with democracy. It also makes an inference to the relevant aspect of intergovernmental relations. Lastly, despite the existence of enormous literature on the subject, roles of the legislature and the judiciary rarely feature in the discourse of the developmental state. At local government level, the executive and legislative powers are vested in a single body.

In what may seem as an extreme form of Deyo's "political closure" (1987:230), Wade (1990:71) notes that legislature in Taiwan was deliberately "kept ineffectual by the powerful executive branch of government" led by the strong chairman of the party in power. The ineffectuality was a result of a limited role that the legislature played as no formal authorisation policies was requested except for provision of taxes, funding and human resources (Yeh, 2008:37). Similarly, legal institutions did not have space for prominence in the construction of Taiwanese developmental state. According to Johnson (1999:38), one of the elements of a developmental state is to reduce the role of the legislative and judicial branches of government to safety valves.

Separation of powers is one of the attributes of a functional democracy. Ignoring the principle cannot be accepted in the era in which every developmental project or programme is evaluated on its implications for human rights. Democracy is largely seen as a guarantor of human rights. This is particularly the case in South Africa where the Constitutional Court, the Public Protector and the Human Rights Commission have occasionally stopped or reversed the executive decisions and legislative processes deemed to be against the human rights and inconsistent with the national constitution. Clearly, one of the challenges that a developmental local government is faced with against the backdrop of a quest for a developmental state relates to the kind of innovations which could be pursued to strengthen the legislative function of local councils.

### **1.10.2 Decentralisation**

In this study, decentralisation is used interchangeably with devolution as opposed to deconcentration. Saud & Khan (2016) distinguish between deconcentration and devolution. The former happens when the central authority merely shifts responsibilities to subnational governance structures without ceding real power. In contrast, devolution happens when governance is systematically taken to lower levels and there are constitutional safeguards of the integrity of subnational spheres of government. Real and genuine decentralisation must cover political, fiscal, institutional and administrative functions of subnational structures of government.

### **1.10.3 Local government**

Local government is often understood as the sphere of government closest to the people, based on the assumption that local people have a right of involvement in political and governance processes on a daily basis. However, it is important to qualify what we mean by local government in this study as it will become evident in the thesis that local government is structured differently from one country to another. For example, Binza (2010:242) offers a clear indication of this confusion:

“Local government is a government of a city, county, parish, township, municipality, borough, board, or district closest to the people, and where people are inclusive in its processes of governance, service delivery and sustainable socio-economic development, that is central in creating jobs for the masses”.

In this report, local government in South Africa is as defined by the national constitution. It is the sphere of government which is in physical contact with communities and comprising two tiers, the district municipalities and local municipalities.

### **1.10.4 State and/or local government capacity**

Capacity exists almost inherently synonymously with developmental states. Broadly speaking, capacity refers to the ability of an institution to achieve its stated objectives. This ability is dependent on required aptitude, resources, relationships and facilitating conditions (Reddy, Nemec, & de Vries, 2015:163). Wallis & Dollery (2002:79) identify the following capacities for local government:

- (a) institutional capacity: ability to uphold authority and regulation of economic and political interactions which are effective; this capacity is often dependent on the quality of relationship with higher spheres of government;
- (b) technical capacity: strategic direction and effective leadership to local organisations that can potentially facilitate socio-economic development
- (c) administrative capacity: ability to deliver local infrastructure effectively and proven track record in terms of provision of public goods and services locally;
- (d) political capacity: ability to engage different groupings in governance processes and facilitate activities in government and render services in response to local needs; this capacity is the prerequisite for resolving conflict between local social classes and has the potential to deepen decentralised planning.

### **1.11 Summary of the research methodology**

Every social research is undertaken with an intention to create novel knowledge about “the causes, consequences, and performance of public policies and programs” (Dunn, 1994:1). While the study accepts claims that there is virtually nothing new under the sun, it argues that there will always be aspects which are unknown about the known phenomenon nonetheless. In fact, some believe that “new knowledge appears every day” (Babbie, 2008:8). Scientific investigation is undertaken deliberately to create knowledge for purposes of improving decision-making in public policy, for the task of any government is to improve the wellbeing of citizens through effective public policy. Of course, this is assuming that human beings strategically deploy the endowment of mental faculty to rationalise their decision-making.

The study used a qualitative research methodology to investigate both the role and impact of local government in South Africa towards the realisation of the intended developmental state. Both the primary and secondary research techniques were used to assess the variety of factors which affected the performance of selected municipalities between 2000 and 2014. Secondary research method included a deluge of literature review on topics ranging from the developmental state, (developmental) local government, decentralisation, intergovernmental relations and local economic development amongst others. Babbie (2010:333) defines content analysis as “the study of recorded human communication such as books, websites, paintings and laws”. The documents consulted which were consulted included government laws and reports, books, journal articles, conference reports and papers on relevant literature and numerous websites.

Primary research method consisted of interviews with 31 key respondents. Respondents included former and current senior political leaders of the African National Congress (ANC) in the province and regions in which units of analysis are situated, former and current senior political leaders and senior administrators in the municipalities under study, former and current senior leaders in capacity-enhancing and support institutions like the Office of the Premier in the Free State Province, provincial departments of Treasury and Cooperative Governance and Traditional Affairs (Cogta), South African Local Government Association (SALGA), Auditor General (AG), Local Government Sector Education and Training Authority (LGSETA), members of parliament with experience in drafting local government laws and one currently heading Finance Portfolio Committee. Detailed analysis is presented in Chapter 5 of this thesis.

## **1.12 Organisation of the study**

**Chapter 1:** This chapter introduces the topic. It provides important background information such as the problem statement, significance of the study, research questions and research objectives. It also provides the snapshot of the research methodology used to collect data. It briefly presents key research requirements such as ethical considerations and the limitations of the study. Included in this chapter are the definitions of key terms around which the study revolves.

**Chapter 2:** The chapter discusses the mandate of the supposed developmental local government in democratic South Africa. It situates this discussion within the context of intergovernmental relations as the key environmental factor which enables and constrains the desired performance of municipalities. It is against the principle of cooperative governance that the chapter also discusses the policy of decentralisation and the extent to which it has manifested itself in democratic South Africa. Broadly, the chapter also discusses the theory and principles of local governance. The chapter further argues that factors such as apartheid legacy and neoliberal character of national policies jointly had an adverse effect on the performance of democratic local government.

**Chapter 3:** This chapter discusses the theoretical framework which is used in making sense of the subject matter and extensively reviews literature on the concept of the developmental state. The study used the theory of comparative institutional approach in order to make sense on the varied performance of municipalities studied. The theory supports the claims of the literature review that a combination of developmental structures and developmental functions are behind developmental outcomes. Developmental structures mainly consist of cohesive state apparatus and state-society relations bound together for a common developmental agenda. These in turn inform institutional/municipal success, which is measured in terms of results, legitimacy and durability.

**Chapter 4:** The chapter details internal and external factors which affect the performance of municipalities. The nature of decentralisation in South Africa as a ‘capability set’ is discussed at length. This discussion is premised from the overview of key legislations behind the intended developmental mandate of local government in democratic South Africa. The political, social and economic factors which have direct bearing on the performance of municipalities are also discussed.



**Chapter 5:** The chapter summarises the research methodology deployed to analyse the role of municipalities towards the goal of a South African developmental state. It begins with the discussion of the research paradigm and how it links with the research methods selected. It discusses techniques, data collection techniques and the strategy used in the analysis of data.

**Chapter 6:** This chapter presents and analyses the findings of the study. According to the findings, the municipalities have made great progress in the delivery of basic services such as water and electricity. They achieved these successes against the reality of conflict-ridden internal structures and casual relationships with communities and community organisations. It is particularly in the area of economic development that municipalities were found to be experiencing serious problems as none of the units of analysis had established functional partnerships for purposes of collaboration to grow local economies. Lastly, the fact the municipalities in South Africa are not responsible for services like education and health limits their contribution and impact of key capabilities which are found to be the determinants for the twenty-first century developmental states.

**Chapter 7:** The chapter concludes the study by suggesting the typology of a functional municipality. It proposes specific internal reforms and concrete actions and functions that each municipality in the study and the province needs to undertake as prerequisites for responsiveness. Building on all other chapters, the chapter recognises that municipalities are ultimately constrained by various environmental conditions. This chapter therefore also proposes specific interventions for other spheres of government as well as political parties as they are the source for institutional repertoire.

### **1.13 Concluding remarks**

This chapter provided an outline of the study with regard to the role and subsequent impact of local government towards the pursuit of a South African developmental state. Presented in this chapter were research requirements such as the background, significance, problem statement, questions and objectives as well as the study methodology. Both primary and secondary methods of data collection were used to complement each other. It also highlighted the limitations of the study, the ethical issues, key concepts which are anchoring the study. Lastly, the chapter provided the overview of all chapters contained in this report, focusing on key issues in each chapter. A brief overview of the Free State province on key trends was also presented.

# Chapter 2

## **Local government mandate and context in post-apartheid South Africa**

### **2.1 Introduction**

This Chapter discusses the mandate of local government in post-apartheid South Africa. It begins with the presentation of the legal framework in which local government in South Africa is mandated to pursue the twinned tasks of promoting democracy and advancing socio-economic development. One of the important elements which forms part of the context for the mandate of local government is the history and legacy of apartheid policies. An argument is made in this Chapter that the timing of South Africa's democratisation left little space for policy creativity and innovation at national level. Policies adopted at national level subsequently affected the nature of laws and policies implemented for democratic local government.

As pointed out in Chapter 1, notions of globalisation and decentralisation have ramifications for a quest to construct a democratic developmental state. Decentralisation is particularly important for it is often believed to enhance social capital in that local government is a sphere of government in physical contact with the citizens. It is against this background that the theory and principles of decentralisation are discussed in this Chapter as well. Like with any other policy, decentralisation has strengths and weaknesses. The specific problems of decentralisation in South Africa are discussed against the backdrop of general challenges associated with the policy. The Chapter concludes with the argument that suggests that the choice of neo-liberal orthodoxy on the basis of pragmatism by national government has effectively emasculated local government despite what is believed to be an enabling legal framework for it to be developmental.

### **2.2 The system of post-apartheid governance**

The new South African Constitution (Republic of South Africa, 1996) sets out the structure of the state and delineates specific functions and responsibilities to different spheres of government. Whereas intergovernmental relations tend to be inherently conflictual in modern states (Bevir: 2009; Tapscott: 2000), the observable point about the South African constitution is its promotion of cooperation between the three spheres of government. According to Tapscott (2000:121), the conscious decision by the drafters of the Constitution to describe these three levels of government as 'spheres' and not 'tiers' was done in order to avoid the connotation of subordination in their hierarchical relationship. In this regard, Section 41 (1) of

the South African Constitution embellishes the principles of cooperative governance and intergovernmental relations, which inter alia include the following:

- (a) provide effective, transparent, accountable and coherent government for the Republic as a whole;
- (b) respect the constitutional status, institutions, powers and functions of government in the other spheres;
- (c) not assume any power or function except those conferred on them in terms of the constitution;
- (d) exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere.

In addition, the three spheres of government must cooperate with one another in mutual trust and faith by, amongst others, (i) fostering friendly relations; (ii) assisting and supporting one another; (iii) informing one another of, and consulting one on, matters of common interest (iv) coordinating their actions and legislation with one another; (v) adhering to agreed procedures; (vi) avoiding legal proceedings against one another (*ibid*). Section 153 of the Constitution of the Republic of South Africa also imposes the obligation on municipalities to participate in national and provincial development programmes while section 154 of the Constitution compels the national and provincial governments to support and strengthen the capacity of municipalities through legislative and other means in order to enable them manage their own affairs, to exercise their powers and perform their functions.

The kind of support to municipalities include section 139 interventions. This kind of support is interventionist in nature and is invoked when a provincial government is of the opinion that a municipal council is failing to meet its required obligations. A provincial government has an option to dissolve a municipal council and call for new elections depending on the extent of the identified failure. The nature of these powers assigned to provincial sphere of government over the local sphere inevitably raises questions about the intention to avoid subordination of one sphere to another.

The attempt to deconstruct post-apartheid South African state in order to make sense of the challenges it confronts and its attendant capacity to respond to these challenges is done against this backdrop. This will help to understand better the context of mixed performance across provinces and municipalities and how these individually influence the national picture of the

South African state. While it is the main argument of this thesis that decentralisation is important for development, the desired outcome of this policy is not a given. The success of decentralisation depends on a number of internal and external factors, which include, according to Edoun (2012:101), internal management and administrative capacity. Internal management refers to the organisational dexterity to manage all dynamics with a view to forging institutional internal cohesiveness. Administrative capacity consists of the technical ability to translate broad goals into tangible programs for implementation. Evaluative capacity is increasingly becoming an important component of administrative capacity in order to determine the worth of programs and their attendant funding. External factors may include aspects such as the state-political party interface and as to whether that dynamic prioritises development through politics or the inverse.

At the time it prepared for its 53<sup>rd</sup> National Conference in 2012, the ruling ANC noted that since 1994, the democratic government had passed over 1100 legislations<sup>3</sup> to give effect to its agenda of reconstruction and development. A section of these legislations annulled and repealed old apartheid statutes which had become inconsistent with the democratic order. Some were directed at completely transforming the institutional base of government in order to develop the required capacity to pursue and achieve democratic goals. While there may be some challenges regarding the congruency of stated goals and actual performance, the ANC is given credit for effective management of transforming the structure of government (Marais, 2010:1; Venter, 2011:9). As Heller (2001:143) points out,

“...the staggering inequities of apartheid and its perverse and disarticulated economic and social geographies, the result of decades of determined and brutal racial engineering, has presented the ANC with what might arguably be the greatest transformative challenge ever faced by a democratic government. State apparatuses that were singularly dedicated to enforcing racial segregation through control, surveillance, repression, and “orderly” development are now tasked with social transformation and economic redistribution through consultation and inclusion”.

### **2.3 Legacy constraints on transition**

That institutions frame and constrain behaviour is widely accepted. Reference is often made to Marx in order to understand the relationship between context and conduct, structure and agency. According to Marx (1852:437), people do make their own history but not as they please

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<sup>3</sup> Notes of the presentation made to ANC structures in preparing them for discussions at the national conference on the notion of the second phase of the revolution. The notion was rejected at the 3<sup>rd</sup> National General Council (NGC) of the party.

as rationalists would claim based on assumptions of some existence of perfect information. Instead, people make history under circumstances directly found, given and transmitted from the past. For this reason, the “historical-structuralist” perspective (Habib, 2013:14) helps us to make a better sense of post-apartheid policy reforms and how South Africa has degenerated into a sense of chaos in its political, economic and social landscape as pointed out in the previous chapter. As argued by Marais (2010:108), the “neoliberal globalisation constituted a significant constraining dynamic” for the ANC government after 1994, resulting in economic “policy packages that conformed faithfully to the dictates of the conglomerate capital”.

The present-day South Africa continues to be largely influenced by the legacy of the decades of deliberately engineered racial inequality between the black majority and the white minority. This feature was often characterised as the Colonialism of a Special Type (CST) within the liberation movement<sup>4</sup>. The term was originated by the South African Communist Party (SACP) to refer to the specific peculiarity in which the white colonial ruling class and the black colonial oppressed class are located within the same geographical territory. The CST was developed in and has been maintained since 1910 with the formation of the Union of South Africa following the acceptance of South Africa Act in 1909 as a direct outcome of the 1906 Treaty between the warring factions of English imperialists and Afrikaner nationalists. The accord reached between all-whites was premised on glaring exclusion of black people from political decision making. Whites used the political power to oppress black people in the country and pursued skewed development. Luthuli (2006) argues that whites pursued this programme of separate development based on their false belief that South Africa exclusively belonged to them.

Blacks became the bargaining tool for the expediency of individual leaders and competing white political parties. Those who could commit to the harshest treatment of blacks stood a better chance of being elected (Callinicos, 2004:79). Jan Smuts emerged as the new leader of the fused all-white United Party in 1934 because he promised that the franchise that had been allowed to black male property owners in the then Cape province would be ended. The CST ultimately represented the contact between blacks and whites in the unified South Africa. The formation of the ANC, which would take power 82 years later after its formation, sought

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<sup>4</sup> The liberation movement in South Africa refers to mass democratic organisations which adopted the Freedom Charter as their primary policy towards democracy and freedom in South Africa. These organisations are led by the ANC.

“to bring sanity to a land where one’s skin colour at birth determined where you would go to school (if at all), how much education you could get, whom you could sleep with, where you worked (if at all), how high you could rise in society, how much you would be paid, where you would live, whether or not you could be treated for illness, where you would be buried” (Gumede, 2007:2).

In a democratic setting and in the context of a democratic state seeking to be developmental, its principal challenge becomes that of addressing the racial inequity achieved through the “utter ruthlessness” (Biko, 2008:66) of white racism. The essence of white racism was the callous dehumanisation of all other racial groups while openly promoting white chauvinism. Appreciation of this history and its legacy is crucial in the collective national efforts to construct a developmental state. Indeed, a developmental state in South Africa will not only be measured in terms of its capacity to achieve reasonable economic growth. Immanent in the variables of assessing the extent of developmentalism in South Africa will be the extent to which all three spheres of government jointly succeed in the redistribution of wealth and the reversal of the current skewed ownership which was created by the previous policy of apartness.

Indeed, local government in the new South Africa pursues its developmental mandate within the framework of cooperative governance and intergovernmental relations. An assessment of its success as a key institution of development cannot only be based on internal features of municipalities. The context of exogenous factors, in this instance the cooperative governance and intergovernmental relations, is an important variable not to be neglected. This is probably what makes decentralisation policy in South Africa a “special type”, according to the White Paper on Local Government, 1998:viii).

This uniqueness has implications for building capacity for local government as well. Asha (2014:805) suggests that the process aimed at building capacity for local government requires enhanced relations between the three spheres of government. In practice, this compels politicians and administrators in all three spheres of government to go beyond the constitutional prescripts. Actors must recognise that active and genuine cooperation is the only salvation for local government to make its contribution towards the developmental objectives of the Constitution.

## **2.4 Principles of local governance**

Local governance is often linked to policy reforms of decentralisation. The main drivers of decentralisation are democratisation of governance processes and expectation that popular participation in public decision-making process stands a good chance of “increasing efficiency in the provision of goods and services” (Steiner, 2010:644). The reason for this assumption is that local provision of services is more likely to be sensitive to the needs and preferences of communities. Implementation of policy is therefore expected to be met with less hurdles as beneficiaries would have participated in the co-production of developmental strategies. For this reason, Kampen (2010) argues that municipal space is the rightful unit to construct social capital, or developmental coalitions, which are largely attributable to the outstanding economic performances of East Asian Tigers. Local government therefore does not only serve the purpose of opening up democratic spaces and increasing efficiency of delivery of goods and services. It also salvages the growing loss of trust in governments by expanding the embeddedness of the state in society at the very grassroots level.

The duty of every government is to find strategies to meet the needs of the people. Representative democracy operates on an assumption that individuals freely surrender their sovereignty to the elected public officials with a hope that those elected will deploy state power, law and resources to meet individual private and public human needs. From this premise, the essence of every government in its entirety is to be responsive to the needs and expectations of the people. That is the basis of political legitimacy, which is an important element of the success of every institution.

Decentralisation has since the early 1980s emerged as one of the key policy innovations by all governments of the world to promote and protect their legitimacy through improved service delivery. Political centralisation has led to “the untenableness of developmental inequality between communities” (Tsukamoto, 2012:396) as national strategies fail to enhance “more context-adapted development programs and projects” (Reddy & Kauzya, 2015:206). As O Riain (2004:4) argues, only ‘glocal’ states will succeed in the twenty first century through strategies that promote capital accumulation by linking the local to the global through the deliberate development strategy of decentralisation.

Is there a normative justification for the creation of local government? The world system perspective sees the globe to be consisting of the core, semiperiphery, and periphery. It omits the fact that within this tripartite division of the globe, there are constituent geographic spaces

or territories that make up the whole national territory of a first, second or third world state. Science teaches that the compound must always be broken into simple elements or least parts of a whole. To assume that the whole of a globe consists only of this tripartite division is superficial. The focus is misplaced in the general without an understanding of the specific. Elements may not make sense on their own if totally removed from the body. In the same measure, a body cannot be defined and understood outside its constituent elements, including those which may be understated because of their share of size or weight of contribution to the sustenance of life. How the world and development got to be framed in a world system theory, while governance necessarily originated at what may be called city states, is a function of further research.

While it may have been sidelined for ages, the staccato continuation of global economic crises from 1930 until the recent one in 2008 has helped to bring back local governance into debate of good governance, economic development and democratisation. It is rare to find any book or journal article on the developmental state since the turn of the twentieth century which does not stress the importance of local government as one of the variables to be considered. Not even the proponents of trivialisation of national borders would ignore the elusiveness of goals of transparency, accountability, pluralism, citizen participation without the involvement of citizens at lower levels of government. It is ahistoric to think of any apolitical development. To achieve any political goal, Fanon (1963:159) argues that there must be decentralisation in the extreme. As part of governance reforms, Edoun (2012:100) observes that “the wind of democratisation and globalisation that blew in the 1980s saw African countries adopting political and administrative decentralisation”.

## **2.5 Theories of local governance**

Local government systems vary from one country to another. The level of power assigned to local authorities in each country depends on whether decentralisation takes the form of devolution or deconcentration. Reasons for the delegation of powers that local government enjoy often range from economic, social, cultural and political (Makinde, Hassan & Olaiya (2016:305-306). In the case of South Africa, historical political reasons have largely influenced the kind of state institutional arrangements and the consequent distribution of powers and functions among the three spheres of government.

Studies done on local economic development in the Caribbean have confirmed that “placed-based interventions are a useful means of redressing the problems of global development and



alleviating the problems of the 'bottom billion' for whom poverty and high mortality persist" (Schoburgh, 2014:7). For Chandler (2010:10), local government is able to forge a sense of a camaraderie by virtue of reasonable close proximity and shared interest in financial and psychological investments they may have made in the area. Politically, Fanon (1963:159) argues that "it is from the base that forces mount up which supply the summit with its dynamic, and make it possible dialectically for it to leap ahead".

These ethical justifications inform the three theories that explain the emergence, evolution and strategic role and functions of local government. According to Makinde, Hassan & Olaiya (2016), there are three prominent theories which explain the emergence, evolution and role of local government. The first theory is called Democratic Participatory School. It argues that local government exists for the purpose of bringing governance closer to the people and facilitating opportunities for political participation. According to this school, local government is the *sine qua non* of a functioning democracy. The school holds that local government creates opportunity for political activity and social interaction, thus serving as the training ground for those aspiring higher public office in society. This observation can be made with regard to a number of political leaders in the Free State. Majority of those leading the provincial government first cut their teeth as local government leaders. As Heller (2011:161) suggests, it is in the local arenas that citizens are made.

The second school is called Efficiency Services School and contends that the primary function of local is to provide services to communities. According to this school, the success of local government must be judged on the achievement of services measured in national standards. This school does not see democratic deepening as the deliberate goal of local government. It claims that the administrative convenience necessarily positions local government as an agency of service provision precisely because everything is local. According to this theory, local government is indispensable in a sense that if it did not exist, something else will have to be created in its place for sustenance of services to communities. One agrees with these authors in their claim that the extreme positions of these two schools complement each other in justifying the case for existence of local government. Local government cannot just exist for purposes of producing leaders for upper spheres of government or merely for the provision of services due to administrative convenience. These positions are interdependent and reinforce each other.

The third school is called Developmental School. It is premised on the function of political integration in developing societies which are ethnically plural and diffuse. Strong localised social cohesion can be used as the basis to advance national growth. This school sees local government to be having a role in the creation of national awareness and building of national consciousness. This view is supported by Benit-Gbaffou & Lama-Rewal (2011:183) in their conclusion that local government in post-apartheid South Africa is a key instrument for building a more integrated society in the face of the history of social segregation orchestrated by the previous regime.

Indeed, this is the way the White Paper on Local Government (1998) envisages the role of a democratic developmental local government. A close reading of the White Paper on Local Government (1998), regarded as a mini-constitution for a democratic local government in South Africa, leads one to conclude that its philosophy integrates three schools as it mandates local government to promote and deepen democracy through consultation with communities, to advance social and economic development including through delivery and maintenance of basic infrastructure as well as to initiate and participate in activities that support integration, reconstruction and nation-building.

## **2.6 Benefits and problems of decentralisation**

Decentralisation contains some advantages and disadvantages. These are briefly discussed below in an attempt to situate the specific realities of decentralisation policy and practice in South Africa.

### **2.6.1 Benefits of decentralisation**

The end of the cold war towards the end of the twentieth century led to the third wave of democratisation under the rubric of decentralisation. In part, decentralisation came as a response to “the flight of faith” (Saud & Khan, 2016:397) from the democratic process as many citizens in the developing world failed to see and taste the returns of investment in democratisation. Although many states had democratised, circumstances of the legacy of their history made national leaders to prefer strong central governments, thus inadvertently creating new forms of tyranny as citizens continued to be marginalised and excluded from core governance processes. It was mainly in the economic realm that citizens could not argue the worth of democratisation.

As Smoke (2015b:253) points out, analysis of how political economy shapes the initial shape and strength of decentralisation is the priority of decentralisation policy. Essentially, the

assessment of transfer of a wide scope of political, economic and administrative functions to local authorities must focus on the “prevailing local economic activity and particular patterns of class forces that arise from it” (Topal, 2015:1127). By implication, decentralisation must not only promote participation and inclusion of citizens. While these are important and seek to promote citizenship, decentralisation equally has an important task of facilitating the integration and insertion of local economy into global processes and world markets and the consequent empowerment or disempowerment of local social groups by that integration. Given this complexity, the task of a local developmental agency (municipality) must, amongst other prerequisites, “entail the capacity of local actors to define jointly problems of development, generate programs that accommodate a diversity of local interests, and jointly mobilise resources for implementation” (Bruszt & Vedres, 2013:5).

Developmental states in the twenty-first century have to be uncompromisingly democratic. Mkandawire (2010) labels them “developmental democratic states”. Some (see Routley: 2014) inversely called them “democratic developmental states”. The debate on which adjective should precede another may just be another extension of controversy which seems to be inherently associated with the concept. However, both labels do confirm the compatibility of democracy with development although some commentators argue that this is only possible when democracy is thinly reduced to free and fair elections (Prado, Schapiro & Coutinho: 2016).

It could be that the difference lies in which goal should be realised first in an event of a need for sequence. Be that as it may, the important element is that the new developmental state needs to abhor the political centralisation of the quintessential developmental states. Political centralisation created insulated bureaucracies which were insensitive to local needs and concerns and failed to tap into local information, initiative and ingenuity (Bardhan, 2016:874). As Planel (2014) observes, the programme of agricultural extension in Ethiopia is failing to succeed as intended because the focus on national targets is failing to include influential local specificities in the implementation. Tsukamoto (2012:395) is further illustrating the case for decentralisation as an important twenty-first century developmental state policy:

“Since the late 1990s, both of Japan’s two major political parties, the ruling Democratic Party of Japan (DPJ) and the opposing Liberal Democratic Party of Japan (LDP), have been pressing for state decentralisation reform. Japan’s centralised political system might have worked well during the high-growth era of the 1950s and 1960s but its advantages have been long exhausted, they typically argue. It is no longer suitable to deal with today’s complex challenges, such as economic globalisation and Japan’s

demographic changes. Thus, as a solution, both parties prescribe state decentralisation, which would stimulate local initiative and entrepreneurship”.

### **2.6.2 Problems of decentralisation**

Decentralisation is not without its problems and should be treated with care least a misleading notion is created that it presents the best organisational approach to construct a democratic developmental state. Firstly, there are different layers or tiers of local government according to different countries’ experiences. Tanzania and Uganda have at least four levels of local government (Mutahaba & Pastory: 2015). As pointed out elsewhere in this thesis, India has five levels of local or sub-national government. China is also among the countries with multi-layered local government. South Africa has two tiers of one local government system, the district and local municipalities. Studies on decentralisation and intergovernmental relations tend to focus on central-local dichotomy or vertical relations of state structures and “takes insufficient account of the dynamic changes affecting local government” (Yu, Li & Shen, 2016:5). This implies that local government may be understood and experienced differently from one country to another. It is therefore important that a particular attention is paid to intergovernmental relations within the realm of different layers which constitute local government.

The extent to which local governments are truly autonomous or merely serve as agents for central governments is important. In a comparative study on decentralisation between Brazil and Mexico, Vezbergaite (2016) notes that decentralisation has potential to shift the balance of power in favour of subnational autonomy. This is depending on the extent to which national government has devolved political, administrative and fiscal autonomy to sub-national governments. The consequence of the autonomy of local government may result in the emergence of tensions between national and sub-national government particularly if powerful presidents feel that their power base is being eroded. Depending on the skill and maturity of leaders in various levels of government, the tension may result in cosmetic decentralisation and create debilitating dependency on national government.

In their study of local government capacities in East Africa, Mutahaba & Pastory (2015) found that local government in Tanzania can make laws but subject to the approval or disapproval of the minister whereas Local Government Act in Uganda empowers a local council to decide matters on its own without the involvement of central government. Similarly, Reddy & Kauzya (2016) note that local governments in SADC are dependent on transfers from central government, with Botswana local government councils in urban and rural areas receiving

grants as high as 80% and 97% respectively from central government as their share of income. This means that local government in the region is dependent on the ability of central government to raise revenue. Problems of local government in Zimbabwe are more acute as a result of combination of hyperinflation and attendant decline of central government transfers because of the ailing economy. The context of central-local relations is thus crucial with regard to determining the performance of local government and enabling its potential against the intention to construct a developmental state.

Lastly, human resource capacity is important in enabling the machinery of government to develop and implement programs. Good governance does not only require consultation with communities. No one can deny the impact of educational levels of public servants on the quality and competence required to generate solutions to commonly identified problems and the ability to implement the programs that respond to the expectations of citizens. Councillors are often inadequately trained. Their low levels of education do not only frustrate the production of policies which are tailor-made to enhance the social and economic wellbeing of the communities they represent. Low levels of education also deny them the respect and cooperation of officials and several stakeholders (Mukwena & Lolojih, 2002:222).

The role of political leadership with regard to strategic coalition-building cannot be overemphasised. As Zhao (2014) points out, one of the dilemmas of the current political economy is for local states to be developmental and grow the economy in the context of constraints ranging from international treaty obligations to global integration. Unless local political leaders and their administrators manage this complex, fluid space skilfully, there may be justification of calls for recentralisation as decentralisation stalls (Stoke: 2015b). Mutahaba & Pastory (2015) observe that decentralisation reforms in East Africa are yet to reach their logical conclusion. Decentralisation will thus amount to nil if municipalities do not produce results. Realisation of constitutional and legislative goals is important for affirmation of legitimacy of local government and the extent to which the sector can endure the plethora of objective and subjective problems.

## **2.7 Objectives of a ‘developmental’ local government in South Africa**

The White Paper on Local Government (1998:ix) defines a developmental local government as a system which is “committed to working with citizens, groups and communities to create sustainable human settlements which provide for a decent quality of life and meet the social, economic and material needs of communities in a holistic way”. For Schoburgh (2014:5), a developmental local government is a sub-national government which is development-oriented and is “mandated to design and implement policies aimed at increasing local economic growth resulting in positive social transformation of the lives of residents in a sustainable way”. Developmental local government recognises the importance of partnering with the private sector in order to facilitate employment through investment. It realises the need to improve local environment through the provision of basic infrastructure as a requirement for investment attraction.

From these definitions, although the first one from the White Paper on Local Government is conceptually self-limiting in that it assumes a municipality can perform its functions outside the realm of cooperative governance, it is evident that a new system of local government is tasked to achieve socio-economic development as a key outcome through public participation (Reddy & Wallis, 2012:78). In terms of section 152 of the Constitution (Republic of South Africa, 1996), an ideal developmental local government must specifically meet these objectives: (i) provide democratic and accountable local government to communities; (ii) provide services to communities in a sustainable manner; (iii) promote social and economic development; (iv) promote a safe and healthy environment (v) encourage involvement of communities and community organisations in matters of local governance.

The objectives which municipalities need to achieve in order for a democratic South Africa to work are arduous. Broadly speaking, they can be summarised into two desiderata of a developmental local government: efficiency and participation (Heller, 2008). There is a school of thought that suggests that a shift to output democracy inevitably narrows down the interest of the public in political life as bureaucrats tend to focus more on ex-post judgements than on the initial policy choices (Peters, 2010). Claims of incompatibility between development and democracy is discussed in more detail elsewhere in this thesis for there is an existing school of thought which contends that developmental states are inherently undemocratic. On the other hand, the normative argument for the existence of local government is premised on the mutual coexistence of the two. As Watt (2006:4) points out, the matching of local provision of services to local preferences is likely to maximise policy efficiency through participation of locals.

The objectives further indicate that municipalities in South Africa have a political, social, economic and environmental responsibilities. Municipalities do not only have a responsibility to mobilise communities to participate in the formulation of development strategies. Although they do not deliver services such as health, education and housing, other spheres of government rely on municipalities for improvements in housing, health care and infrastructural development (Pycroft, 1996:234). Further, the ability of a municipality to attract investors for purposes of growing the economy largely depends on the risk perception with regard to the current and projected state of basic infrastructure, political and social stability (which often depend on responsiveness of a municipality to service delivery) and the manner the environment is handled. Hallows (2011:7) observes that poorly maintained sewage systems contaminate drinking water and result in avoidable deaths of vulnerable communities.

What is the relationship between a developmental local government and local economic growth? Emphasis on local economic development has attracted criticism from those who believe that local government should narrowly focus on service delivery (Heller, 2011:183). In addition, if equation of economic growth to state strength is misleading (Mkandawire: 2001), it follows that the development-orientation of local government must transcend the narrow focus on local economic development.

Indeed, a developmental local government must take all issues that are political, social, economic and environmental and their interconnectedness which impact on the right of citizens to development. A developmental local government is the one which builds functional networks that straddle the extremes of private and public, domestic and global, local and national and still be able to provide leadership over local development matters through mediation of conflict between and among different policy actors. Coordination becomes an important skill that a developmental local government needs to build.

## **2.8 Inherent dilemmas for a new system**

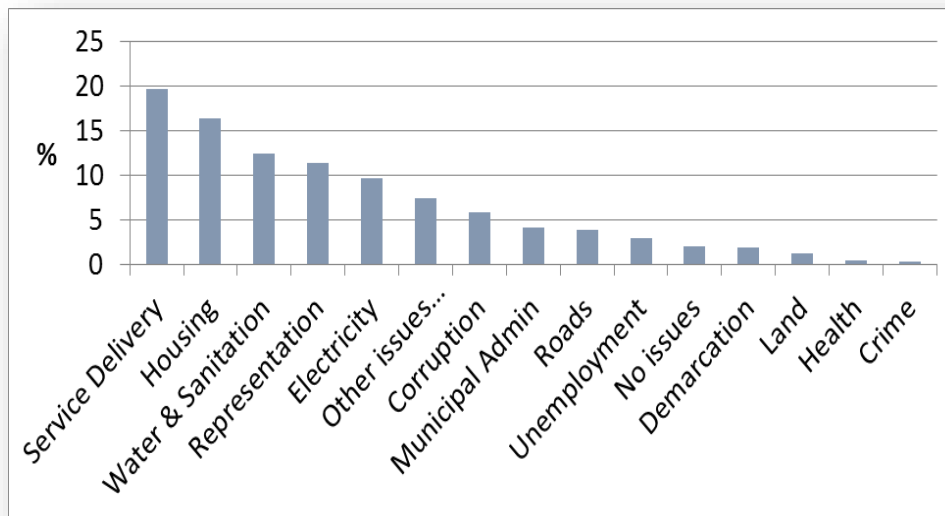
From its inception, the new system of local government in South Africa was confronted with “insurmountable odds” (Pycroft, 1996:234). There are reasons for this position. Many rural municipalities were in a parlous state of underdevelopment and existed merely in name. Problems were not only caused by apartheid government deliberate strategy of only developing white areas. The liberation movement had also mobilised communities against the payment of services to black local authorities as part of their grand strategy to render apartheid government ungovernable and unworkable.

One of the first tasks facing new democratic councils was to go back to communities to persuade them to pay in order to improve existing services and invest in new infrastructure. Evidence shows that there has not been a success in this regard. According to media statement released by the National Treasury on 20 March 2015, aggregate municipal consumer debts amounted to R104.9 billion, compared to R96.6 billion of the preceding quarter in the same financial year. The largest component was from households' debt which stood at 63.7% or R66.8 billion, which had increased from R60.5 billion in the second quarter of the same financial year.

Elsewhere, Pycroft (2000:144) argues that numerous constraints municipalities face are inherited from the former regime. It is a combination of structural and systems' weaknesses. One of the guiding principles of the ANC has always been and remains non-racism. Informed by this principle, the new ANC government in 1994 had to unify different administrations at all spheres of government and had to incorporate tens of hundreds of local authorities into a single system of wall-to-wall ward based local government covering the entire Republic. The unification of administrative structures led to bloated organograms and placed financial burdens on new local authorities which had no financial resources. In many instances, white expertise was lost in local government (Venter, 2011:9) and black officials had to take over responsibilities many of them were inadequately prepared for. The result was the breakdown in delivery of services and attendant seething anger in many black communities.



**Figure 2.1: Factors leading to community protests (Source: SALGA)**



The anger of communities manifested itself in widespread community protests. **Figure 2.1** above shows that service delivery is the leading source for community consternation that fuels community protests. All three spheres of government are accountable for service delivery. It is followed by housing, which is the delegated function of provincial government. Although municipalities are often the victims of wrath of communities on housing matters, their role is merely to identify beneficiaries. They are not responsible for construction of houses and issuing of title deeds. Water and sanitation, which are direct functions of municipalities, come in third place. Other sources of community protests which fall under the ambit of municipalities are electricity and municipal administration. The rest of other issues which induce community unhappiness and distrust towards government are either shared between all spheres of government (i.e. unemployment) or they are largely concurrent competencies of national and provincial government. While there seems to be an agreement of state failure at local level (Marais, 2010:349) because of factors such as continuing loss of skills, lack of expertise and several endogenous factors (von Holdt, 2010:241), there is often lack of willingness to disaggregate issues which make communities to take to the streets. This often condemns municipalities to being the scapegoats of services and functions they are not responsible for. South African Local Government Association (SALGA, 2015) conducted its own snapshot survey on community protests and observed the following:

“In the 2009 to 2013 period, the [Incident Registration Information System] IRIS database claims that of all crowd incidences, 10.8% or 4493 of these were protest actions were attributed to local service delivery

related protest actions. An additional 1.2%, or 520 incidences, were related to community dissatisfaction with representation. If we assume that the 11% national average (provincial shares of unrest incidences) of all crowd incidences that become classified as unrest can be generalized to all protest motivation categories, then 494 of all 4494 service delivery motivated protests could be arguably identified as unrest incidences. In this, an unrest incident would be one in which the police are called in to restore order. Data sources for the 2010 to 2014 period indicate protest related to service delivery has increased from 10 in 2010 to 185 in 2014. Violence has escalated in tandem with protest action with the destruction of private property and infrastructure increasing and widening into generalized protest action norms.”

Heller (2001:143) correctly points out that transformation of a system that was singularly dedicated to enforcing racial segregation was always going to be a daunting task. The (national) government had to invest its resources in building local government as a credible institution with accompanying capacity to support laudable policies, with an intention that the success of new systems would help to overcome the structural defects of governance. It was not to be. One of the first mistakes that the government did was to pass the mechanistic and market-driven legislation (Municipal Systems Act, 2000) with a hope that it would resolve complex political issues. The government resorted to managerialism-oriented public service and focused on chasing targets at the expense of taking decisions which could have salvaged local government system from falling apart. The result is that local government in South Africa for the period under review has not truly turned into a “key instrument” and an “important arena of social transformation” in relation to its envisioned mandate (Gbaffou & Lama-Rewal, 2011:183).

## **2.9 Market fundamentalism as a constraint of local government performance**

South Africa democratised at the time when the whole world was undergoing major governance reforms, distinctly punctuated by somewhat contradictory phenomena of globalisation and decentralisation on two opposing ends. Globalisation was mainly accelerated by the entrenchment of the United States as the world hegemon following the demise of its competitor, the Soviet Union. On the other hand, the wave of decentralisation was motivated by the realisation that citizens were beginning to lose trust in politicians and institutions of government (Pierre, 2009:5) Interestingly, the United States remain a leading home to both globalisation and decentralisation. According to Jimenez (2014:246), the United States had the largest concentration of local governments in the whole world by 2012, standing at 89 004 to deliver services such as infrastructure, education, health, and public welfare.

These two seemingly opposing extremes were a crucial context for South Africa’s democratisation. The current ensuing debate on the developmental state and its possibility for

South Africa recognises the mutual existence of these two extremes. Each of them presents constraints and possibilities for development pursued within the borders with the influence of international dynamics. Although the two may seem contradictory to an unsuspecting eye, there is actually an element of complementarity between the two. As Muwonge & Ebel (2014:1) point out, advances made in information technology at a global scale can allow local groups to bypass central authorities in their search for improved government effectiveness. However, the specific set of governance principles associated with the United States ideology are discernible at the two levels. Principles such as performance management system (with its insistence of targets), managerialism, small size of bureaucracy and the need for integration of national economy into the world economy are all elements of neoliberalism.

This explains why the newly formed democratic government quickly abandoned the left-leaning Reconstruction and Development Programme (RDP) within two years of democratisation in favour of Growth, Employment and Redistribution (GEAR) strategy. The RDP sought to overcome the human disaster created by apartheid government. It was meant to bridge the gap that existed between different racial groups in one country. The RDP was also intended to accelerate economic growth through direct government intervention in the economy. The RDP further envisaged local government playing a crucial role in democracy as an instrument of development despite the sphere not being assigned the strategic development indicators such as health and education.

South Africa had been a pariah state for some considerable period of time leading to 1994 because the international world had isolated apartheid as a result of its gross violation of human rights. One of the greatest challenges facing the democratic government was the reintegration of the national economy back into the global economy with a view to maximising its economies of scale. That ideal would help the national political leadership to deal expeditiously with domestic problems - so it was thought. The quest for reintegration could not escape the dominant global economic thinking of the time.

The result was the adoption of the self-imposed GEAR strategy as a mechanism to attract the Foreign Direct Investment (FDI). GEAR sought to achieve immediate success within the global economy and accordingly imposed “a reduced budget deficit, market-oriented growth, fiscal discipline, labour-market flexibility and reduced government intervention” (Pycroft, 2000:143). To be fair to the new leadership at the time, it was faced with what one may term a choice-less choice precisely because big business was uncertain of the dynamics of new

leaders. Naturally, some foreign firms disinvested and this reaction had immediate impact on national fiscal capacity and resultant allocation of resources.

All these reduced government ability to influence poverty alleviation and income redistribution as the good governance agenda became the mantra of the day as promoted by the World Bank. This is evidenced by the fact that from 2006 when the cabinet introduced the strategic agenda for local government with a framework of five key performance areas, good governance has repeatedly been reaffirmed as a core key performance area. The Auditor General also tends to be critical of lack of good governance across municipalities in his findings. Good governance is being criticised for its assumption that all good things go together (Fritz & Menocal, 2006:7). According to this approach, corruption cannot coexist with development. But this is far from the truth in reality.

One of the most lamented pathologies of East Asian developmental states was nepotism-inspired business transactions between the state and the industry. Countries that have kept corruption levels low like Ghana and El Salvador perform relatively poorer on policy outcomes (Fritz & Menacol, 2006:7). However, this empirical fact does not in any way seek to downplay the debilitating effects of corruption on development. The Industrial Development Bureau (IDB) in Taiwan could not match performance efficiency of MITI because it was corrupt (Chang, 2010:90).

The contrasting pictures presented above suggest that scholars need to dig below the surface to understand the peculiarities of each country. As Frodin (2011) points out, the take home message is that policy reform recommendations and analyses need to be context-sensitive and reject the notion of best practices that could be applied across a wide range of contexts. Fritz & Menacol (2006:6) make a distinction between the frameworks of good governance agenda, developmental state and good-enough governance by Grindle. According to their comparison, there are more similarities between the developmental state and good-enough agenda in their approach to instrumental and selective understanding of governance as a tool to achieve development and explain success and failure of states as demonstrated by **Table 2.1** below.

**Table 2.1.: The developmental state, good governance and good-enough governance agendas**

	<b>Developmental State (Evans and others)</b>	<b>Good Governance (World Bank and others)</b>	<b>Good Governance Agenda (Grindle)</b>
<b>Core aspect</b>	Emphasis on state capacity and 'embedded autonomy'.	Emphasis on transparency and accountability.	Emphasis on <i>minimal</i> conditions of governance necessary to allow political and economic development.
<b>Political regime</b>	No normative commitment to any particular type of political regime, though many examples of 'successful' developmental states are authoritarian.	Normative commitment to democracy. Strengthening democratic rule is a key concern.	No normative commitment to any particular political regime. Elements of different regimes may work for different reasons; those aspects that work should be encouraged.
<b>State legitimacy</b>	Derived from achievements and performance.	Derived from democratic representation of interests of the majority and the protection of the rights of the minority based on rules and procedures.	Different categories enjoy different levels of legitimacy, depending on how institutionalised and capable they are. Legitimacy should not be seen in absolute terms and varies considerably even within a given state.
<b>Political will</b>	Concern for national goals; commitment of core leadership is essential.	Concern for effective constraints, normative orientation (legitimacy, human rights, democracy, macroeconomic balance).	Concern for incremental, progressive change and for how reformers can institute change – what alliances need to be built, and what trade-offs need to be made.
<b>Role of the state</b>	State should (actively) foster economic development but avoid capture by particular groups.	No clear agreement among various proponents; state should set a framework (rule of law) for markets/private actors.	State should intervene to produce core public goods, and where it can perform well, but should not tackle a wide range of issues, reforms, etc, at once. Some level of state capture may need to be tolerated to achieve other goals.
<b>Model of social representation</b>	Exclusionary, based primarily on close relations between the state and selected business groups. Labour is controlled.	Inclusionary, emphasising broad social participation in the decision-making process (e.g. IDP at municipal level)	Likely to be patchy and uneven. Some areas may be more inclusionary whereas others significantly less so. Again, there are no moral absolutes.

<p><b>What to do on Monday morning?</b></p>	<p>Create meritocratic civil service in key areas, imbued by a strong <i>esprit de corps</i> and concern for national goals.</p>	<p>Broad and ambitious agenda emphasising multiple goals that need to be achieved in order to enable development: fight corruption, deepen democracy, improve judicial systems and public financial management</p>	<p>Be explicit about trade-offs and priorities in a world in which all good things cannot be pursued at once; understand what is working rather than focusing mainly on governance gaps; ground action in the contextual realities of each country</p>
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*Source: Fritz and Menocal in their Working Paper titled (Re)building Developmental States: From Theory to Practice (2006)*

For instance, the logics of developmental states and the good-enough governance agenda are not prescriptive when it comes to a political regime. For good governance, the regime has to be strictly democratic. Anything but democracy is bad and produces poor policy performance. Developmental state and good-enough governance perspectives recognise the crucial role of the state in economic development, and that sources of the legitimacy of the state vary from one country to another. In this thesis, it is argued that legitimacy derives from acceptable systems and processes which produce leaders and the ability of developmental institutions to match the expectations of citizens.

Good governance perspective is rooted in Anglo-Saxon beliefs promoted by the global development finance institutions, which argue for the limited role of the state, if any, in the economy. According to this perspective, popular participation and legal guarantees of minority rights are the only true measure of state legitimacy. Arguably, the greatest challenge facing municipalities in South Africa's quest to construct a developmental state is the number of goals that the entirety of state has to pursue all at once, which include deepening democracy, fighting corruption, improving public financial management system as well as securing the true independence of the judiciary.

One of the consequences of GEAR became the over-emphasis on cost-recovery and the commodification of basic services, resulting in sharp price increases for water and electricity and consequential falling rates of payment (Hart, 2013:100). The key performance area of financial viability imposes an obligation on municipalities to design, adopt and implement credit control policies together with the budget. This often leads to widespread discontinuation of services until a household succeeds in offsetting the debt or makes reasonable arrangement to manage the arrears and the current account simultaneously. At times, the discontinuation of services in an effort to improve the balance sheet leads to protests by communities as a gesture

of disapproval of chasing targets at the expense of delivering the promised democratic dividend of improvement of quality of life and guarantee of human dignity.

The national government transferred generous R292 010 569.00 in equitable share to local government between 2004 and 2014 when the developmental state rhetoric started to be the consistent message coming from the state official circles. **Tables 2.2; 2.3 and 2.4** below show consistent increase between successive years, with the exception of 2009 when the allocation decreased by 4.37% arguably due to most work related to the 2010 Soccer World Cup being almost complete in major cities. The other two tables indicate that the allocations to metropolitan and municipalities in secondary cities are bigger than allocation to district municipalities as an affirmation that delivery lies heavily with local municipalities. District municipalities are largely responsible for coordination, support and monitoring although these functions are increasingly being taken over by provinces. This phenomenon raises a debate about the economic value of district municipalities. Unless efforts are made to rediscover the developmental mandate of district municipalities, there is an increasing risk that they will end up being employment agencies and only increasing the consumption of the state.

**Table 2.2: Equitable share transfers to local government from 2000-2014**

<b>Year</b>	<b>ALLOCATION</b>	<b>% movement from the previous year allocation</b>
2004	7 677 546	-
2005	9 643 341	20.38
2006	18 057 940	46.60
2007	20 675 620	12.66
2008	24 888 685	16.93
2009	23 846 502	-4.37
2010	30 167 706	20.95
2011	34 107 901	11.55
2012	37 873 396	9.94
2013	40 581 787	6.67
2014	44 490 145	8.78
TOTAL	292 010 569	-

*Own calculations from collection of annual Division of Revenue Act in the 11 year period*

**Table 2.3: Equitable share transfers to the Metro and two District municipalities under study from 2000-2014**

<b>Year</b>	<b>Mangaung Metro</b>	<b>% movement from the previous year allocation</b>	<b>Lejweleputswa District Municipality</b>	<b>% movement from the previous year allocation</b>	<b>Fezile Dabi District Municipality</b>	<b>% movement from the previous year allocation</b>
2004	204 286	-	1 685	-	1 159	-
2005	175 080	-16.68	1 784	5.55	1 687	31.30
2006	196 823	11.05	53 531	96.67	78 264	97.84
2007	236 571	16.80	63 679	15.94	89 872	12.92



2008	291 774	18.82	75 838	16.03	103 872	13.48
2009	384 373	24.09	83 578	9.26	116 094	10.53
2010	494 273	22.23	90 922	8.07	122 988	5.61
2011	546 417	9.54	93 735	3.00	127 132	3.26
2012	608 634	10.22	97 137	3.50	131 146	3.06
2013	605 072	-0.59	100 936	3.76	134 501	2.49
2014	603 581	-0.25	104 747	3.64	137 551	2.22
TOTAL	4 346 884	-	767 545	-	1 044 266	-

*Own calculations from collection of annual Division of Revenue Act in the 11 year period*

**Table 2.4.: Equitable share transfers to local municipalities under study from 2000-2014**

Year	Matjha beng LM	% movement from the previous allocation	Masilonyana LM	% movement from the previous allocation	Tokologo LM	% movement from the previous allocation	Tswelopele LM	% movement from the previous allocation	Nala LM	% movement from the previous allocation
2004	121 457	-	26 813	-	12 372	-	21 556	-	30 437	-
2005	124 581	2.51	23 852	-12.41	11 907	-3.91	18 125	-18.93	37 224	18.23
2006	143 647	13.27	27 178	12.24	14 080	15.43	19 863	8.75	44 769	16.85
2007	174 279	17.58	31 887	14.77	16 610	15.23	23 560	15.69	54 072	17.20
2008	214 623	18.80	39 184	18.62	20 408	18.61	28 944	18.60	66 428	18.60
2009	278 382	22.90	51 953	24.58	27 147	24.82	38 340	24.51	87 860	24.39

2010	358 900	22.43	66 189	-27.40	34 525	21.37	48 822	21.47	111 999	21.55
2011	390 659	8.13	72 352	8.52	38 552	10.45	55 333	11.77	120 920	7.38
2012	432 357	9.64	81 091	10.78	43 058	10.46	62 058	10.84	134 966	10.41
2013	424 920	-1.75	82 581	1.80	43 518	1.06	61 909	-0.24	130 670	-3.29
2014	416 018	-2.14	84 850	2.67	43 895	0.86	62 071	0.26	126 199	-3.54
TOT AL	3079 821	-	587 930	-	306 072	-	440 581	-	945 544	-

*Own calculations from collection of annual Division of Revenue Act in the 11 year period*

Transfers of equitable share exclude the Municipal Infrastructure Grant (MIG) and other special grants. High levels of poverty and unemployment mean that municipalities have a difficulty in allocating the meagre resources for different services, especially between investment in new infrastructure projects and the maintenance of the existing but ageing basic services infrastructure. Increasingly, municipalities struggle to reach the targets of revenue set in the budgets to fund their operations. This leaves them with no option but to use funds meant for infrastructure programs to fund operational expenses such as salaries.

This phenomenon is recurring in a number of Free State municipalities. Masilonyana Local Municipality (LM) experiences this problem regularly. The desperate preoccupation with achieving targets under the pretext of performance measurement has resulted in quantity trumping quality and the vital matters of maintenance and sustainability of services slipping down the ring of priorities (Marais, 2010:214). The emphasis on technocratic and managerial interventions in local government misses the point of the primacy of politics in development and the utterly politicised local government system (Pieterse & Van Donk, 2013:108).

Had politics been appreciated for its impact in post-apartheid South Africa, the formula used by the National Treasury in the determination of equitable share allocations should have long changed. National Treasury continues to use population index to determine and allocate funding to municipalities. The recognition of the impact of history and its legacy of unevenness

would have necessitated that backlog of services must be the key consideration for that influences allocation. The continuation of using the population index per municipality as the determinant of allocation results in increasing migration to cities in search of better services and economic opportunities. This also continues the impoverishment of smaller and poor municipalities and unintentionally widens the gap between urban and rural municipalities from governance point of view and in many respects. In his timely analysis of the state of South African cities, Freund (2006:306) captures the tension of faith in markets and development as follows:

“Johannesburg, the biggest and wealthiest city, was marked by particularly antagonistic politics that reflected the past. It fell quickly into a financial crisis which became obvious and serious by 1997. A major feature of the crisis was the continued non-payment of the electricity bills. Bond points out that by this time the national government had shown the way to a solution along the lines he calls neoliberal insofar as the pride of place was given to the private sector and the emphasis on internationally modelled governance solutions, often by way of consultancies informed by World Bank and aligned models... Development had to follow along the fault lines of the private sector’s line of investment, never against. The Urban Development Strategy of 1994 already had diverged markedly from the Reconstruction and Development Programme....”.

Edigheji (2010) and his colleagues strongly argue that the practice has not matched South Africa’s public pronouncements regarding the intention to construct a capable and developmental state. They argue that the government has, in practice, remained loyal to business despite the growing rhetoric of a developmental state. The continued loyalty to neoliberal orthodoxy stands in the way of possibility of a desired South African developmental state. Although the ANC has been talking about radical economic policies since its 2012 National Conference, there is no evidence that the party and the state have broken ranks with their historical belief in market efficiency. If anything, the debate is whether the so-called monopoly capital should have a white or a black face.

What becomes clear is that there is a need for an urgent and fundamental reorientation of the state approach, in practice, if it is to be developmental, particularly at local government level. The blind belief in managerialism as a mechanism for success in local government has only led to increased use of consultants in the formulation of Integrated Development Plans (IDPs). These IDPs are therefore the ideas of consultants masqueraded as the views of local communities. Drawing on the literature on local planning, Asha (2014:809) identifies a range of factors which limit the potential of IDPs. These include lack of commitment from municipalities; weak baseline data and information; weak planning processes; weak monitoring

and evaluation systems. This ultimately leads to a lack of ownership of local plans, implementation of unresponsive policies, projects and programmes and invidious delegitimisation of the state best represented by total civil disregard for local authorities. Local government can be a cornerstone for securing the legitimacy of the state provided it lives up to its *sine qua non* of inclusion.

## **2.10 Conclusion**

In this Chapter, I presented and discussed the constitutional framework within which local government pursues its constitutional objectives. It was pointed out that the practice of cooperative governance and the quality of relations between the three spheres of government ultimately impact on the capabilities of municipalities. Although there are a number of services which are assigned to municipalities, the five broad objectives which municipalities need to meet are reducible to the two desiderata of local government, which are democracy and efficiency. The Chapter argued that these two can be mutually pursued.

The Chapter also discussed the theory and principles of decentralisation. It situated the manifestations of South Africa's decentralisation experiences against the general theory and principles. It further pointed out that the continuing cling of South African national government to neoliberal economic policies, with their focus on chasing targets, has serious ramifications for municipalities for their individual financial positions affect the fiscal credibility of the country. The net effect is that while basic services have been expanded, it is increasingly difficult for communities to afford them because of costs which accompany these services. In turn, the unaffordability of services by communities plunges municipalities into financial precariousness and thus renders the entire system of local government dysfunctional.

# Chapter 3

## Theoretical framework and literature review

### 2.1 Introduction

This Chapter discusses the theoretical premise which anchored the study. The study adopted the comparative institutional approach in order to make sense of why some municipalities or institutions outperform their counterparts while discharging the same constitutional responsibilities. This approach has several advantages. While all municipalities are obviously affected by contextual factors (discussed in detail in Chapter 4), the approach enables the researcher to zoom into the details of institutional arrangements within each municipality which lie behind the observable performance. These include formal and informal dynamics and encapsulate aspects such as quality of leadership, training and motivation of administrative staff, quality of interactions between political leadership and administration, cohesiveness of political leadership, functions, processes and systems.

The internal efficiency of each municipality influences the connection of micro-organisational strategies to the broader policy environment. By and large, municipalities succeed in the implementation of development strategies on the basis of the capacity and commitment of leadership. Absence of commitment and capacity on the part of leadership disadvantages municipalities from maximising economies of scale which could be drawn from cooperative advantage of local development forum. A combination of all aspects which constitute municipal internal efficiency with external environment affect municipal success, which is measured in terms of results, legitimacy and durability. A developmental municipality is therefore the one that meets these three dimensions.

The Chapter also discusses the idea of the state and how the state came to be formed. Informed by the theories that explain state formation, it presents a brief of overview of the formation of the South African state as it is currently known. The context of state formation lays the basis for detailed discussion on the origin, evolution and critique of the developmental state notion. Part of the discussion covers the moot issue of compatibility of the developmental state approach with democracy and globalisation. Lastly, the suitability and qualification of South Africa as a developmental state is also discussed. In this context, there is a section that problematizes the inadequacy of scholarship on local government and central-local relations on the developmental state discourse.

## 2.1 Theoretical premise

It is a common cause that development is a function of a mutually beneficial partnership between the state and the market. It is premised on the logic of earnest cooperation between the state and market. This approach recognises the inadequacy of each actor if not purposefully collaborating with others for the common good, which is the ennoblement of society. Statists, for instance, justify the role of the state in the economy on grounds of market failure, which is broadly understood to mean that the market does not work as expected of an ideal market (Chang, 2002:544). If left alone, self-regulating markets “would have physically destroyed man and transformed his surroundings into a wilderness” (Polanyi, 2001:3) and can equally “initiate economic calamities of gigantic magnitude” (Jahed and Kimathi, 2008:103). Similarly, the state is prone to failure without a system of checks and balances, which must include granting the market some space to operate on its own and only intervene when necessary.

The resurgence of a developmental state approach to development has not necessarily ended the debate on state-market dichotomy (Chang, 2013; Fine,2013). Be that as it may, one point which cannot be disputed any further is the irreplaceability of the state as the motor for development beyond the so-called minimalist role advocated by neoliberal theories. Secondly, it is equally important to also note that institutions, understood here as state organisations or structures, have proven their durability as theoretical lenses which have explained and continue to explain the patterning of social life with regard to development or lack thereof within nation-states. As Thelen & Steinmo (1992:15) point out, this success can lead to abuse of institutional analysis, resulting in institutions being used to “explain everything until they explain nothing”. Be that as it may, Vinuela, Barma & Huybens (2014:1) maintain that “building and operating successful public institutions is a perennial and long-term challenge for governments” because institutions are a cause for development.

Institutional analyses explain variation across cases and time (Clemens & Cook, 1999:442). If that is the case, what kind of state, as an institution, is likely to drive development? Building on the works of institutionalists like Polanyi, Gerschenkron and Hirschman, Evans (1995) proposes what he terms the comparative institutional approach in order to explain variations in performances of states across regions. The comparative perspective has three dimensions, which are, the state structure, state-society relations and developmental outcomes. Differences in a way states are organised and the quality of relations that state apparatus enjoys with social classes jointly determine developmental outcomes. According to Evans (1995:41), the cohesion and coherence of bureaucracy are not enough for successful performance of the state.

In addition to the meritorious appointment of officials, leadership needs to create an environment that safeguards the autonomy of bureaucracy from the whims of politicians and rents of powerful social classes. Although the state has to be rooted in society and needs to consciously engage with societal formations on development planning, it still has to be strong enough to reject inclinations of capture. Evans (1995) termed this strategic balance the embedded autonomy.

The relationship between politicians and bureaucracy is quite significant in the context of required internal organisation as a prerequisite for capacity of the state to guide markets and promote growth. Chibber (2014) points out that “internal cohesiveness”, which amongst others subsumes the functional relationship between political leadership and bureaucracy, is the precondition for internal efficiency and capacity of institutions to act on their mandate and manage external relationships. What this implies is that fractious relationship between politicians and administrators is bad for institutional capacity regardless of the shrewdness of political leadership and corporate coherence and level of training of bureaucracy. Both the politicians and administrators need to constantly work on the creation and maintenance of effective professional relationship as the basis for institutional cohesiveness and internal efficiency.

Internal efficiency is not only dependent on cohesiveness alone between and among various stakeholders within an institution. Technical capacity to develop specific programs into tangible deliverables is equally imperative. Internal processes are thus one of the variables that explain why some institutions succeed more than others. According to Leonard (2010:96), the manner in which the management in the organisation structures itself to perform tasks and achieve goals is important. This raises an important question about the relationship between capacity and the functions and/or programs that must be pursued by an institution. In other words, capacity does not exist for its own sake. It exists in relation to the kind of tasks and functions that must be performed.

This means that when questions are raised about the capacity of a municipality, it must be in relation to specific functions that a municipality must perform. For instance, Heller (2011:183) suggests that municipalities are inherently incapable of implementing Local Economic Development (LED) activities that can grow the economy for shared prosperity. This is disputable as there is a growing empirical body of knowledge that demonstrates successes of LED in regions like South America and in China (Rogerson, 2013: 642-643). The weakness

could be the strategic focus of a policy pursued, which means that the quality of policies pursued also affect the internal efficiency of an institution as the determinant of developmental outcomes (White, 2006:36). As Reddy & Wallis (2012) observe, the challenge of the approach of LED in Africa has been its focus on poverty alleviation strategies over the short term as opposed to sustainable development over the longer term.

Internal efficiency further rests on the extent to which institutions align and continuously realign individual staff competence, the organisation and broader institutional context in pursuit of sustained capacity building (Teskey, 2005:7). This is because the “open-ended faith in the state as a solution to the problem of underdevelopment is neither possible nor desirable” (Evans, 1995:22). Learning organisations are usually conscious of external factors that have an impact not only on themselves but equally carry significant implications for staff development and competencies.

A relatively good skill runs the risk on rusting if not continuously renewed to make it responsive to the ever-changing environment. For instance, although introduced just a year before the last year of collection of data period, it is evident that the Spatial Planning and Land Use Management Act [SPLUMA] (2013) will inevitably change the entire approach to and outlook on planning by the entirety of government. One of the direct implications is that political leadership and administrative staff at all three spheres of government would need re-training on matters of spatial planning in order to avoid what Pritchett, Woolcock & Andrews (2013:12) call capability trap.

The imperative of continuous empowerment of bureaucrats has to be supported by a strong incentive regime in order to retain talent and sustain motivation. One of the neo-liberal criticisms of the state was that politicians and state bureaucrats tend to be self-seeking. This thinking made it thus impossible for the state to be free of corruption as those entrusted with power for development of all would in all likelihood embezzle public funds for their own selfish ends. A system that confers a distinctive and rewarding status on bureaucrats is therefore needed to reinforce the insulation of these officials from corporate capture (Evans, 1995:30). As Chang (2002) points out, individual motivations are hardly innate. Institutions shape motivations of individuals. Individuals tend to assimilate values espoused by institutions over a period of time. Whereas neoliberalism conceives of human beings as “pre-formed” (Chang, 2002:555), institutional analysis acknowledges that human behaviours are varied and interact with each other in more complex ways than simplistic assumption of selfishness.



Evan's theory of comparative institutional approach also pays important attention to state-society relations. It is now a matter of common knowledge that the success of East Asian states largely hinged on unusual private-public relationship, with the state assuming the leadership role. The role of other social classes in these countries was deliberately kept to a minimum by authorities, although with notable differences in degrees. Consistent with the main argument of this thesis, local government is best positioned to deepen democracy within the state for its provision of services is "in line with local tastes and preferences" (Watt, 2006:4), at least in theory. Inevitably, the concepts of democracy and development, at some point thought to be incompatible, must now coexist as active citizen participation becomes an important element in enriching the discourse and practices of development (Williams, 2014:6).

The role of business in development is beyond question. The narrative of a developmental state from the time of origin of the concept based on Japanese miracle is closely linked to state-business ties. Based on comparative empirical cases, Williams (2014) cautions that the historical features of a twentieth century developmental state are no longer adequate to fully account for stories of development. In the twenty first century, there are far more complex conditions of politics of development which scholars and policy-makers need to grapple with.

These include, but not limited to, the continuing wave of decentralisation and democratic deepening, state power and its use, domestic politics which include even informal influential factors as well as political will. What is clear is that the embeddedness of the state can no longer be defined in relation to business alone. All other social classes must come to bear on development strategies. By implication, one of the requirements of state capacity in this context must be its unquestionable ability to resolve conflict between and among competing interests. The state has a moral obligation to ensure that the interests of ordinary people are not relegated into the background at the expense of powerful classes.

A developmental state framework imposes on the state a need to play some roles to actively stimulate development. Developmental institutions have a task to consciously build relations and coalitions with development-oriented partners in pursuit of mandates. The notion of a developmental local government in South Africa is rooted in the philosophy of a partnership of a municipality with local businesses and community organisations. Almost all legislations for local government in South Africa impose consultation with communities for purpose of local planning. That is the essence of decentralised planning. As Evans (2014:232) states,

“accurate information on collective priorities at the community level is the *sine qua non* of a successful twenty-first-century developmental state”.

Depending on decisions and available instruments, some plans and policies will be implemented through partnerships in order to augment the meagre resources of municipalities, particularly smaller and rural. Shared implementation of projects partly explains why embeddedness was important for the twentieth century developmental state. In the twenty first century, the implication (in the context of both the primacy and importance of intergovernmental relations) is that a municipality must have, as part of its capacity, capabilities to negotiate implementation partnerships with both the public and private sector institutions and have capacity to mobilise external resources other than historical reliance on central government grants, which have proven to be inadequate if measured against the increasing demand for basic services.

The theory of comparative institutional approach aptly captures the real story behind different developmental outcomes of public institutions. It is akin to what Collins (2011:15) calls the immutable laws of enduring physics in his thesis on how companies move from being good to great. Internal efficiency, municipality-society relations as well as the functions assigned to a municipality jointly affect the envisaged developmental outcomes. The component of functions is quite telling. Central functions of the state often include coordination of large scale changes, provision of a (entrepreneurial) vision, institution building and conflict management (Chang: 1999). Macro-organisation of the state also designates specific functions to specific spheres of government on the basis of various considerations.

Functions and roles of developmental institutions add an important dimension in the assessment of cases of policy performance across space and time. They give context to institutional cohesiveness and embedded autonomy of an institution. For instance, any comparative analysis between decentralised planning in Kerala and South African local government system must appreciate that states in India (subnational structures) are responsible for services like education and health. These services are not the competency of local government in South Africa. However, it is important to acknowledge that the effectiveness of municipalities in South Africa with regard to the provision of services like water, electricity, and sanitation have effect on the delivery of services like education and health by other spheres of government.

This approach is therefore the useful instrument available to policymakers and analysts to measure institutional success. Institutional success is measured through the assessment of results, legitimacy and durability (Vinuela, Barma & Huybens, 2014). This is how this study measures both the success and impact of local government as a contributor towards the dream of a South African developmental state. Results are measured in terms of institutional ability to achieve sustainable and tangible improvements in predetermined outputs and outcomes. One key addition that one makes in this study is that functions are equally important not only in relation to institutional capacity but also with regard to the realisation of intended outcomes.

Legitimacy of an institution is a function of a combination of factors. These include the manner in which the elite comes to power (i.e. regularity and fairness of elections), its capacity to deliver services of unquestionable quality on a sustainable basis and finally, the attendant feelings and perceptions of citizens regarding the impact of services rendered on the quality of life. Lastly, a successful institution is the one that survives serious challenges coming from within and outside of it. These may include changes in leadership in line with democratic outcomes of regular elections and exogenous economic marked changes.

While the usefulness of the elements of the comparative institutional approach are not doubted, it is important to point out that they are not sufficient to explain varied performances of municipalities within the peculiarity of the South African governance framework. Its weakness is that it does not pay sufficient attention to exogenous influences which have little regard for internal efficiency, state-society relations and functions of the state. Developmental states are not immune from influences of exogenous factors. Similarly, the role of municipalities as developmental institutions need to be analysed in the context of South Africa's cooperative governance system and IGR. South African governance system is unitary and consists of three spheres of government.

Although the constitution guarantees the autonomy of provinces and municipalities, it cautions sub-national spheres to pursue their developmental mandate within national legislation. That on its own imposes limitation. Whereas national government passes a deluge of laws meant to unleash the potential of local government, Steytler (2008:518) laments the fact that local government is strangled as it has "become the point of convergence for a barrage of legislation and regulations". In his view, the sheer volume, style, nature and scope of the legislative framework has the potential to inhibit local government from fulfilling its constitutional mandate.

In his study of the role of Chinese state in rural development, Pieke (2004) stresses that both vertical and horizontal institutional arrangements, particularly the autonomy of local states, have an impact on outcome of economic programs. In the context of developmental local government in South Africa, it becomes clear that the aspect of autonomy of municipalities versus strangulation becomes important in addition to internal efficiency, municipality-community relations and functions. The notion of capability set, although centred on human beings, is useful in the explanation of what municipalities can and cannot do depending on external factors such as regulatory framework. Capability set is a recognition of limits imposed by institutional and social factors on available choices.

To conclude this section, two very important points must be made for they have implications on the analysis of data gathered. Firstly, the continuing intellectual debate on the developmental state paradigm suggests that the “most obvious starting point for more aggressive state action is ramping up the effective delivery of capability-expanding services” (Evans, 2014:231). These services mainly include health and education. In terms of South African constitution, these services are offered concurrently by provinces and national government. Unlike in India where local governments are ostensibly responsible for these functions, local government in South Africa has a limited role to make towards the construction of a developmental state if development is to be primarily understood as an expansion of capabilities through services such as health and education.

Secondly, developmental state framework is interpreted in terms of economic and political schools. The economic school often focuses on national economic policies that are necessary for development. Although local government is mandated to facilitate growth through LED programs and activities, it is analytically difficult to assess developmentalism of municipalities from the economic school perspective as national economic policies leave little space of manoeuvring for local authorities. For example, municipalities cannot get relative prices wrong as Amsden (1989) famously wrote.

The political school is concerned with the nature of the state and the relationship the state has with society. This school considers a number of variables in its analysis. As Fine (2013:11-12) points out, these include but are not limited to consensus, institutions, political participation, inclusion and exclusion, depoliticisation, bureaucratic cohesion, weakness and strength, politics, efficacy, adaptability, networks, and numerous others as variables. This widening of scope of variables has an advantage of drawing comparisons to explain successes and failures

of individual states. It therefore follows that analysis of data in this study largely falls within the political school of developmental state and treats LED work as a function than results measured in economic growth. Notwithstanding the implications for functions and services of municipalities against the backdrop of the rise of knowledge economy, the current constitutional devolution of powers and functions limit the contribution of local government. This obviously has implications for the quality of integrated planning among the three spheres of government as the increasing number of literate and healthy residents within municipal jurisdictions will benefit the local base of “intangible assets” (Evans, 2014:222) such as ideas, skills and networks.

### **3.3 State and state formation**

The state is the single most important institution in the development (or lack thereof) of societies. Its capacity to penetrate society places it at the centre of human progress, civilisation and transformation on the one extreme. The very same actor also has a history of deleterious destruction of human life through wanton wars driven by scramble for economic resources on the other hand. To a large extent, the history of state can very much be summed up as the history of international wars and conflicts, particularly in Europe in the early centuries and later in Africa following decolonisation.

That the state ended up being synonymous with wars and conflict is quite intriguing in that upon its origin, it was intended to solve the problem of collective pauperism. Arguably, the state (concept) assumed prominence from 1648 with the signing of the Peace of Westphalia which ended the thirty years’ war in the Roman Empire and the eighty years’ war between Spain and Dutch Republic. Accordingly, it has become somewhat exceedingly difficult, if not impracticable, to account for history of human beings and their condition of progress or stagnation without using the state as an analytical framework.

Numerous accounts exist on the origin of the state. From ancient philosophers such as Plato, Aristotle and Machiavelli to contemporary thinkers such as Karl Polanyi, Charles Tilly and Francis Fukuyama, various theories are advanced which share some light on the origin and evolution of the state. Majority of ancient philosophers concerned themselves with the relationship between man (human being) and nature (physical environment). For instance, although Plato and Aristotle have some points of disagreement, (e.g. private property), they both agree on the primacy of human needs and the natural inadequacy of any individual to meet his basic needs alone. The state therefore comes into being purposely to address the needs of

individuals. Plato is quoted as having written that “So, having all these needs, we call in one another’s help to satisfy our various requirements; and when we have collected a number of helpers and associates to live together in one place, we call that settlement a state” (Ebenstein, 1969:22). Similarly, Aristotle would later write that “The proof that the state is a creation of nature and prior to the individual is that the individual, when isolated, is not self-sufficing...” (Ebenstein, 1969:79).

The account of state formation expressed above needs to be understood in its ancient context. It is greatly idealist. It is based on assumptions of human rationality, existence of common interest of goodwill and cooperation between community members. The approach underestimated a possible evil nature of humans which may give rise to greed, competition and wars as leaders of states wrestle each other for surplus of the produce, potential wealth and subsequent position that each individual and state occupies in respective hierarchies of social stratification and the league of nations in the web of global relations respectively. An appreciation of these possibilities elevates to prominence practices such as survival and self-help.

It therefore follows that individuals and states wired in self-interest and aggrandizement will naturally find it “kind to be cruel” (Baylis & Smith, 2006:163). Although not the purview of this study, this account of state formation can be useful in understanding the formation and evolution of social systems, from slavery to modern-day capitalism. At the heart of the birth and demise of each system has been the issue of management of resources and their distribution. Ruling classes in each system emerged out of combination of greed to monopolise resources and sell surplus for profit, supported by trickery to develop processes and systems to defend their greed. The need to monopolise resources for the few and the accompanying imperative to keep as many people as possible away from the benefit led to the idea of ‘policing’ as those who had now ensconced themselves as a ruling class sought ‘legitimate’ measures to prevent ‘thieves’ from using natural resources.

The consequence of self-interest is the racketeering tendency of states. According to Tilly (1985), governments often fabricate external threats of wars and use this fabrication as the legitimacy to go into war under the auspices of protection of their citizens. Tilly (1985:171) describes a racketeer as “someone who creates a threat and then charges for its reduction”. This is potentiated by the tendency of falsification of knowledge. The most recent examples of falsified knowledge which led to wars were in 2003 when the United States attacked Iraq under

on claims that Iraq was manufacturing the weapons of mass destruction. The other example was when the North Atlantic Treaty Organisation-led (NATO) called for the enforcement of the concept of the right to protect in Libya in 2011 on grounds that the government there was mauling its citizens. In these two examples, both the United States and NATO acted as racketeers for they fomented threat which did not exist in order to justify invasion of Iraq and Libya respectively.

According to the theory of racketeering, motivation for war influences the formation of the state because any “state that failed to put considerable effort into war making was likely to disappear” (Tilly, 1975:184). State-making and survival are therefore dependent on the military strength of a state to defend itself from possible aggression. Back home, the same theory could be used to explain the incomprehensible rush of the newly formed democratic state to modernise its defence force, which resulted in the lucrative arms contracts being signed in the first administration without any evidence that the country faced internal or external military threat (Feinstein, 2007: 155). According to this logic, there is interdependence between war making and state making, and both these processes qualify to be seen as organised crime when the distinction between legitimate and illegitimate force is discounted.

Perhaps relevant to the topic of this study in relation to the concept of the developmental state is Polanyi’s argument that “the liberal state was itself a creation of the self-regulating market” (2001:3). Polanyi argues that an attempt to commodify human beings and the natural environment is pushing societies to the cliff of destruction, which leads to people organising themselves in resistance. People are therefore forced to protect themselves against “the ravages of this satanic mill” (2001:77). The satanic mill here refers to the market economy, whose emergence alone “was a complete reversal of the trend of development” (2001:71). It is easy to trace that Polanyi’s dismissal of labour, land and money as fictitious commodities are based on morality and idealism hence his idea of “double movement” (2001:79) to denote the inevitability of society to protect itself against debilitating effects of ungoverned markets. However, he cautions that any measure taken up by society – which may include state formation – may endanger society in another way, thus effectively forcing “the market system into a definite groove” of social organisation (2001:4).

Clearly, there is more than one way to explain the origin and evolution of the state. One needs to be modest enough to point out the limitation of expertise on the choice of the most appropriate theory. Be that as it may, it suffices to counsel that extracting the best elements

from various accounts may be the advisable way to deepen one’s understanding of the entity called the state. Preliminarily, it is important to make sense of what the state is before one delves into the detailed discussion of the notion of the developmental state. **Table 3.1** below presents the commonly identified characteristics of states.

**Table 3.1. Comparative characteristics of a modern state<sup>5</sup>:**

<b>Francis Fukuyama (2012)</b>	<b>Dunleavy, P &amp; O’Leary (1987)</b>
Centralised form of authority, e.g. president, prime minister, king. This source of authority trumps all others within the territory (sovereignty).	The state is the separate set of institution differentiated from the rest of society. The differentiation is the basis for identifiable private and public spheres.
Source of authority is backed by a monopoly of the legitimate means of coercion in the form of army or police.	The state is sovereign and is supported by coercive sanctions to enforce law and take binding decisions.
The authority is territorial.	Sovereignty is distinct and applies to all individuals within the territory including those within formal government positions.
States are more stratified and unequal.	Personnel is recruited and trained for management in a bureaucratic manner.
States are legitimated by much more elaborate forms of religious belief, with a separate priestly class as its guardian.	The state has the capacity to extract revenues from its subjects

State is defined as the central authority that can exercise monopoly of legitimate force over its territory to keep peace and enforce law (Fukuyama, 2012:3). The state is often defined broadly from organisational and functional approaches irrespective of whether it is seen from a Marxist, pluralist, leviathan (New Right), etc, (Dunleavy & O’Leary: 1987; Heywood: 1997). Most theorists prefer the organisational approach, which regard the state as the set of government institutions, which are recognisably public “in that they are responsible for the collective organisation of social existence and are funded at the public’s expense” (Heywood, 1997:84).

The emphasis on government is important in that it implies a distinction from the market and another third important policy actor, civil society, from the state. Basically, the discussion of the concept of state assumes the existence of the triad consisting of government, the market and the civil society. The three are implicit in the notion of embedded autonomy as the state has to maintain strategic ties with both the market and the civil society. The organisational

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<sup>5</sup> These characteristics are not necessarily equally applicable to all countries, however, they do represent the features that social scientists to be essential in distinguishing the state from other institutions of governance.



definition of the state will be used throughout this report in order to underscore the cardinal role played by structures of government in pursuance of the noble goal of development.

However, it is important to distinguish between government and the state. Government is a component of the state. It is the vehicle used by the state to build institutions of the state through the function of policy formulation. State also uses government to build a nation. State building consists of deliberate decisions and activities taken by national elite or leadership to achieve national goals. Although a product of conflict between different classes constituting a nation within a physical territory, state building must be oriented towards building and attaining legitimacy, without which the state will collapse.

Government and its institutions play an important role in the determination of relationship between the state and citizenry. The state can only exercise its extractive capacity provided that its legitimacy enjoys popular acceptance. Where legitimacy is questioned, “the citizenry creates parallel state institutions to both enforce and adjudicate” (Ndletyana & Maimela, 2013:12) on matters which ordinarily are the responsibility of the state. This was particularly the case during the apartheid South Africa where majority of the excluded black citizens did not recognise state authority.

The source of legitimacy is a moot issue. In East Asia, legitimacy was derived from the economic growth of the dirigiste states at the expense of human rights and democracy. In the twenty first century, one of the requirements of the legitimacy of the state is and will be democracy and protection and promotion of human rights, including the right to safe and healthy environment that was disregarded by the early and late industrialising countries. However, the mere formal political democracy still proves inadequate if it does not solve development needs of citizens. . Fukuyama (2014:6) states that governments “actually had to deliver better results if it was to be regarded as legitimate, and needed to be more flexible and responsive to changing public demands”. In this sense, the responsiveness of public policy becomes the *sine qua non* of state legitimacy.

**Table 3.2: Principal differences between the state and government**

<b>State</b>	<b>Government</b>
Extensive and includes association that encompasses all the institutions of the public realm and embraces all members of the community.	Part of the state.
Continuing and permanent.	Temporary. Governments change all the time and their systems can be reformed and remodelled.
The state is the impersonal authority. Its personnel is recruited and trained in a bureaucratic manner and is expected to be ideologically neutral.	Government is the means through which the state authority is brought into operation. Government is 'the brains' of the state and perpetuates the state's existence.
In theory, the state represents the permanent interests of society, the common good or general will.	Government represents the partisan sympathies of those who happen to be in power at a particular time.

*Source: Heywood, 1997: 85-86*

### **3.4 Formation of the South African state**

The present day democratic South African state is a product of various interlocking dynamics. Its making was influenced by specific historical domestic processes which intersected with general international development from about the 13<sup>th</sup> century. Many a times, South African story is told from 1652 when European missionaries settled permanently in the Cape. Although there is no disputing the importance of this moment as a turning point which marked the speed, scope and magnitude of colonial dispensation, it is important to note that the history of South Africa predates this period (Mapungubwe Institute of Strategic Reflections [MISTRA], 2014:25).

Indeed, one cannot dispute that this moment precipitated profound implications in the form of European civilisation and wanton destruction of Africa. It could be on grounds of the magnitude of this moment, which later informed the arbitrary drawing of boundaries for African states by Europeans in the big scramble for European states' enrichment and continental modernisation, that anthropologists, historians and sociologists tend to refer to the year 1652 as the starting point for understanding the African and South African story.

In the late nineteenth century, gold and diamonds were discovered in South Africa, specifically in Johannesburg and Kimberley respectively. This discovery accelerated the growth of imperial capitalism in South Africa. The British had largely settled on the coastal areas whereas the Afrikaners settled at the hinterland after dispossessing the natives of their land. The discovery of gold and diamonds led to Anglo-Boer war which lasted for three years from 1899 to 1902. During the war, the British warriors forced their way into the hinterland in order to control the infant mining industry.

African kingdoms were engaged in a number of wars against their white enemies and among themselves as each nation sought to preserve the little it could for itself. A number of these kingdoms suffered severe defeats in resistance wars, mainly because they were not supporting each other. The discovery of minerals and the successive defeats of African kingdoms by the British and Dutch Settlers mobilised a need for unity among Africans in the Southern tip of the continent, resulting in the formation of the ANC in 1912 following the consultative meeting in 1910. The said consultative meeting coincided with the formation of the Union of South Africa as a product of the peace accord between all whites – Britons and Boers – signed in 1906. The essence of the treaty was the disenfranchisement of Africans (blacks) from political and economic participation.

This became evident in 1913 with the formalisation of dispossession programme through the passage of The Natives Land Act. The British continued their programme of racial segregation until 1948 when the National Party won all Whites elections. The Nationalist Party, “driven by essentialist ideas of racial purity and divine destiny” (MISTRA, 2014:42) did not waste time to demonstrate, in action, that blacks would only be good merely for the purpose of being appendages to their white counterparts. The ideology of racial purity or white chauvinism was anchored on assumption that black people were not worthy of human dignity. Blacks were seen as subhuman.

The government of the time had to do everything in its power to formalise the dehumanisation of blacks in the country. By 1950, the National Party had passed three laws upon which apartheid was built. These were the Suppression of Communism Act, the Population Registration Act and the Group Areas Act. The Population Registration Act allowed the government to arbitrarily classify the race of people while the Group Areas Act consolidated the programme of residential apartness started by the English.

The sharp menace with which the apartheid government, under the National Party, pursued its programme of separation somewhat cultivated a sense of nationalism amongst black people. There was an awareness that the basis for oppression of black people was solely their skin colour and nothing else. However, the system also created buffers of the Coloured and Indian communities, who were seen as being inherently better than African people but were not good enough to deserve the standards of living meant for white people. For instance, the amount that the government allocated to subsidize education of children was determined by the skin colour in terms of impromptu method of classification of races.

The dehumanisation of African, Coloured and Indian groups facilitated cooperation between all the three groups. This was evidenced by the strategic programs which were shared between the ANC and the South African Indian Congress (SAIC) as an example. Although not often amplified in the annals of history, the departure from the decorous protest action of the ANC to the ANC Youth League (ANCYL)-inspired radical program of action adopted in 1949 was influenced by the teachings of SAIC. Mandela (1995: 119) observes that:

“The Indian campaign became a model for the type of protest that we in the Youth League were calling for. It instilled a spirit of defiance and radicalism among the people, broke the fear of prison, and boosted the popularity and influence of the NIC [Natal Indian Congress] and TIC [Transvaal Indian Congress]. They reminded us that freedom struggle was not merely a question of making speeches, holding meetings, passing resolutions and sending deputations, but of meticulous organization, militant mass action and, above all, the willingness to suffer and sacrifice”.

The ANCYL absorbed these teachings. It quickly developed a program of defiance campaign, which to date has been recorded in history as the turning point of the organisation which had increasingly grown disconnected from the masses it sought to liberate. It used its program of action to lobby for leaders of the ANC who would be prepared to implement it unflinchingly. The implementation of the said program and the consequent reaction of the National Party government arguably mobilised nationwide support for the meeting that drew up and authored the Freedom Charter as a document that succinctly captured the demands of the people of South Africa at the time.

Although some key leaders of the ANC were barred from attending the meeting, the liberation movement and ordinary South Africans managed to convene a meeting in 1955 to draw up a charter that listed the elements that would define an ideal, future South Africa based on racial harmony, human dignity and equality. Freedom Charter, which continues to be the key policy

ambit in post-apartheid South Africa, was only adopted by the ANC in 1956 as its basic policy upon which all other policies would be and continue to be derived.

The period between 1948 and 1994 represents the conflict between the National Party government on the one hand and the ANC on the other hand. The two parties were the protagonists of contradictions, continually characterised by mass protests, callous killings, arrests, jail, loss of life and exile. In late 1980s, a process of negotiations started informally between the government and some individuals within the ANC. This ushered in a historical moment in 1990 when President De Klerk unbanned all political parties and released political prisoners in order to set impetus for formal negotiations under the auspices of the Convention for a Democratic South Africa (CODESA). Although fractious at the beginning, CODESA produced an interim Constitution in 1993. It was this interim constitution that took South Africa to its first democratic elections in 1994, marking the moment of rebirth.

The newly formed democratic South African state inherited a country with a legacy of skewed spatial development as its key feature because of the laws mentioned earlier. Urban areas were mainly reserved for whites and were highly developed in terms of basic services. A limited number of black people were allowed in these areas on the basis of their cheap labour for sole purpose of growing white wealth. The successful performance of the mining industry led to the industrialisation and attendant attraction of more rural migrant workers into cities. Grudgingly, “the state acknowledged the necessity for some Africans to live and work in the city and consequently gave individuals limited rights and created townships for African residence although the emphasis was put as much as possible either on hostel construction or on urban development in the Bantustan territories assigned to Africans” (Freund, 2006:304).

This residential segregation gave birth to and reinforced economic dualism that continues almost unabated in present-day South Africa after two decades of democracy because of the failure of trickle-down economic policies. White urban areas were and continue to be characterised by formal and mainstream economy which is highly developed. Townships, on the other hand, exhibit “informalisation” trend that is unlikely to be reversed (Devey, Skinner & Valodia, 2006:230). It is this dualism that makes South Africa to be among the leading countries when it comes to inequality in the world. A big indictment for a democratic South Africa is that poverty and underdevelopment continue to be black and gendered whereas wealth and progress are still firmly in control of few white males.

The new democratic South African government was constituted by majority of political parties that participated in CODESA negotiations. It sought to deliver a better life for all using its pro-poor RDP policy. Pragmatism led to the abandonment of the RDP. The ANC and government argued that they were trying to mitigate the risk of capital flight. Abandoning RDP was therefore rather a tactical than strategic move. Consequences were to be dire and for a long time. At the time it formulated the RDP, the basic goal was to solve the problem of “skyscraper economy” (Turok, 2008b:165) in reference to dualism of concentrated white assets coexisting with black poverty.

In order to deliver a better life for all, the democratic government first had to undergo institutional transformation in order to build capacity which would be concomitant to great social and economic challenges at hand. According to Ramphela (2008:13), transformation “entails a complete change in both form and substance, a metamorphosis, as happens in the life cycles of insects as butterflies”. Apartheid bequeathed to the new South Africa “a bifurcated citizenship” (Barolsky, 2013: 379) which the democratic state seeks to unite in its diversity. By the end of 2014, there was no evidence that the country had succeeded in its efforts to transform the economy. The features of apartheid colonialism remained in force. This reality explains the poignant observation made by Gumede (2016) that the challenge of development in South Africa is essentially a challenge for Africans.

### **3.5 Origin of the developmental state**

There exist many differences on the notion of the developmental state, particularly with regard to the details of factors that are attributable to the actual exceptional economic performance. However, an existing agreement relates to the lack of consensus on the definition and meaning of the concept (Knight, 2014; Mathebula, 2016; Routley, 2014) as it was evident in Chapter 1. The concept has been resilient as the most “pre-eminent” in explaining the political economy for at least three decades since its inception (Naseemullah & Arnold, 2014:123) notwithstanding various contentious issues surrounding it. Conventionally, the developmental state refers to the high performing East Asian late industrializing economies, with Japan being the pioneer (Penderis, 2012:42).

Johnson (1982) originated the term to explain the growth and development of Japanese steel industry from the end of the Second World War until the early 1970s. His main thesis for the outcome of exceptional economic performance in Japan during this period can be summed up as the ability of a functional state to focus on a single goal of economic growth through

industrialisation. A functional state has four attributes: the first element is a small but highly excellent bureaucracy with capacity to formulate industrial policy and to guide the economy (excellence of the bureaucracy is a function of meritocratic recruitment and the incentive regime designed to retain high performers); the second element is about the political system which enables bureaucracy to perform their functions without fear or favour; the third element is the market-conforming methods of the state; the last element is the existence of the powerful pilot agency to drive implementation (Johnson, 1982; 1999).

The 'discovery' of Johnson was to be replicated by Amsden (1989) and Wade (1990) to explain similar phenomenal growths of South Korea and Taiwan respectively. Based on similar institutional features of Japan, the three accounts concluded that "government steerage" of the market was the prerequisite for sustained high economic growth through industrialisation (Wade, 1990:30). The take-home message from the three studies is that the state is the midwife of economic growth. It is therefore not surprising that there would soon follow attempts from increasing number of countries and regions to mimic the successes of the three countries, leading to what has been described as the "Asianization of the world" (Friedman: 2002). For Evans (1995), states which are guaranteed success in achieving the extraordinary performances of East Asia must have the art of "embedded autonomy". For him (Evans, 2010:27), developmental state is the cause for development.

The elusiveness of consensus on a definition suggests that there has to be some way to identify a developmental state. Mkandawire (2001) suggests that a developmental state can be identified through its structure and ideology. Knight (2014) proposes that it useful to accept a broader definition which unties a developmental state from a particular industrialisation strategy. He therefore proposes that a developmental state should be judged on the two criteria of state objectives and the institutional arrangements. This view seems to be in support of the argument advanced by Mkandawire (2001:290) that it is misleading to equate the strength of the state and success to economic growth. There are always exogenous shocks which may frustrate the realisation of stated economic objectives. Drawing on literature, Routley (2014:161) points out that structure is not an end in itself. What is important is the developmental roles which developmental structures have to carry out.

Chang (1999) identifies four broad functions of a developmental state. The first function is that of a centralised coordination, which must be done in the interest of investment decisions by ensuring that interdependence prevails between economic agents. The second function of a

developmental state is the provision of a vision for the future of the economy. This imposes the important element of entrepreneurial dimension on the role of the state. Evans (1995) distinguishes between the midwife and husbandry roles to underscore the sequenced process the state has to undertake. The state must help to bring new entrepreneurial actors in the sector (midwife) and then takes the responsibility to cultivate, nurture and prod them into production (husbandry).

The third function of a developmental state is institution building. Institutions do matter. They are the main determinants of a long term country prosperity and consequential social development (Fritz & Menocal, 2007:532; Wiesner, 2011:24). The section on theory indicated that durability is one of the dimensions to measure the success of the organisation. Mkandawire & Soludo (1998:132) argue that what made East Asia unique was the durability and effectiveness of institutional structures. This implies that durability must be the conscious goal of the elite when they build institutions. Chikozho (2015:5) stresses that “the real challenge in constructing a developmental state lies in designing the requisite institutions for the country to become truly developmental”.

The last function of a developmental state is to manage and resolve conflict between societal groups in a manner that does not compromise the collective interest of national growth. State is inherently a contested terrain between different social classes. Whoever achieves the legitimate capture of the state has a responsibility to strive for social cohesion and social capital, which were both important for the realisation of the sustained high growths in East Asia in the early period following the end of the Second World War. The context of intergovernmental relations further places a need on the state to resolve conflict which may arise between different spheres of government. Conflict resolution between the three spheres of government can be achieved through “periodic gatherings at which politicians can negotiate and officials interpret, translate, and deliver outcomes” (Davis & Silver, 2015:467). The function of conflict management can be managed more effectively through “democratically organised public deliberation” (Evans, 2010:43). Drawing on the capability approach, Evans (2010; 2014) argues that democracy is the only analytically defensible means of defining specific developmental goals.

Fine (2013) suggests that developmental state can be analysed from economic and political schools. This position has its own problems as the boundary between the economic and the political is not always clear (Chang, 1999:197). Nonetheless, the usefulness of the distinction



between the two schools lies in its ability to capture the important missing details. The economic school concerns itself with the identification of appropriate policies on the presumption that they will be implemented by a developmental state (Fine, 2013:4). But historical analyses tend to pay superficial attention to class despite acknowledgement that developmental states are largely capitalist. Income inequality – a source for social instability – is often generated by developmental states.

Similarly, the assumption of aloofness of the state from key national and global factors is misleading to the say the least. Naseemullah & Arnold (2015:122) argue that developmental states should be linked to the politics of state formation. In this way, it would be easier to explain and understand why some countries succeed in their efforts to construct developmental states whereas others fail. According to these authors, national institutional dynamics also influence the persistence of developmental states in some countries while developmental states wither away in others. For instance, Tsukamoto (2012) argues that demographic changes in Japan have forced a shift from the developmental state to the neoliberal framework. Kalinowski & Park (2016:62) claim that central elements of the developmental state in South Korea have lost relevance in domestic policies.

### **3.6 Expansion of geographic reach**

The popularity of the developmental state framework is attributable to the success of East Asian countries. This had two unintended consequences. The first was the emergence of some assumed East Asian model or blueprint. Second, and related to the first, was the “extraordinarily self-limiting” (Fine, 2013:10) nature of the developmental state literature to handpick only successful industries and countries. Overtime, the framework stretched its analytical reach (thanks to Evans’ comparison of developmental, intermediate and predatory states). The stretch of the analytical reach of the developmental state framework is consistent with historical assertion that a developmental state exists in time and space and that although it is largely particular, it can be generalizable (Johnson, 1999:43). Extension of the framework in the analyses of growth trajectories across different regions and sectors have effectively challenged “the assumption that there is a blueprint of effective state structures” (Williams, 2014:2).

It is against this backdrop of the expansion of analytical reach that the literature also emphatically rejects the notion of impossibility of developmental states in Africa (Mkandawire, 2010:74; Musamba, 2010: 30-31). Three main arguments which were advanced for this

'impossibility theorem' are that globalisation presently denies too little space for infant industry protection; one could add that the growing focus on regional integration programmes may as well be seen as an impairment; secondly, institutions are not generally transferrable; and thirdly, Africa is seen to have inherent and persistent neopatrimonial tendencies which prevent the building of state capacity and the requisite commitment to development.

There are two sub-sections in this Chapter which deal with the compatibility of the developmental state with globalisation and democracy respectively. In the main, the thesis rejects the suggestion of incompatibility of the developmental state with both globalisation and democracy. Instead, arguments which show that international trade has always existed are presented in the relevant sub-section. Similarly, Evans' (1995) work on comparing performances of states across regions indicate that there is hardly a connection between a particular regime and developmental outcomes. However, scepticism about compatibility still continues, with some suggesting that the developmental state can only co-exist with a thin conception of democracy, which is the reduction of democracy to free and fair elections (Prado, Schapiro & Coutinho, 2016:410). Mundane voting every four or five years is insufficient to embed state institutions, including municipalities, in communities.

The modern world is in many ways democratic and committed to the progressive realisation of inalienable human rights. Leftwich (2000:169-170) asserts that "it seems unlikely that it is possible in the modern world for any society to make a speedy and successful transition from poverty without a state that in some respects corresponds to this model of a developmental state". In addition, the recent global financial and economic crisis has given credence to those calling for state intervention in modern economy (Edigheji, 2010:1). Left alone, self-regulating markets "would have physically destroyed man and transformed his surroundings into a wilderness" (Polanyi, 2001:3) and can equally "initiate economic calamities of gigantic magnitude" (Jahed and Kimathi, 2008:103). Being the continent that ranks low on the human development index, developmental states are "indispensable" in Africa as a vehicle to achieve economic growth and to alleviate poverty (Penderis, 2012:7).

Botswana and Mauritius are often seen as exemplars of developmental states in Africa (Darga, 2011; Molomo, 2002). Countries like Ethiopia, Tanzania, Rwanda, and South Africa are considered to be showing some promise and commitment to become developmental (Routley, 2014). Although Kelsall & Booth (2010:27) argue that the tendency of democracy to focus on short-termism because of electoral politics can undermine long term developmental vision, the

need for an outright African democratic developmental state is a normative desire. The continent has history of despots and kleptocrats who turned post-colonial states into predatory states. The continent cannot afford the repeat of the rise, persistence and institutionalisation of “amoralism” (Dwivedi, 2002, 40). Amoralism represents a situation where top leadership lacks integrity. The absence of leadership integrity produces “hypocrisy, greed, and self-indulgence, ultimately breeding public cynicism and the acceptance of the inevitability of corruption” (*Ibid*).

### **3.7 South Africa as a preformed developmental state**

Policy failure fuels the emergence and depth of crisis within states (Mkandawire and Soludo, 1998:23). As the crisis takes root, those in favour of developmental states resort to the framework as a solution for it is increasingly seen as indispensable to developing countries (Levin, 2009:945). This perhaps should be the background in understanding why South Africa became the first country to declare its intention to construct a developmental state. While great progress has been achieved since 1994, the historic legacy of poverty for the majority and inequality persists in present-day South Africa. This is the context in which the debate on prospects of South Africa’s developmental state need to be appreciated. The shift from market-oriented economic policy started in early 2000s from the realisation that policies which had been adopted were only scratching the surface in as far as poverty, unemployment and inequality were concerned.

“Bizarre” (Fine, 2010:174) as the “self-declaration” (Fine, 2013:23) for developmentalism is for South Africa, its interest in developmental state approach is understandable given the seemingly insurmountable challenges the country is faced with. Unemployment increased marginally from 24.3% in the last quarter of 2014 to 24.5% in the last quarter of 2015 (Independent Development Corporation, 2016). A total of 5.2 million were not working in the last quarter of 2015, which was an increase of at least 284 000 from the previous year. Young people are the stratum most affected by unemployment, as 66% of 5.2 million unemployed individuals were below the age of 35. Expanded unemployment stood at 33.8% when 2.3 million people who had given up on looking for jobs are included. By the end of the first quarter of 2016, unemployment had increased by 2.2% and reached the high of 26.7%<sup>6</sup> (Stats SA, 2016).

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<sup>6</sup> The results of the Quarterly Labour Force Survey (QLFS) conducted by Stats South Africa to cover the labour market activities of persons aged 15-64 years.

The pervasiveness of triple challenges of poverty, unemployment and inequality have somewhat contributed to the growth of the developmental state literature in South Africa. Within the circles of the ruling party, the ANC, there are suggestions that the thinking strand of developmentalism has always competed with the initially preferred neo-liberal market ideology (Turok, 2008b). The RDP was somewhat seen to be leaning towards the developmental state thinking. It called for a strong interventionist and redistributive strategy as the basis for growing the economy.

Documents such as the 1992 *Ready to Govern*, the 1998 National Discussion Document titled '*State, property relations and social transformation*' and the preface of the Strategy and Tactics for the ANC National General Council (NGC) in 2000 indicate the commitment of the ANC to construct a democratic developmental state. Turok (2008b:15) opines that the "politically-conscious cadres find the hand-outs of the welfare state to be inadequate and demand a real developmental state, a state which goes beyond enhancing technology and modernising infrastructure, and beyond lowering the cost of doing business at the expense of development".

South Africa has theorised about the type of a new developmental state for some time. While the debate ensues regarding which elements are likely to work, Evans (2014:272) aptly summarises what should be the agenda of such a state: it must combine the economic growth of the twentieth century developmental state and add the new goals which include the deepening of democracy, environmental justice and human development. In what appears like a grand plan, the ANC (2007, 2012) proposes how to pursue these complex tasks; the first attribute of the envisaged developmental state is an approach premised on people-driven and people-centred change for achievement of socio-economic inclusion; the second attribute is the capacity to define the common national agenda and build the social compact around it by mobilising all sectors of society; the third attribute is the organisational capacity of the state to achieve the national objectives – this includes the important notions of cooperative governance and IGR; and finally, the state needs to have technical capacity to translate broad objectives into programmes and projects for implementation.

Not so long ago, South Africa was seen as a developmental state "in waiting" (Fine, 2010:170). Recently, Gumede (2016:57-58) asserts that developmental state in South Africa is a dream deferred largely due to a combination of historical-structural constraints and the conduct of post-apartheid leadership with regard to policy choices, amongst others. The continued strength of the energy-mineral conglomerates and their globalised links and capabilities have proven

too strong for a developing country to can claim sufficient autonomy (Chang, 2010:88). For Burger (2014:2013), the persistence of the under-performance and poor governance of the parastatal sector, coupled with lack of skilled staff in a number of state organs, particularly at local government level, as well as the societal fragmentation at all levels confirm that South Africa is far from meeting the quintessential elements of a developmental state. Rather, South Africa is more a transfer welfare state although the sustenance of affordability of passive consumption is doubtful.

### **3.8 Dilemmas of South Africa's quest to become a developmental state**

The envisaged developmental state in South Africa has a task to resolve three interrelated antagonisms of racial division, class exploitation and the hyper-exploitation of women based on race, class and patriarchal relations in society. As argued by Knight (2014:1344) on the character of the new Chinese developmental state, the envisioned democratic developmental state in South Africa must be a 'human developmental state'. Its humanity will be based on its ability to completely uproot the legacy bequeathed to a democratic state by the apartheid regime. This legacy includes racial division, class exploitation and the triple oppression of women. The history of CST must not be taken for granted for colonisation tends to provide "sources of potential exogenous variation in the local state capacity" (Acemoglu, Garcia-Jimeno & Robison, 2015:2365). Building capacity to contribute to the national resolution of the three antagonisms is therefore a strategic choice for each municipality in line with the expectation that local government needs to contribute to nation-building.

The so-called Asian blueprints never concerned themselves with issues of justice and equality. Human development was of secondary importance to economic growth (Burger, 2014:163). Solution of complex problems is a critical competency which states need to have. On their part, municipalities tend to find it difficult to build functioning bureaucracies in the midst of pervasive ineptitude and lack of developmental mind-set. Williams (2014) identifies four complex issues which she and her colleagues argue that are conditional to the success of a developmental state in the twenty first century.

Firstly, deindustrialisation is a reality throughout the world. States can no longer drive economies through manufacturing as the sector continues to shed job across the globe. States now have to invest in human capabilities. This issue is discussed in various sub-sections in the thesis in which attention is drawn to the fact that local government is legislatively constrained in as far as services such as education and health are concerned. However, "strategic

complementarities” (Acemoglu *et al*, 2015:2365) between different spheres of government can compensate for services and functions which fall outside the mandate and capacity of local government. Indeed, “negotiation remains a primary interactive tool” that enhances the strategic complementarities to ensure that exchange relationships are not limited to program responsibility only (Agranoff & Radin, 2014, 152). They also include exchange of information, knowledge and resources.

Secondly, commitment to democracy requires that the South African state must disentangle itself away from the strangulation and emasculation of capital in order to expand spaces of democratic deliberations. The direct implication with regard to the task of expanding embeddedness is that local government will have the increasing role to play in line with both the theory and principles of decentralisation. The creation of democratic deliberation platforms must genuinely empower citizens with real choices. It would be pointless if their participation will be stage-managed. Commitment to expand embeddedness of the state can be achieved through municipalities playing out their role efficiently. As Sen (1999:9) argues, “a country does not have to be deemed fit for democracy; rather, it has to become fit through democracy”.

Thirdly, and related to the task of expanding embeddedness, the state must ensure that people shape the content and form of development strategies as envisaged by the NDP. Technocratic-driven policies have proven incapable of solving the real needs of communities. As indicated elsewhere in this thesis, the NDP aims to build capabilities of citizens as the precondition for the realisation of a capable and developmental state. Capability approach does not limit itself to the availability of resources, although this is important. It is also about real opportunities for citizens to “decide for themselves what to be and what to do” (Llewellyn, Williams, Nias & Phillips, 2017:49).

Lastly, the South African constitution requires that citizens have a right to a safe and healthy environment and this objective falls squarely on the shoulders of local government. Evans (2010:52) spells out the to-do process of constructing a human developmental state:

“These twin pitfalls define the most likely shape of the demise of the 21<sup>st</sup> century developmental state project. The resulting state could appear to replicate both the 20<sup>th</sup> century developmental state’s construction of a Weberian bureaucracy and the earlier versions of ‘embeddedness’, while being in reality the antithesis of the 20<sup>th</sup> century developmental state. Realising the potential of the 21<sup>st</sup> century developmental state will require avoiding the twin pitfalls of blind ‘top-down’ relations with communities coupled with capture by capital”

### **3.9 Critique of the developmental state paradigm**

A buzzword on the surface, two recent empirical studies that compare cases across countries, regions and sectors found substantial existing lacunae on the topic of a developmental state (Fine, Saraswati & Tavasci: 2013; Willaims: 2014). Whereas the term was initially narrowed to an explanation of economic growth through industrialisation, Fine (2013:22) observes that it has now become “a blanket buzz term” for any circumstance in which there is state involvement. It would therefore seem that the term has not avoided the trappings of promiscuity and abuse like similar fad words such as democracy and globalisation. This is one of the many areas which will have to be improved in order for the approach to defend its respect as an analytical framework. As pointed out earlier, the role of the state in economic development and social policy is empirically indisputable.

However, that does not make every state developmental merely on grounds of state intervention. With reference to the two edited volumes, it does seem that there may not be a convergence soon on which policy areas should the approach be used as an analytical framework. Both edited collections of essays have succeeded in presenting evidence of developmental states beyond East Asia. That is a welcome strength. On the other hand, they have compounded the problem of parameters of scope in that they deal with almost all policy areas.

The significant gap in these two empirical works is that central-local relations and concomitant mandate of local government continue to be inexplicably treated as a ‘by-the-way’ policy matter except for two chapters in Williams’ book. The challenge to agree on what variables should be considered for an assessment of the developmental state approach is a complex one because those indicting it with a risk of promiscuity have also accused it of limitation in scope. For instance, Sato (2013) criticizes the fact that developmental state in East Asia tends to be associated only with industries whose development was linked to Foreign Direct Investment (FDI), while failing to address the failed industrial policy within successful periods. Although disaggregated, the advantage of the sectoral approach lies in its ability to avoid blanket categorizations of states as successes or failures. It is able to expose the illuminating details of how the most successful developmental states had limited impact on their several respective sectors (Schneider, 2015:115). In contrast, Williams (2014:3) unequivocally states that the twenty first century developmental state needs to expand its analytical reach with regard to geography and industries.

The two works referred to obviously continue the tradition on enriching the intellectual debate on the developmental state framework. The major notable difference between the two is that Fine and his colleagues argue that the developmental state is a failed buzz word which “failed to emerge as a prominent alternative as a response to, or in anticipation of, the crisis” (2013:2). In their view, the weakness of the developmental state approach lies in the fact it is rooted in departure from orthodoxy. This partly explains why they claim it could not fly and suggest that not even the recent global crisis could rescue it. This view is obviously contrasted by others (Edigheji, 2010). They propose that there is a need for an alternative to the developmental state paradigm but fail to name it. For like-minded pessimists, one of the major criticisms is that the logic of the developmental state is flawed in a sense that it assumes other things to be constant.

For instance, Saraswati (2013:171) laments the tendency of the developmental state analysis to ignore the salience of unequal competing political interests whose influence over policy is dependent on a myriad of factors which change over a period of time. Given the painstaking desperation to insist on the state autonomy, analysis often excludes such interests, deeming them to be absent. In explaining phenomenal growth rates on the basis of state-institutional analysis, the developmental state was seen as an independent variable, in exclusion of the strategic context which confronted the state and consequently necessitated the creation of developmental institutions (Naseemullah & Arnold, 2014:124). For this reason, some scholars have taken an issue with an assumption that state bureaucracy is apolitical (Toral, 2015:174).

Another major criticism of the approach relates to one of its outstanding elements from a political school perspective. Literature continually points out that state-society relations is an important condition for a developmental state. If experiences of East Asia are to go by, this is understood as an unusual relationship between the state and the market. Despite analysis often falling on capitalist societies, the concept of class and the role of labour are neglected. As Chang (2013) points out, “the pluralist sociology of the developmental state allows for reduction of capital to business, institutions to actors, class relations to individual group interests, and the totality of social formations to the selectively segmented forms that they adopt”. According to this view, developmental state is faulted with managing, instead of resolving, inherent class conflict between business and labour. This criticism is obviously Marxist in that it conceives of the state as an instrument of the class in power. In developmental states, the state is prone to be an instrument of domination by the capitalist class. It is therefore



suggested that the developmental state approach fails to appreciate that the history of social tensions and associated efforts for development are rooted in capitalist social relations.

The point about exclusion of labour deserves sympathy mainly for two reasons. Firstly, labour is an important factor of production just like finance and equipment. In a country that has laws that promotes and protects the rights of workers, labour cannot be ignored when discussing the prospect of a developmental state in South Africa. As Burger (2014:163) correctly points out, the introduction of legislation restricting labour brokering strengthened the rights of workers. Be it in private or public sector, laws such as Labour Relations Act (1995) and Basic Conditions of Employment Act (1997) mean that labour can no longer be disregarded. Labour therefore becomes an important factor in the success of any institution. It is for this reason that the South African government and business place high premium on negotiations for they are aware that failure of labour to agree to terms and conditions of the employer has the potential to harm the economy.

This raises the second related point that justifies sympathy for inclusion of labour in analyses of the developmental state framework. Chibber (2014:34) correctly points out that a functioning bureaucracy is not enough for the required strategic capacity. What is needed is “an internally cohesive apparatus that is able to coordinate itself around developmental tasks” (*ibid*). This implies that even the shrewdness of political leadership is inadequate. Internal cohesiveness can only exist when all three major role players – political leadership, management and labour – work purposefully together to advance the success of an organisation. This explains why the section on theory elucidates and put emphasis on internal efficiency than on bureaucratic corporatism. The quality of relationship between labour and employer is very decisive on institutional success and development matters.

The structural changes in the global political economy have given rise to prophecies about the future of the developmental state framework. Pirie (2013:146) crudely asserts that “the developmental state model is no longer viable in the contemporary global economy”. His reasons range from perceptions that globalisation imposes constraints on the national capitalist strategies to an accusation that a developmental state is too flexible to be an analytical ideal type. This results in failure to understand exactly what a developmental state is as everyone sees it in policies they are sympathetic to. On the other hand, (Williams: 2014) and her colleagues recognise that a developmental state has a place in the future but certainly under changed conditions. Like Pirie (2013), they recognise that global economy has changed.

According to Evans (2014:236), “no state is likely to fully achieve the level of transformation required to become a twenty-first-century developmental state, not even those that best met twentieth-century requirements”.

Should the last sentence in the previous paragraph dampen the zeal of those who still want to construct a developmental state, more so because of the source of the comment? Certainly not. The comment is made deliberately to make those who believe in the efficiency of the framework to work harder to achieve success in more complex circumstances of the twenty first century than to hold on past nostalgia of what previous developmental states achieved. Failure to construct new and more developmental states will only give credence to criticisms such as the one made by Pirie (2013) that developmental states are incapable of grappling with current complex economic conditions. The challenge for supporters of the developmental state paradigm is to find convergence on scope in order to mitigate the risk of abuse of the concept.

### **3.10 Compatibilities with democracy and globalisation**

The recurring theme in the thesis and on scholarship on the developmental state is with regards to its compatibility with both democracy and globalisation. The next sections provide reflections on these controversies.

#### **3.10.1 Compatibility with democracy**

Developmental states are often associated with authoritarian regimes. Such perceptions are not entirely false. However, they are rather a function of coincidence than science, or intentionality. This point deserves some qualification. While there is no disputing “the intelligence, the learning, the iconoclasm, and the courage” of Johnson to uncover “a truth about Japanese state science that had eluded a generation of analysts” (Cumings, 1999:92), a close analysis of the methods used by the state to guide the economy does not necessarily make it the entirely novel venture. This is not to argue against the domestic institutional arrangements being partial determinants of the pace and quality of outcomes (Amsden: 1989). It might as well be that the home-grown, innovative political institutions had a far more, greater impact than the propitious external climate.

One of the often maligned aspects of a developmental state is its insistence or narrow focus on industrialisation and industrial policy. Secondly, one of the elements of the developmental state is its close ties with ‘backwardness’, ‘catching-up’ or ‘late industrialisation’. These two, taken together, suggest that some learning was done on the experiences of states that industrialised first. According to Amsden (1989:3-4), industrialisation happened in England on the basis of

invention, in United States and Germany on the basis of innovation and in ‘backward’ countries or “the rest” (Amsden: 2001) on the basis of learning. In fact, drawing on the work of Freeman and Reinert, Chang (2002:548) points out that “the US was the birthplace of the idea of infant industry protection”. To date, there is yet to emerge scientific work that supports the claim of spontaneous market development.

What is the point being made here? The United States and United Kingdom democratised ahead of East Asia and pursued state intervention in the economy under democratic settings. If we insist on the narrow definition of a developmental state as that of “governing the market” (Wade, 1990), the reality of the state in developed capitalist markets being involved in creating new markets and setting up the new rights and obligation necessary for their functioning in industries like mobile telecommunications, computer software and internet service provision (Chang, 2002:548) in democratic contexts repudiates the connection between authoritarianism. Unfortunately, Johnson seems to have created more confusion on the connection of the developmental state with undemocratic regime than he intended. The following excerpts are extracted from his response to the critique of his book:

“My position on this controversy is to deny any necessary connection between authoritarianism and the developmental state but to acknowledge that authoritarianism can sometimes inadvertently solve the main problem of economic development using market forces – namely how to mobilise the overwhelming majority of the population to work and sacrifice for developmental projects” (1999:52);

“The leaders of a developmental state do not enjoy legitimacy in the sense of a mandate bestowed on them by civil society” (1999:52);

“The legitimacy of developmental states cannot be explained using the usual state-society categories of Anglo-American civics. The successful capitalist developmental states have been quasi-revolutionary regimes, in which whatever legitimacy their rulers possessed did not come from office but from the overarching social projects their societies endorsed and they carried out” (1999:52).

All these excerpts contradict Johnson’s denial of connection between authoritarianism and a developmental state. The classic literature on the concept is also inadvertently misleading in its tendency to emphasise the East Asian ‘model’ almost to a point of downplaying important differences between countries. For instance, Japan was always seen to be more democratic than one-party state in Taiwan. Korea was seen to be far more “brutally authoritarian” as it executed its developmental tasks with “ruthless effectiveness” (Kohli, 1999: 105; 111).

Korea's brutality and ruthlessness owed to Park's successful coup, who "declared martial law, and dissolved the National Assembly and all political parties" and relied to the newly created Korean Central Intelligence Agency (KCIA) to quell opposition to political and economic policies (Kim, 2010:104). Kohli (1999:108) points out that while Korea succeeded when measured in terms of the criteria of growth and industrialisation, Koreans experienced growing misery and exploitation as their fruit of growth was taken out of the country. Economic growth in Korea did not translate in the creation of opportunities for citizens. Ideally, a more democratic regime might have appreciated the right of citizens to benefit from the growth and development of their nations' economy.

The term democracy, in this study, connotes the principles of regular elections, separation of powers between branches of government, guarantees of political liberties, transparency, accountability and respect for the voice of citizens. In practice, it means that citizens must be allowed endless discussion with the state (Friedman, 2010:87) because the prospects for sustainable and equitable development would be bleak (Maathai, 2009:59) without "a distrusting citizenry" (Plaatjies and Porter, 2011:13).

However, democracy does not always guarantee better policy process and outcomes (Friedman: 2002:247; Olowu, 2002:53;). Similarly, autocracy in some African states produced predatory instead of developmental states. Based on empirical studies of Brazil and Mexico, Schneider (1999) cautions that political exclusion is not the preserve of the exclusively authoritarian regimes. As it was the case in Brazil and Mexico, a number of formal democracies employ different methods to inhibit the participation of the majority of adults. To conclude this section on the connection of development with either democracy or authoritarianism, Friedman (2002:247) observes that:

"The issue is not democracy or dictatorship. South Korean authoritarians ignored Japan's democratic, political regime. There is no relationship between strong state capacity and form of political regime. A strong state can be democratic or not, although, over time, the accountability of democracy may make it easier to check cronyist corruption that otherwise could entrench narrow, selfish interests unwilling or incapable of responding to rapidly changing international economic forces. State-leveraging for wealth expansion must be market-regarding. In sum, strong state capacity and state effectiveness should not be confused with the very different issues of either proactive government action in the economy or regime form, that is, democracy or dictatorship".

Drawing from the earlier definition by van Dijk and Croucamp (2007) as well as the above quote on their emphasis on accountability as a mechanism to lessen the risk of pervasive

corruption, it is perhaps more apt to use the concept of a democratic developmental state in order to stress the desirability of commitment to both democracy and development as intertwined goals. It is therefore “erroneous” (Mkandawire, 2010:69) to treat development and democracy as incompatible.

### **3.10.2 Compatibility with globalisation**

The emphasis on the goals, bureaucratic composition and qualities of developmental states has given rise to a phantom debate. Statists tend to adopt a rather linear than complex perspective in giving account of the wondrous economic performances of the late industrialising countries. This linear approach focuses on the internal cohesiveness of the state – represented by visionary political leadership and highly effective and insulated bureaucracy – as the “preponderant actor” pursuing a moral ambition of industrialisation (Loriaux, 1999:235).

According to this approach, state capacity, defined as the presence of “state functionaries and agencies” (Acemoglu *et al*, 2015:2365) is all that matters. This neglects the overwhelming evidence played by foreign capital in supporting selected nascent industries and bringing new technologies to boost product development within national borders. The selective emphasis of developmental states’ characteristics and goals conceal the incontrovertibility of globalisation always being in existence. The mere fact that these states grew their economy through export-led industrialisation should alone settle the debate about compatibility of globalisation with the developmental state.

There are claims that globalisation effectively ended developmental states. “The constraints that global structural change impose on national capitalist strategies are more serious than scholars who stress the continued importance of nationally embedded models frequently suggest” (Pirie, 2013:146). This view argues that the national policy space has narrowed and that the current global political economy renders the developmental state “obsolete” (Pirie, 2013:147). In order to understand if this debate is worthwhile, there is a need to understand the concept itself. Unfortunately, just like the developmental state and numerous social concepts, globalisation itself suffers from a definitional flaw, meaning everything to individual scholars and commentators. The general definition refers to a process where there is diminishing importance on the recognition of national borders on the movements of goods and people. According to Wolf Jr (2002:5), “globalisation is the increased speed, frequency, and magnitude of access to national markets by non-national competitors”.

From the above definition, the word “increased” makes it clear that access to national markets by foreign competitors is not a new phenomenon. The only qualitative change relates to the speed, frequency and magnitude. The current pervasiveness of technology from about the turn of the twentieth century is arguably the single most important variable that explains this qualitative change. While the structural changes have certainly had profound impact on how states used to relate in the past, there can be no justification of exaggerations that global connectedness is a hazard to state legitimacy and sovereignty. Below, Krasner (2002:37) points out that globalisation is an old practice:

“States have always operated in an integrated international environments. Capital is one area where this trend has been frequently remarked upon. Even in the area of international capital flows, however, the degree of change from the past and the extent to which global markets have been fully integrated has often been overstated. International capital markets are hardly a new development. International banking began in Europe in the later middle ages. A market for securities developed first in Amsterdam in the seventeenth century. In the early part of the sixteenth century the major financial and trading groups had operations throughout the world, not just Europe. The Welsers of Augsburg operated in Europe and the Mediterranean and opened a branch in Venezuela in 1528. The Fuggers controlled the mines in central Europe and the Alps, had correspondents in Venice, were the dominant firm in Antwerp, the most important financial centre of the time, and had branches in Portugal, Spain, Chile, Fiume, and Dubrovnik.”

The turn of the century has indeed led to “widespread changes going on both inside and outside the nation-state” (Weiss, 2004:1). While it is true that international capital markets are not a new phenomenon, the increase in speed, frequency and scope sometimes pressurise national governments due to economic openness and international interdependence. As it was the case with the 2008 economic meltdown, the interdependence also means that the plummet in one industrialised country can affect the entire world. This is because state machineries are embedded in the world system through the triangular structure of the core, semiperiphery and periphery (Cumings, 1999;1987). Indeed, globalisation does limit states’ autonomy to a degree, but there is also the enabling face of globalisation. Weiss (2004:15) points out that it allows states to “take initiatives that will strengthen the national system of innovation and social protection”.

There has to be a balance between economic openness and quality of domestic institutions “in defining and structuring responses to the challenges of openness and, consequently, in mediating their impact” (Weiss, 2004:22). Japan, Korea and Taiwan grew rapidly within “the more complex regimes of which the state is but a part” (Pempel, 1999:156). Pempel (1999:157)

argues that the insistence on the dichotomy between domestic and international is artificial since states are situated internationally and embedded domestically. The importance of domestic institutions is seen, for example, in Norway's ability to "pad its economy from exogenous shocks that were striking other Organisation for Economic Cooperation and Development (OECD) countries, while it secured enough breathing room to employ traditional economic policy measures" in the late 1970s (Moses, 2000:125). In what he terms a developmental network state, O Rian (2004; 2014) describes states as "glocal" to capture both the international connectedness and the imperative of local embeddedness. In dismissing the dichotomy between the domestic and the global, he points out that "the 'winners' in the struggle for socio-political transformation will be those who can connect a moral and ideological victory in the grand struggle over globalisation with a myriad of institutional victories in the more mundane world of developmental strategies and coalitions" (2004:4)

### **3.11 Is there a case for a developmental state in South Africa?**

The NDP aims to eliminate poverty and reduce inequality by 2030. These are its principal tasks. It envisages to achieve these twinned goals "by drawing on the energies of its people, growing an inclusive economy, enhancing the capacity of the state, and promoting leadership and partnerships throughout society" (Presidency, 2012: 14). The elements of state capacity, its leadership and partnerships or social compacts are salient in the developmental state literature. The ambition of building a state that is "capable and developmental" is elucidated in a whole chapter dedicated to the aspiration of a developmental state as a mechanism to overcoming the development problems of the country.

According to the plan, social and economic transformation will remain elusive "without a capable and developmental state" (Presidency, 2012:408). But is this so? One out of many possible interpretations of the NDP is that it sees the creation of a capable and developmental state as an instrument for achieving its goals of job creation and poverty reduction. If this reading is correct, there is a tacit suggestion that the state will not be able to succeed in its mission unless it first succeeds in creating a capable and developmental state as the prerequisite. This is plainly questionable. The other reading could be that government is simultaneously pursuing both the need for a developmental state as well as striving for the reduction of poverty, unemployment and inequality. If this latter reading is correct, the case for a developmental state is then cast in doubt. It would mean that a developmental state in this context is not a cause for development.

The persistence of the pre-1994 era challenges of poverty, unemployment and inequality forced government to reconsider its cling on macro-economic stabilisation. The democratic government has not succeeded in changing the apartheid relations of production, with crony capitalism believed to have gained further strength under democratic conditions (Hamilton, 2014:6). This could be the result of state's "lack of clarity and timidity" (Mkandawire, 2012:31) regarding long term projects.

These pre-1994 problems have thus persisted in part because the business has not invested in productive and employment-generating activities (*ibid*). On the other hand, they have been exacerbated by capital flight as a result of change of order and natural uncertainty that comes with that change. Within the ruling party, this persistence created a certain desperation which could have been interpreted as the betrayal of everything that the masses had hoped the ANC would deliver, precipitating the return of a rubric of the developmental state given the success of the model in other regions (Turok, 2008:186).

But beyond rhetoric, does the rulebook really work? Does it mean that development is impossible outside the official label of a developmental state? The answer to this question does not relate to substantive questions of conditions for a developmental state to be in place, such as state capacity as represented by development-oriented leadership and insulated or autonomous, competent bureaucracy, as well as propitious global conditions for mercantilism and controlled democracy and social cohesion. It is more of a normative question: is developmental state an idea worth pursuing at all costs? Apart from much maligned corruption and nepotism pervasive in developmental states, what else is a fundamental shortcoming? What happens to the narrative of the concept in a situation where the current ruling party loses power? Will the new governing party continue the narrative of a developmental state like in Mauritius? In South African case, is the developmental state construct merely the preoccupation of the ruling party and its supporters or is it truly a worthwhile national project?

Developmental states are not permanent constructs. It would seem that they are primarily laying ground for transition to regulatory states (Johnson, 1982: 306; Yeh\* 2008). Using South Korea as the case study, Kim (2010:106) points out that the state failed to manage its success as *chaebols* eventually resisted to subject themselves to state guidance as their influence grew domestically and internationally. The balance of power was then altered as the state lost control of the private business and neoliberalism crept in. According to Burger (2014:166), South Korea seems to be doing well under free market-oriented direction. Tsukamoto (2012) also



argues that major political parties in Japan have been pushing for state decentralisation reforms since 2000s in what is seen a deliberate programme of rescaling the Japanese developmental state and neo-liberalising governance.

Lastly, Fine (2010; 2014) criticises the concept of a developmental state for its transient nature. The developmental state fails to recognise the role of agriculture in promoting industrialisation and falls short on providing the useful frame of analysis of post-development situation reality. According to literature, the suggestion is of the state that is only developmental in so far as there is a 'catch-up' project. Once the state achieves its moral ambition of catching up with the developed countries, the enthusiastic mantra of developmentalism gets lost. These reasons may question the wisdom of state officials in committing public resources to the realisation of an impermanent instrument for growth and redistribution. Besides, South Africa already registered some steady economic growth between 2003 and 2008 when the global economy experienced a nosedive. Will the realisation of a developmental state better the growth rates already seen in post-apartheid South Africa?

### **3.12 Challenges for the twenty-first century developmental state**

There seems to be some convergence on the fact that the structure of the global economy has changed drastically from what it used to be from the period the developmental state concept was coined. Knowledge economy has now taken over and that has implications for what states need to do to construct and sustain growth patterns. This change has also affected the growth theory altogether. Evans (2014:223) notes that

“The ‘bit-driven’ economy is nonetheless, also a font of innovation that can dramatically increase people’s ability to lead lives that they have reason to value. The confluence of endogenous growth theory with institutional approaches to development and capability help to make this possibility clear. Together they suggest that a positive trajectory of economic and social transformation in the twenty-first century will depend on generating intangible assets rather than on stimulating investment in machinery and physical assets oriented to the production of tangible goods. This makes investment in human capabilities more economically critical. At the same time, new development theories assume that economic growth depends on political institutions and the capacity to set collective goals. The capability approach sets out the political argument most firmly, arguing that only public interchange and open deliberation can effectively define development goals and elaborate the means for attaining them”.

What are the programmatic and policy implications of this profound shift? On policy, decentralisation has to assume more prominent space than ever before. The prominence of decentralisation is dependent on the extent of authenticity of the authorities that devolve powers

to sub-national structures. Since states and capacity are indivisible, it is required that local government institutions must have sufficient autonomy from upper spheres of government, including on finances. Based on the empirical findings of decentralisation in Kerala, Isaac (2014:202) concludes that “the greatest possible degree of autonomy” is the only prerequisite of the capacity to set collective goals as embeddedness now has to extend to social classes which were sidelined in archetypal developmental states. The autonomy should also allow municipalities space for innovation in terms of how they can relate with one another since they share porous borders (Acemoglu et al, 2015:2365).

Only truly autonomous and empowered local government institutions can promote and enhance participatory democracy to achieve the goal of inclusion. Saud & Khan (2016) distinguish between deconcentration and decentralisation. Deconcentration means “a shift of responsibilities from the centre to local authorities with upward accountability towards the centre existing in its entirety” (Saud & Khan, 2016:398). If decentralisation is to “move citizens away from the despair to the age of hope and prosperity” (Binza, 2010:241) and help to reposition local government as the base for the realisation of the twenty-first century developmental state, it has to have real autonomy, which is different from token decentralisation where local authorities remain primarily accountable to the centre (Reddy, 2010:67). In the twenty first century, development is inconceivable outside the central role of local government.

With regard to a programme, the state in its entirety needs to work on strategies that will ensure that local government does not just serve as “a miniature” of the central government (Isaac, 2014:212). Contestations between different spheres of government is a widely known phenomenon. All state actors must work towards the resolution that favours the true and complete empowerment of local government in order for it to fulfil its mandate. In the case of South Africa, the urgent challenge is to ensure that, amongst many needed interventions, integrated planning is pursued genuinely instead of complying with the law. For this to succeed, the principles of equality and mutual respect need to inform and guide the interactions between leaders and senior officials in all three spheres of government.

Drawing on literature, Knight (2014:1344) proposes that China’s greatest challenge at present is to construct a human developmental state. He proposes this goal against the realisation that China’s three decades of high growth has not translated in the promotion of life satisfaction and preservation of social stability. The challenge of a human developmental state faces all

states in the twenty-first century. However, that has implications on the devolution of functions in states like South Africa.

Crucial services which are drivers of human capital investment fall outside the mandate of a transformed local government system in South Africa. However, local government is enabled to shape the delivery, pace and quality of these services through platforms of engagement that involve other spheres of government. The processes of integrated development planning are meant to institutionalise democratic deliberation and achieve seamless planning and implementation. There is no tangible evidence that other spheres of government have consistently valued the importance of integrated planning. The quality of relations between spheres of government will only improve and guarantee development once the elite in all three spheres of government accepts that planning has to be bottom-up.

The second important aspect with regard to state programme in the twenty first century relates to the allocation of funds to different spheres of government. This becomes more important in settings like South Africa wherein maintenance and delivery of services continues to be shaped by apartheid skewed planning. The continuing allocation of funds to local municipalities based on population index perpetuates the backlog of basic services in smaller, rural municipalities and accelerates migration to urban and metropolitan municipalities.

### **3.13. Conclusion**

This chapter started with the presentation and discussion of the theoretical framework of the study. Evans's theory of comparative institutional approach was discussed in more detail. Its ability to focus on the structure of the state, the relations between the state and society and developmental outcomes allows for the confluence of other theories if necessary. The focus on the structure allows for detailed analysis of network density, both within a municipality and relations between the three spheres of government. The dimension of state-society relations can be strengthened by capabilities approach in that while an argument for democracy as the means to the end was advanced, the conduct of the state, based on its internal dynamics, ultimately affects the scope of opportunities available to citizens to choose what they want and how they want it. The two combined, coupled with the functions of the state, determine the extent to which outcomes can be developmental.

It is the composite of the three dimensions which was used to measure the success of the institution. The success of a municipality is therefore measured in terms of legitimacy, results and durability. The chapter also extensively reviewed the literature on developmental state.

Importantly, it was emphasised that the construction of developmental states in the twenty first century will not be easy. One of the strategies to construct new democratic developmental states is to shift from centralisation to decentralisation. For decentralisation to work, national governments must be prepared to devolve real autonomy to municipalities in terms of fiscal responsibility and powers and functions. It is against the review of this background that it became glaring that prospects of South Africa being truly developmental are slim in light of the little breathing space that local government in the country enjoys.

# Chapter 4

## Exogenous and endogenous factors on performance of municipalities

### 4.1. Introduction

Decentralisation is seen to be failing in democratic South Africa mainly due to lack of institutional capacity and Machiavellian conduct of local political leaders (Koeble & Siddle, 2013). For Smoke (2015a), factors such as the country setting, national and local political and bureaucratic dynamics, available resources, and capacities affect the performance of decentralisation. In this Chapter, I start with presenting the brief overview of key legislations that were intended to enable municipalities to perform. The state of intergovernmental relations and attendant coordination problems, the internal turf glitches between leading municipal institutions, the dominance of the ANC and its cling on deployment strategy, and the combination of economic and social issues are identified as key contextual issues which have dire impact on the performance of local councils.

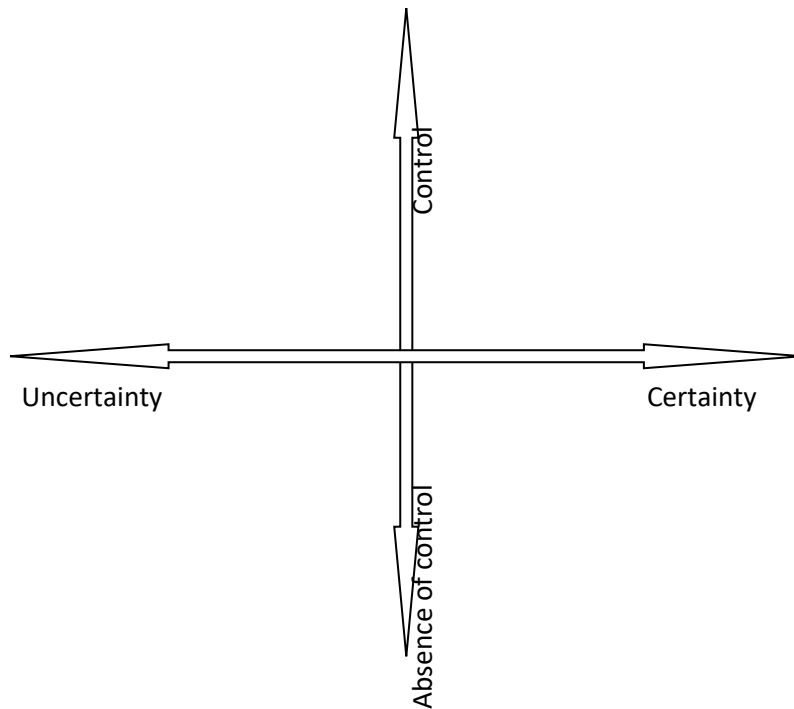
### 4.2. Key legislations

There are pieces of legislation that the national government, through parliament, has put in place to usher in a prospect of a developmental local government. These pieces of legislation - and a litany of interventions, regulations and turn-around strategies - ought to have made the realisation of the envisaged developmental local government possible. However, more complex and resilient problems than anticipated plague the local sphere of government. This is because policy makers tend to focus only on the ideal high road scenario when they design policies and programmes.

While they are facilitative instruments, they hardly accommodate “a hypothetical condition of the (negative) environment to which an option for action can be attached” (Ilbury & Sunter: 2001). They are largely based on linear thinking and certainty that existence of some visionary leadership, Weberian bureaucracy and development-oriented private sector are enough for the achievement of development goals. However, very few things are certain in life, especially in an environment where complexity and interdependence of processes and systems are the way of life. Not even meticulous planning can circumvent influences and impact of unforeseen events. Failure by policymakers to accommodate a low road scenario possibility which is dominated by key uncertainties and absence of control is part of the bigger problem. Leadership requires imagination. **Figure 4.1** below is an illustration of the matrix of quadrants that

policymakers and decision makers need to consider as part of pursuing a dream of a developmental state, especially at local government level since some national government departments have been using scenario planning methodology.

**Figure 4.1: Plausible scenarios mostly considered for scenario planning**



*Source: Ilbury & Sunter: 2001*

The top-right quadrant represents the factors that are certain and within control and therefore ideal. This is often called the high road scenario. Decision-making is not a big challenge in this scenario as things turn out as planned. The bottom-right quadrant represents factors which are certain but outside of control. Decision makers are forced to observe the rules of the game, some of which may be game changers. These are usually predetermined elements which could always be observed from the teachings of history in order to prepare for the unknown future. The bottom-left quadrant represents a combination of absence of control and uncertainty. It is characterised by key uncertainties or driving forces which, if not prepared for in advance in order to influence the options in the last quadrant, could result in total failure to meet the goals. The last quadrant at the top-left represents factors that are uncertain but within control.

There is little evidence at present that this kind of a foxy analysis has been used in designing interventions for local government. It is one of the few areas of improvements on planning that

must be considered by advocates for change in local government. This approach of planning should take into account the linkages between local embeddedness and international interdependence that states and local councils are operating within. Its greatest strength lies in the fact that decision makers can anticipate signposts of different scenarios ahead of time and avoid shock. They are ready for action once different signposts strike.

#### 4.2.1. Constitution of the Republic of South Africa (1996)

The constitution dedicates the entire chapter to local government, which is a drastic departure from the apartheid government subordination of local government as a function of provincial authorities. The constitution establishes the developmental mandate of local government by specifying the exact objectives that a democratic government must meet. In addition, it establishes a municipal council as a competent body responsible for both the legislative and executive functions. Furthermore, the constitution establishes three spheres of government that are distinct, interdependent and interrelated and mandates the three spheres of government to cooperate and share resources in pursuit of national interest of development. Municipalities are responsible for the following functions as per the Part B of Schedule 4 and Part B of Schedule 5 of the Constitution:

**Table 4.1: Functions of municipalities**

<b>Part B of Schedule 4</b>	<b>Part B of Schedule 5</b>
Air pollution	Beaches and amusement facilities
Building regulations	Billboards and the display of advertisements in public places
Child care facilities	Cemeteries, funeral parlours and crematoria
Electricity and gas regulation	Cleansing
Firefighting services	Control of public nuisances
Local tourism	Control of undertakings that sell liquor to the public
Municipal airports	Facilities for the accommodation, care and burial of animals
Municipal health services	Fencing and fences
Municipal planning	Licensing and control of undertakings that sell food to the public
Municipal public transport	Licensing of dogs
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under the constitution or any other law	Local amenities
Pontoons, ferries, jetties, piers, and harbours, excluding the regulation of international and national shipping and matters related thereto	Local sport facilities
Storm-water management systems in built-up areas	Markets
Trading regulations	Municipal abattoirs
Water and sanitation services limited to potable water supply systems and domestic water-water and sewage disposal systems	Municipal parks and recreation

	Municipal roads
	Noise pollution
	Pounds
	Public places
	Refuse removal, refuse dumps and solid waste disposal
	Street lighting
	Street trading
	Traffic and parking

#### **4.2.2. White Paper on Local Government (1998)**

The White Paper on Local Government sets the vision of a developmental local government, which centres on municipalities working together with local communities to find sustainable ways to meet their needs and improve the quality of their lives. It also sets out the constitutive characteristics that are prerequisite for developmental outcomes such as the provision of household infrastructure and services; the creation of liveable, integrated cities, towns and rural areas; and the promotion of local economic development and community empowerment and redistribution. The policy provides the three approaches which would arguably help municipalities to be more developmental. These are integrated development planning and budgeting; performance management; and working together with citizens and local partners.

#### **4.2.3. Local Government: Municipal Demarcation Act (1998)**

The Municipal Demarcation Act provides for the criteria and procedures for the determination of municipal boundaries by an independent authority and provides for matters connected thereto. It also provides for the establishment of the municipal demarcation board as an independent authority. Importantly, it determines the factors to be considered when determining municipal boundaries which include the interdependence of people, communities and economics as indicated by existing and expected patterns of human settlement and migration; employment; commuting and dominant transport movements; spending; the use of amenities, recreational facilities and infrastructure; and commercial and individual linkages.

Demarcation is arguably the most important determinant with regard to the capacity of a municipality and ultimately the entire system of local government to meet its developmental objectives. It helps with the distinction of structural and systemic factors in analysing the performance of municipalities and the system. Other crucial factors that need to be considered when drawing boundaries include the need for cohesive, integrated and unfragmented areas, including metropolitan areas; the financial viability and administrative capacity of a municipality to perform municipal functions efficiently and effectively; the need to share and



redistribute financial and administrative resources; existing and expected land use, social, economic and transport planning; the need for coordinated municipal, provincial and national programmes and services; topographical, environmental and physical characteristics; and the administrative consequences of the boundary determination on municipal creditworthiness.

#### **4.2.4. Local Government: Municipal Structures Act (1998)**

The Municipal Structures Act came into effect in January 1999 and provides for the establishment of municipalities in accordance with the requirements relating to categories and types of municipalities as per the demarcation. It establishes the criteria for determining the category of a municipality to be established in the area and also defines the types that may be determined within each category. The Act further provides for an appropriate division of functions and powers between categories of municipalities as well the regulation of the internal systems, structures and office-bearers of municipalities. Lastly, the Act provides for appropriate electoral systems and matters connected thereto.

#### **4.2.5. Local Government: Municipal Systems Act (2000)**

The Municipal Systems Act was enacted in November 2000 following the finalisation of the model of a developmental local government system as envisaged by the White Paper on Local Government. The Act thus completed the three-phase programme of overhaul of local government system as set out in the Local Government Transition Act of 1993 and effectively laid the basis for the first fully democratic elections that would be established in accordance with the new demarcation of a wall-to-wall ward system covering the entire territory of the Republic.

The Systems Act provides for the principles, mechanisms and processes that are required to enable municipalities to move progressively towards the social and economic upliftment of local communities through ensuring universal access to essential services that are affordable to all. It goes further by defining the legal nature of a municipality as including the local community within an area, working in partnership with the municipality's political and administrative structures.

This has major ramifications on the notion of expanded embeddedness for municipalities as it is clear that the involvement of communities in local planning and development activities is mandatory. The Act dedicates a full chapter that details processes for community participation in integrated planning and budgeting processes as part of establishing, not only the legitimacy, but also with a view to fostering accountability by elected officials and appointed officials to

the community. The Act recognises the conditionality of the Weberian-type bureaucracy as the vital factor for a municipality to meet the needs of a community and also provides for a system of performance management system. Lastly, it establishes the codes of conduct for councillors and municipal officials. It can be said that the Municipal Systems Act was designed as the heartbeat of a functional developmental local government system.

#### **4.2.6. Local Government Municipal Finance Management Act (2003)**

The MFMA came into effect on 01 July 2004 with the primary purpose of securing sound and sustainable management of financial affairs in the local sphere of government. It establishes treasury norms and standards for municipalities and also spells out the duties of other spheres of government over financial affairs of municipalities in the context of cooperative governance. It is arguably the foremost piece of legislation regarding enforcement of compliance. It is the source for numerous reports that municipal administrators have to prepare and submit to council and other spheres of government.

A number of regulations, or what is called circulars, come from the MFMA. Indeed, this is the legislation that gives rise to a debate concerning tension between compliance on the one hand and efficiency and developmental outcomes on the other hand. Steyller (2008:519) observes that the MFMA is the bulkiest piece of legislation with 180 sections comprising over one thousand provisions, excluding regulations issued in terms of the Act.

#### **4.2.7. Local Government: Municipal Property Rates Act (2004)**

The Municipal Property Rates Act (MPRA) regulates the power of municipalities to impose rates on property and exemption of some in the national interest. It enforces municipalities to implement a transparent and fair system of exemptions, reductions and rebates through their rating policies and to make provision for fair and equitable valuation methods of properties. It also provides for the appeals process in an event of objections precisely because on this matter specifically, consultation with property owners is not enough. Parties have to strive for consensus. Property owners have to agree with the valuation report for they are ultimately responsible for payment of taxes.

#### **4.2.8. Regulations on appointment and conditions of employment of senior managers (2013)**

Whereas the Municipal Systems Act provides for the establishment of organisational structure and appointment of staff, there were a number of administrative problems that plunged many municipalities across the country into a crisis. Notwithstanding the processes and systems

determined by the Municipal Systems Act in pursuance of developmental objectives and outcomes as mandated by the Constitution and various other pieces of legislation, irregular and illegal appointments became a pervasive sub-culture in municipalities. The practice of disregarding the relevant human resource provisioning policies became one of the major impediments that weakens administration in municipalities. This was further worsened by the free will with which politicians appointed and dismissed senior administrative staff as if laws did not exist.

Disregard for the developmental objectives became a normalised anomaly to a point that not even successive policy interventions could end the rod and improve performance (Ndletyana & Maimela, 2013:16). By 2009, a year less than a full decade of a developmental local government, key elements of the system were already in distress (Cogta, 2009:3). The study conducted by Cogta in all municipalities in the country in 2009 acknowledged that not even key support programmes like Project Consolidate and Local Government Strategic Agenda managed to achieve the intended results. The report further states that:

“There have been a number of other government initiatives and programmes to advance service delivery and institutional support. These include the former Planning and Implementation Management Support (PIMS) Centres, the ISRDP and URP nodal programmes, the IDP analysis and training weeks, Bucket Eradication Programme, Siyenza Manje, the Ilima Project (Old Mutual), and the donor supported Consolidated Municipal Transformation Programme (CMTP). A policy review on Provincial and Local government was also undertaken by the dplg. Numerous other smaller programmes and projects have also taken place, largely in the local sphere of government”

The regulations sought to professionalise the recruitment of senior managers in municipalities based on two persuasions. Firstly, there is an appreciation that a municipality will inherently not be in a position to meet its constitutional obligations unless it has sufficient administrative capacity in terms of both quality and a number of appointed individuals. Secondly, the regulations sought to protect municipal officials from arbitrary action of politicians. There was not enough time to evaluate the impact of these regulations as they were only introduced in 2013 and the horizon of the study ended in 2014.

#### **4.3. Poor municipal institutional cohesiveness**

Various pieces of legislation spell out governance and institutional arrangements which must give effect to “coherent governance and developmental decision-making” (Mufamadi, 2008:1). These include role definition and differentiation between key full-time politicians in councils.

Both the Municipal Demarcation Act (1998) and the Municipal Structures Act (1998) set the impetus for establishment of developmental institutions for local government (De Visser, 2009: 10). The Municipal Demarcation Act determines the size of each municipality, which in turn influences the configuration of municipal political leadership. For instance, the introduction of the executive type municipalities introduced the phenomenon of a number of full time councillors. Municipalities falling in this category have the executive mayor, the speaker, members of mayoral committee (MMC) and the chief whip as full time politicians. In 2014, another full time councillor in this type of municipalities was added in the form of a chairperson of the Municipal Public Accounts Committee (MPAC).

Collective type municipalities only have the mayor and the speaker as full time councillors. The third type is plenary, which consists of seven or less number of councillors. In these municipalities, the mayor also acts as the speaker of council. This arrangement has its own inherent problems. Speaker is supposed to be neutral and serve all political groupings (Zybrands, 2011:139). It is therefore difficult to ascertain how the individual who must account on the aspect of executive functions can also maintain neutrality in meetings which s/he presides over.

Problems also exist in collective and executive types of municipalities. (Executive) mayors are understood as political heads of municipalities. Speakers are chairpersons of council, which is the ultimate decision-making body in local government. This means that executive mayors and mayors only have delegated powers and must report to council in every scheduled meeting on the implementation or lack thereof of council resolutions and decisions. Speakers are ultimately responsible for enforcing executive accountability in line with the vision of the Constitution. However, there remains a problem of role confusion:

“The issue of the division of responsibilities and powers among political office-bearers in a municipality has proved to be a persistent source of tension and contestation. As stated above, the speaker’s office was a novelty when it was introduced in 2000. Generally, municipalities have not found it easy to adapt to this new political office-bearer. A persistent source of tension and conflict can be found in the role definition of the speaker vis-à-vis the municipal executive, or more specifically, the mayor. An earlier study found the relationship between speakers and executive mayors to be poor: “Self-defeating patterns of behaviour characterise interaction between the executive mayor and the speaker. Both act in a way that is detrimental to themselves and the municipality and there is little understanding and concern about the consequences of the poor relationship between them and the negative impact this has on the municipality.” (Visser, 2009:16)

Another important institution introduced by progressive legislation consistent with aspirations of a developmental local government is that of a municipal manager. Before 2000, municipalities were run by powerful town clerks whereas mayors played nothing but a ceremonial role. Strong administrative leadership is thus one of crucial elements of a developmental municipality. The Municipal Systems Act (2000) and the MFMA (2003) detail the role and functions of a municipal manager, who is defined as the accounting officer of a municipality.

The appointee works closely with the political executive led by the executive mayor or mayor. However, a number of municipalities are bedevilled by poor political-administrative interface and this requires remedial action to restore mutual trust (Gqamane & Taylor, 2013:824). De Visser (2010) attributes this problem to mainly two factors. The first is caused by the conflation of executive and legislative functions in council, resulting in tension and conflict indicated above. The second relates to the fact that regional political party structures often meddle in the affairs of municipal administration, creating more chaos in governance instead of overseeing political appointees in councils. Regional and local leaders may choose to have a direct communication with a municipal manager and disregard the politicians within a municipality for reasons of expediency.

#### **4.4. State of intergovernmental relations in South Africa**

The national institutional context is an important factor in explaining the presence and characteristics of cooperative governments (Hulst, Montfort, Haveri, Airaksinen & Kelly, 2009). The national constitution of a country is often the key reference point in that it spells out the formal structure of government, which amongst others include functions and powers of different spheres of government. Importantly, national constitutions also tend to define the degree of autonomy for local government in relation to upper spheres of government. In this thesis, one almost consistently points out that local government in South Africa enjoys significant autonomy, at least in theory. However, both the provincial and local governments must pursue their programmes and activities within the confines of national legislation.

Former President Nelson Mandela appointed the Presidential Review Commission (PRC) in 1996 to investigate the operation, transformation and development of the South African public service (Presidency, 1998). Although it was only in formative years of the democratic state, the Commission noted that the relationship between the three spheres of government had begun to emerge as a key issue of concern. The Commission lamented the fact that the centre was too

weak at the time to give directional thrust over matters of coordination. This resulted in the incapacity to implement national programmes and the attendant failure to deliver basic services as mandated by the constitution.

A decade later in 2008, and four years into the official rubric of the developmental state, the Department of Provincial and Local Government (DPLG) published the review report on the state of intergovernmental relations in South Africa. The report noted that the success of the intergovernmental relations is not just dependent on formal elements such as the legislation and the establishment of different coordinating fora. Informal qualitative factors such as politics, trust, leadership, and quality of relations do affect the practice of cooperative governance as value addition to effective service delivery and good governance (DPLG, 2008: 9).

In 2009, the new minister responsible for local government was appointed in Brazilian-styled “personalism” (Evans, 1995:62) as a result of change of leadership of the ANC in its 2007 National Conference. In September 2008, the ANC National Executive Committee (NEC) recalled the state president, claiming that the leadership of the organisation had lost confidence in him as its chief representative in government. The resignation of the president was followed by en masse resignations of cabinet ministers which included the then minister of the DPLG. The fourth democratic administration under President Zuma introduced unexplained changes to the names of departments. The DPLG was renamed the department of Cooperative Governance and Traditional Affairs (Cogta).

Cogta would become the cog of government in ensuring that the concept and practice of cooperative governance became the instrument of enhanced service delivery. It was specifically charged with coordinating support for local government and the facilitation of institutionalisation of the single window of coordination from different state departments and agencies. In what looked like a policy discontinuity from the past, the new minister conducted the nationwide assessment of the state of local government in 2009. Pieterse & van Donk (2013:107) observe that:

“His first year in office was characterised by a gung-ho attitude and a keen desire to distinguish (and distance) himself from the former Department of Provincial and Local Government. Under his leadership, the department conducted the assessment of the state of local government, released the LGTAS and signed performance agreements with members of the executive councils and mayors. One of his first, and far-reaching, acts in office was to initiate a departmental restructuring process, ostensibly to align the department to its new mandate”.

The assessment added to the enormous literature which indicted cooperative governance with dysfunctionality. Questions on the connection between cooperative governance and service delivery continue to be asked as the official circles seek to assure the public that South Africa is a developmental state in the making. Coetzee (2010:84) argues that “the phenomena of maladministration, corruption, unrest, protests, failure in leadership, and the results of protest marches and poor service delivery make one believe that the value, functioning and contribution of cooperative governance and intergovernmental relations is a myth”.

The draft NDP published for comments in November 2011 identified the specific factors that require urgent attention if the country is to realise its 2030 vision and move intergovernmental relations onto a more constructive plain (Presidency, 2011:398). These are (i) an improvement of clarity in a differentiated system; (ii) regionalisation as a response to capacity constraints; (iii) a more coherent set of powers for metropolitan municipalities; (iv) a more focused role of provinces; and (v) a proactive approach in identifying and solving problems.

The final NDP notes that “no sphere of government can succeed on its own” (Presidency, 2012:431). This means that all the three spheres of government need to dedicate efforts to build and sustain coordination as a requisite function of developmental states. The intergovernmental coordination is ultimately the prerequisite of functional and responsive social pacts which an aspirant developmental state needs to build. Coordination can serve as the institutional device “to channel opportunistic behaviour” and “particularistic preferences” and ensure some collective stability (Thoenig, 2002:128) as the DPLG in 2008 noted that the success of the intergovernmental relations also hinges on informal and less tangible elements. As Williams (2006:212) points out, the provision of solutions to coordination problems is one of the crucial roles of institutions without which development will remain elusive.

Levin (2009:952) observes that various structures have been created with an intention to improve the functionality of IGR as a mechanism to achieve the developmental objectives of the national constitution. These include the President’s Coordinating Council (PCC) consisting of the President, relevant cabinet ministers, premiers and SALGA leadership. Platforms for Ministers and Members of the Executive Council (Minmec) have been created where there are concurrent functions between national and provincial government, bringing together the relevant cabinet minister and Members of the Executive Councils (MEC) from all provinces. In provinces, premiers meet with MECs and mayors in Premiers’ Coordinating Forum (PCF). Within districts, mayors and speakers have established their respective fora. All these structures

have their technical components which consists of directors general (DGs), Heads of Departments (HODs) and Municipal Managers in accordance with the appropriate level of government.

There is no evidence that these structures have improved the effectiveness of the IGR in relation to policy implementation. In a discussion document titled “*Reforming the South African government planning system*”, the NPC (Presidency, 2015:14) recognises that there is disconnection between the national planning function from key developmental priorities of provinces and municipalities. In the earlier study that focused on the role of provinces on economic policy as their contribution towards the realisation of a developmental state, Turok (2010) reports that all nine provinces reported that coordination across government was very weak. Four provinces further acknowledged that they had poor links with municipalities with regard to involvement in drafting development strategies. For municipalities to succeed in their major developmental task, there is a need for the machinery of government to operate in a state of interinstitutional harmony (Besdziek & Holtzhausen, 2011:124; Reddy & Yorke, 2003:43).

#### **4.5. Intergovernmental relations through the lens of policy network**

The challenge about social science concepts is that there is hardly consensus on their definitions. Like with the developmental state notion, confusion exists as to whether policy networks constitute a method, an analytical tool or a proper theory (Borzel, 1998:273). In the context of this study, policy network is treated as an analytical tool in order to understand how both the IGR and municipality-community relations influence performance of units of analysis in pursuance of their constitutional goals. While acknowledging that some theoretical issues about the concept remain, Borzel (1998:254) offers this useful perspective regarding characteristics of policy networks, which I find acceptable for suitability with regard to the functioning of IGR:

“They all share a common understanding, a minimal or lowest common denominator definition of a policy network, as a set of relatively stable relationships which are of non-hierarchical and interdependent nature linking variety of actors, who share common interests with regard to a policy and who exchange resources to pursue these shared interests acknowledging that cooperation is the best way to achieve common goals”.

O’ Toole (1997:45) provides a similar definition for a network: “Networks are structures of interdependence involving multiple organisations or parts thereof, where one unit is not merely the formal subordinate of others in some hierarchical arrangement”. One can deduce the



following three obvious points from these two definitions of networks: (i) IGR members share a relatively stable relationship on the basis of their shared cooperative governance derived from the national constitution; (ii) the formal relationship based on the reading of the constitution is non-hierarchical and interdependent in that the national constitution establishes the unitary state that consists of three distinct but interconnected spheres of government; (iii) all three spheres of government share a common interest of the nation's development and are mandated to share and exchange resources in terms of section 154 of the Constitution and the Intergovernmental Relations Framework Act, No 13 of 2005. From this vantage point, the capacity of a municipality can also be explained from a network perspective if one takes into account the actions of neighbouring municipalities, the provincial and national government (Acemoglu *et al*, 2015:2366).

Policy networks as an analytical tool initially looked at horizontal relationships (Borzal, 1998; de Leon & Varda, 2009). From this vantage point, some would argue that policy networks can be used to analyse municipality-community relationships, and arguably, the district-local municipality relationship in the context of South Africa. The origin of policy networks comes from analysis of state-society relationships particularly in Anglo-Saxon world. For this reason, its usefulness in the analysis of vertical and central-local relations may be questioned.

However, some commentators argue that policy networks are also useful in analysing the vertical relationships and central-local relations (Gains, 2003; Hulst *et al*, 2009 & Robinson, 2006). As Gains (2003:59) points out, this approach covers the varying degrees of financial, legal and structural autonomy and accountability and enhances a dis-aggregated analysis. According to Robinson (2006:591), resource dependency theory is particularly relevant in the setting of IGR as central governments generally have more resources than sub-national structures. Accordingly, the resource disparity affects the behaviour of individual members within a network because rewards and sanctions tend to either motivate or constrain a particular conduct.

Municipalities are largely dependent on national government for transfer of grants, particularly smaller and rural municipalities. These are obviously guaranteed in terms of the national constitution and their continuation have little to do with dynamics within a network. The only time transfers can be stopped is when an organ of the state is in perpetual breach of section 216 (2) of the Constitution. This section was briefly imposed on Nala Local Municipality in 2012 (Mohale, 2013) as a result of its inability to promote effective financial management and

accountability on successive financial years. However, small changes in a network like a replacement of key individuals may affect the performance of a network. This is particularly the case in environments which promote and tolerate a cult of personality like the Free State province.

The personal element is often assumed as a nonentity in the bigger scheme of things. Frodin (2011:181) reminds the reader that human societies are open systems in which many social processes coexist and influence each other. While social theories help us to better understand the world, it is equally important that one needs to pay significant attention to paradigms that influence individual behaviour, and subsequently behavioural outcomes. For instance, how can we explain the sharply contrasting behaviours of predatory Rhee Syngman and development-oriented Park Chung Hee in South Korea? Here in South Africa, what are the underlying factors that explain the difference of behaviour between Presidents Nelson Mandela, Thabo Mbeki and Jacob Zuma?

One argues that the difference derives from the deeper conviction of the individual concerned, which is influenced by the set of belief systems, socialisation and history. If one believes that capitalism fosters a climate of greed and is incompatible with accountability, corruption will thrive. Without discounting the influence of institutions as the social infrastructure for our human behaviour, individual convictions are likely to triumph whenever they are in conflict with institutional values. Depending on the strength, support and popularity of individual leaders, their individual convictions can even become organisational culture, therefore leading to the subversion of the very essence of the organisations that sought to shape their behaviour. When, for instance, an organisation is accused of corruption, reference is often made to an individual or a group of individuals. As Klijn & Koppenjan (2006:146) correctly state, formal rules are not often the same with the “institutional rules-in-use”.

As it was indicated that politicians at national level can devise strategies to contain and frustrate administrators for reasons of expediency, politicians at local level can apply the same tactics employed by their national counterparts in their space for promotion and advancement of personal interest. Shrewd local politicians can mobilise wide local support to oppose national policies especially if local politicians harbour ambitions of national leadership. The central Chinese government efforts to reintroduce centralisation of investment and financial powers because of sharp rise in inflation towards the end of the 1980s was resisted by the governor of Guangdong province and he was soon supported by other governors (Zhu, 2004:151).

It was around the same period that localised township and village enterprises became the growth engine in rural China (Lee, 2014: 107). Lee (2014:103) stresses that “China’s stunning and sustained economic growth in the last 30 years” is a result of politics, which include “contestations among the elites at the top, between central and local governments,...” among others. The example of the behaviour of the governor of Guangdong indicates that there is a dynamic relationship between individual behaviour and institutions. The powerfulness of individuals have the capacity to influence the functionality of national networks such as intergovernmental relations.

#### **4.6. Role and influence of political parties on governance**

This study drew heavily from Evans’ (1995) theory of comparative institutional approach. This theory posits that developmental outcomes or lack thereof in any nation result from combined effectiveness of the state structure and the meaningfulness of state-society relations. This theory helps to explain policy outcomes across time and between different institutions. In addition, institutional success is understood to be determined by the results, legitimacy and durability. All three outcomes further emerge from a combination of factors, which include the kind of roles carried out by an institution; the nature of functions delegated to an institution; interlocking internal processes which affect the quality and sustainability of services delivered as well as societal involvement in the generation of developmental strategies and its response to services delivered.

Useful as this theoretical framework is, it does not offer the comprehensive account of causes for development, its pace and scope. The theory assumes the existence of propitious environment. Hulst et al (2009:266) argue that cooperative arrangements are also amenable to environmental influences, which include political, socio-economic, technological and demographic circumstances. Political parties are one major external policy actor with influence and impact on policy formulation and implementation. The traditional view is that political parties only care more about power than policy (Anderson, 1997:74). According to Klein & Marmor (2006:894), political parties, through their governments, have the double imperative: to gain access to public office and to maintain their stay in office. Emanating from these imperatives, one possible interpretation is that political parties can resort to all means of manipulation to maintain power even in the face of rising threat to state’s ideational capacity. Greene & Ibarra-Rueda (2014) detail how the Institutional Revolutionary Party in Mexico politicised public resources, which helped it to stay in power from 1929 until 2000. Southall

(2007:19) claims that parties with liberation credentials tend to think that “they have an unchallengeable right to rule, whatever their incompetence and abuse of power”.

This worrying image about political parties can condemn the rich positive history of political parties to wilderness if not counter-balanced. Political parties have played important leading roles in complex tasks such as state and nation building. In countries with the history of revolution and revolutionary movements, in particular, political parties serve as the “organisational weapon” is ensuring that the revolutionary project “stick” (Close & Prevost, 2007:1). In South Africa, it would be disingenuous to ignore major economic and social advances which have been made by the ANC since 1994. The ANC deserves credit for having managed a complex and arduous task of fundamentally transforming the South African political landscape in line with its vision (Venter, 2011:9).

There are different factors which influence the formation of political parties. Salih (2003:1) argues that these factors differ acutely between and across regions as a result of socio-economic circumstances that shaped the histories of each. The emergence of political parties in Europe seems to be bound to the spread of democracy as a result of popularisation of adult suffrage and parliamentary prerogatives. Dickhut (2001:54-55) adds that the parliamentary form of government coincided with the demise of feudalism and emergence of bourgeoisie. Members organised themselves in terms of their common perspectives as a result of their embrace of independence and functions immanent in parliamentary systems and processes.

In sharp contrast, a significant number of political parties in Africa and Asia emerged in a context of undemocratic and illegitimate colonialism. Regimes in these countries were controlled from outside the country, with administrations ruthlessly pursuing the imperial interest of avarice and facilitation of capital outflows at the expense of the wretchedness of natives. The central goal of political parties in these settings became the liberation of masses from the bondage of colonialism which had whitewashed credulous natives into believing that their being was inadequate compared to the values of the colonial (white) master. These peculiar conditions in former colonies explain the formation of revolutionary movements in these regions and the popularity of the concept of revolution, which at times leads to parliamentary democracy being treated with suspicion.

“The quest for independence and the attendant decolonisation process in many African countries ushered in a state of intense political mobilisation and active participation spearheaded by nationalist movements. The embodiment of these movements eventually became one-party system that dominated

the political landscape in several of the African post-colonial societies. In many of the African post-colonial states, the nationalist movements that were founded and led by charismatic leaders monopolised political space by relegating subaltern groupings espousing alternative visions and agendas to the background” (Berhamu, 2003:115).

The context of colonialism is important in the discourse of developmental states as its legacy greatly influences the source and kind of developmental ideas pursued by state elites. As Cumings (1987) points out, Japanese imperium explains similarities between the Taiwanese and South Korean political economies as well as the authoritative nature of political parties in these two countries. Similarly, the Japanese democratic nature can be explained by the context of its colonial relations with a visibly democratic America.

The tension between politicians and administrators highlighted in this study is a reflection of clash of values between colonial administrators and the revolutionary ideals of liberation movements. The former emerged victorious as many political parties and formal systems of governance in Asia and Africa resemble the Western peculiar system of governance, which include celebrating multipartism as normal and single dominant parties as abnormal (Butler, 2014:2). It is against this backdrop that the enthusiastic discourse between compatibility of developmental states with democracy needs to be appreciated. Decolonised countries did not only have to pursue development for empowerment of their own citizens. They also had to grapple with noble goals of security and sovereignty. The pursuit of these goals arguably “justify top-downstate control of the population and resources in authoritarian configurations” (Dorman, 2007:163).

The distinction above deserves some qualification in order to avoid a possible generalisation of homogeneity regarding political parties established in former colonies. Within colonies, there is a need to differentiate between political parties which were established by the European settlers on the basis of exclusion along colour lines in order to promote and protect the imperial interest of the coloniser. This is particularly the case with the liberal white United Party in South Africa that governed between 1934 and 1948 when it was replaced by the Afrikaner-nationalism inspired National Party.

The material conditions of the suppression of participation in the political and economic life, forced removals, dispossession and displacement in countries like South Africa gave birth to revolutionary movements whose purpose was to achieve thoroughgoing economic, political and social change either through armed insurrection or negotiations. This is the background

that gave birth to the formations like the ANC and its splinter group in 1959, the Pan African Congress (PAC). Similar political parties also emerged in other African countries like Chama Chama Mapinduzi (CCM) in Tanzania, the Front for the Liberation of Mozambique (FRELIMO) in Mozambique and the Popular Movement for the Liberation of Angola (MPLA) in Angola.

#### **4.7. The ANC dominance and effects on municipal developmental outcomes**

Chang (2010:88) suggests that South Africa has an advantaged position to construct a developmental state because the ANC has a unique feature of a mass base. In his view, a combination of a mass party with the requisite political will can enable implementation of policy much more thoroughly compared to countries which do not have such a political party. The ANC has been the most dominant actor in South Africa's body politic since 1994. It is firmly in control of the delivery levers of the state power (Booyesen, 2015:19). It controls all key state institutions at national level. It has dominated local government space from 2000 until 2014, except the Cape Town Metro, a couple of municipalities in the Western Cape Province one local municipality in Gauteng and a few in KwaZulu-Natal Provinces<sup>7</sup>. The contrary view suggests that political competition has a positive relationship with Human Development Index (HDI). In their seminal study that compares political systems at subnational levels in India, Dash & Mukherjee (2015) found that rural India benefited most from more intense political competition compared to urban India.

**Table 4.2** below shows the results of national and local government elections since the birth of democracy in South Africa. While the ANC remains the dominant party in South African politics, its support seems to be on constant decline from 2004, however marginal. Reasons for gradual decline of the ANC are varying and moot. Firstly, chronic factionalism within the party, which has resulted in the formation of at least three political parties from its ranks since the democratic breakthrough, is costing the ANC dearly. Sadly, the party seems to be stuck on perpetual infighting, with no reasonable prospects of immediate reinvention to facilitate factional unity. Secondly, although the party has expanded access to basic services, there are growing perceptions of institutionalised corruption at all levels of governance.

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<sup>7</sup> The ANC lost almost key metros Gauteng in 2016 local government elections and almost all municipalities in Western Cape. Although it retained the majority number of municipalities across the country, its national average fell to the lowest 54% since 2000.

Thirdly, it is a reality that the demographics of the country are changing and as they change, the ANC liberation credentials are not necessarily appealing to the generation which is dubbed 'born-free'. Fourthly, since the Democratic Alliance (DA) took control of a few local councils from 2006, it seems to be performing relatively better compared to the ANC councils if one is to use the reports of the Auditor General as a yardstick. Lastly, the growth of black middle class since 1994 communicates a message of increased number of people who are educated and can be assumed to be politically aware. This means that voters can now vote based on comparison and competition. This could possibly explain why the DA has been consistently growing its electoral support in every election, particularly in urban areas.

**Table 4.2: Proportional party support across eight national and local government elections from 1994-2011**

<b>Parties with national representation</b>	<b>1994 National</b>	<b>1995/6 Local</b>	<b>1999 National</b>	<b>2000 Local**</b>	<b>2004 National</b>	<b>2006 Local***</b>	<b>2009 National</b>	<b>2011 Local****</b>
ANC	62.6	58.0	66.4	59.4	69.9	67.7	65.9	62.9
DA (DP)+NP*	22.1	21.5	17.0	22.1	12.4	13.9	16.7	24.1
IFP	10.5	8.7	8.6	9.1	7.0	8.4	4.6	3.6
NFP	-	-	-	-	-	-	-	2.4
Cope	-	-	-	-	-	-	7.4	2.2
UDM	-	-	3.4	2.6	2.3	1.98	0.9	0.6
ID	-	-	-	-	1.7	1.4	0.9	-
PAC	1.3	0.7	1.2	1.2	0.7	1.2	0.3	0.4
ACDP	1.2	1.4	0.8	0.4	1.6	1.2	0.8	0.6
MF	-	0.4	0.3	0.3	0.4	0.3	0.3	0.4
Azapo	-	-	0.2	0.3	0.3	0.3	0.2	0.2
FF+	2.2	2.7	0.8	0.1	1.0	1.0	0.8	0.4
UCDP	-	-	0.8	1.0	0.8	0.8	0.4	0.2

*Source: Booysen (2011)<sup>8</sup>*

As **Table 4.2** above shows, the ANC seems to perform better at national level compared to local government level. However, the party gained significant 8.3% in 2006 local government elections up to 67.7% from 59.4% it received in 2000 during the first elections of a fully transformed local government system. In 2011, the party lost 4.8% of the electoral support in municipalities and dropped to 62.9%. On the other hand, the official opposition, the DA, gained 10.2% electoral support between 2006 and 2011, amassing 24.1% in all municipalities in the country. The ANC has governed 7 provinces in South Africa consistently. It was the opposition party in the Province of KwaZulu-Natal between 1994 and 1999. While it was in power in the Western Cape from 1994, it lost power to the DA in 2009 because of the DA's smartness to use the governance of the City of Cape Town to grow and consolidate its support base in the Province.

The ANC has been strong in the Free State Province, winning every national and provincial elections as well as every local government elections since the dawn of democracy. **Table 4.3** below compares and contrasts the electoral performance of the ANC and the DA between 2006 and 2011 local government elections across provinces. The ANC retained its dominance in the two elections but with reduced majority, while the DA gained significantly. In the Free State Province, the ruling party stronghold since democracy, the ANC lost 5.6% which is almost 1% over the national trend. On the other hand the DA gained 7.6%, significantly below the national rate of slightly above 10%. In reference to the study, the ANC as a political party becomes a crucial variable of analysis in understanding the performance of municipalities in the Free State.

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<sup>8</sup> The author relied mainly on IEC results published on its website. It is the IEC that combines the support for the DP and NP/NNP given political alliances which took place over the years. According to the IEC, \*\* represents the percentage for the PR component of the local vote; \*\*\* represents the percentage for the Party overall; while \*\*\*\* in the percentage on the PR ballot.



**Table 4.3: Comparison of the ANC and DA local government election results by province between 2006 and 2011<sup>9</sup>**

Province	ANC		DA	
	2006	2011	2006	2011
Eastern Cape	81.8	71.4	8.6	16.2
Free State	76.6	71.0	12.4	20.0
Gauteng	62.5	59.7	26.3	33.4
Kwazulu-Natal	46.7	56.8	7.5	11.9
Limpopo	84.0	80.6	5.4	6.5
Mpumalanga	80.5	78.0	10.4	13.8
North West	76.6	74.0	8.9	16.0
Northern Cape	69.9	63.1	10.5	22.0
Western Cape	40.2	33.7	33.3	57.7

*Source: Booysen (2011)*

Similarly, the analysis of the extent to which the democratic state has been developmental inevitably leads to the evaluation of the degree to which the ANC itself is developmental. The successes and failures of the democratic state cannot be told outside consideration and assessment of the ANC as the leader of the South African emergent nation. State performance is inseparable from the dynamics of the ruling party. By implication, successes and failures of the state are very much the representation and reflection of strengths and weaknesses of the ANC.

Evans (1995:54) points out that the Kuomintang party was able to reinforce the state apparatus once it transformed itself from a corrupt and faction-ridden organisation. While it is not hard to find observers crediting the ANC with laudable performance on policy formulation, there is convergence that the problem of post-apartheid democratic state is that of patchy implementation. This is often blamed on the combination of poor or lack of leadership and the

<sup>9</sup> Increases and decreases in percentages do not necessarily equate to actual number of votes in all instances.

loosely defined cadre deployment concept, which is believed to be weakening the state capacity.

Informed by its own practice of internal democracy of self and constructive criticism, the ANC (2012:6-8) identifies a couple of factors for the under-performance of the state: (i) constraints during the initial years of post-1994 breakthrough as a result of the nature of the negotiated political settlement; (ii) unfavourable global climate at the time of transition which would not permit 'radical' and 'progressive' policies, coupled with the stagnant economy, deep inequalities and systemic underdevelopment; (iii) problems around capacity and coherence of the state as well as the poor orientation of the public service resulting in poor implementation, monitoring and evaluation of policies; (iv) poor conduct on the part of sections of ANC leadership, including corruption and greed which both lead to wastage of public resources as well as erosion of confidence in the democratic government and the party itself; (v) on-going internal strife that threatens the unity of the ANC and the Alliance, impacting negatively on the state capacity to mobilise society behind the programme of transformation.

While this analysis is at national level, its manifestation in different provinces takes different forms. For instance, the organisational reports<sup>10</sup> of the party from its 50<sup>th</sup> national conference in 1997 to the 53<sup>rd</sup> national conference in 2012 paint a picture of a party bleeding from internal division in the Free State Province. Between 1994 and 2000, the NEC had to dissolve both the leadership of the party and government in the Province as a result of divisions, resulting in the failure of the party to provide strategic guidance to provincial government over its programme of transformation.

As pointed out earlier, individuals equally have exceptional impact in political parties. Nehru was certainly the key figure for India while General Park is often the reference point in discussions about South Korea's developmentalism. As much as the ANC and South Africa are often assessed in terms of the so-called Nelson Mandela's dream many a times, the ANC provincial structures have equally had individual leaders whose reputation have earned them both admiration and trenchant criticism alike. The Free State Province has had Elias Magashule as the party leader for over twelve years. This makes him the longest serving chairperson of a province in the history of the organisation. The unitary character of the organisation often leads to focus being placed squarely on national leaders, particularly the presidents. Excluded in

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<sup>10</sup> The organisation uploads its conference reports on its website according to the years. All these were accessed online from 17-18 July 2015.

analyses which seek to deepen an understanding of the organisation are subnational leaders who erroneously get relegated to the periphery. The individual contribution of Elias Magashule in the Free State province permeates the ANC and government structures. His name is inextricably linked to the evolution, progress and challenges of the ANC in the Free State.

#### **4.7.1. Impact of factional and divided ANC on governance**

In their empirical study on how the PRI was forced to adapt or face extinction in Mexico, Greene & Ibarra-Rueda (2015) distinguish between accommodative factionalism and conflictual factionalism. This distinction is premised on an assumption that the rationality of political parties is dependent on the unity of intra-party actors. These authors argue that the problems faced by parties often pit national leaders and local leaders. When this happens, parties that are able to negotiate “factional unity” (Greene & Ibarra-Ruenda, 2015:48) are able to focus on important messages that appeal to voters and portray the picture of professionalism, reliability, strength and certainty. In contrast, a party that is infested with conflictual factionalism gets stuck in deleterious infighting.

Factionalism has been part of the ANC for many years throughout its existence but only worsened once the ANC ensconced itself in state power (Mashele & Qobo, 2014:10). The continuing electoral support for the ANC at all spheres of government, albeit with remarkable steady decline, has only reinforced conflictual factionalism. The party continues to thrive in the midst of state performance deficits (Booyesen, 2011:86) largely because its institutionalisation of conflictual factionalism has not resulted in the convincing unity of opposition parties<sup>11</sup>. At times, as indicated earlier on causes for public protest, the sense of chaos reported at the beginning of this study in political, social and economic landscapes of the country derive from the spillage of intra-ANC ructions into the public domain (Booyesen, 2011:89).

The intra-ANC factional politics often manifest themselves at local government level because the space is feverishly contested (Calland, 2013:418; Marais, 2010:353). Quoted in Calland (2013:418), the former deputy minister of local government observes that “power struggles within the party are translated to municipalities and serve to undermine good governance and service delivery in municipalities”. This is largely caused by substitution of cadre deployment

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<sup>11</sup> This point should be understood in context of pre-2016 local government elections, which saw the deliberate cooperation between opposition parties in all metropolitan municipalities that did not produce the outright winner to dislodge the ANC from the running of these metros.

with factional deployment (Habib, 2013:1). As Benit-Gbaffou & Lama-Rewal (2011;188-189) point out, a combination of ANC dominance and its institutionalisation of conflictual factionalism has resulted in (i) inefficiency within the party and the state; (ii) rising arrogance and lack of accountability; (iii) equation of politics to corruption and political violence within and outside the party. Lastly, a deduction can be made that the rueful lack of consequences for wrongdoing and selective targeting of some within public service has a relationship with party factionalism. The AG (2014) notes that:

“The low level of action in response to the high levels of non-compliance, poor audit outcomes, SCM [Supply Chain Management] transgressions and unauthorised, irregular as well as fruitless and wasteful expenditure demonstrates a **lack of consequences** in local government for poor performance and transgressions. Councils at 45% (47% in 2013-14) of municipalities that reported unauthorised, irregular and fruitless and wasteful expenditure in the previous year had not investigated these transgressions as required by the Municipal Finance Management Act (MFMA). We also continue to report to management indicators of possible fraud or improper conduct in the SCM processes for investigation, to little avail as the cases continue to increase and in most instances are not investigated”.

#### **4.7.2. Cadre deployment and state capacity**

Many a times the concept of cadre deployment is used loosely without the foggiest idea of what it implies. This section attempts to build a definition that could be used as a reference for purposes of conceptual clarity. I further attempt to establish a scientific relationship between cadre deployment and state capacity.

##### **4.7.2.1. Theoretical clarity of the ‘cadre’ concept and practical manifestation**

It is often not clear what is meant by the concept ‘cadre’ despite the fact cadre deployment is largely seen as a reason for failure of public service in a democratic South Africa similar to the spoils system in the 17<sup>th</sup> century America and the pervasive patronage system in the 19<sup>th</sup> century Britain. The Bloomsbury English Dictionary (2004:263) defines a cadre as (a) a group of experienced professionals at the core of a military organisation who are able to train new recruits and expand the operations of the unit; (b) a core group of political activists or revolutionaries; (c) a controlling or representative group at the centre of an organisation; (d) a tightly knit, highly trained group of people.

Writing to the Cuban people in September 1962 following the successful revolution that overthrew the regime of Batista, Che Guevara defines a cadre as follows:

“We should say that a cadre person is an individual who has achieved sufficient political development to be able to interpret the extensive directives emanating from the central power, make them his, and

convey them as orientation to the masses, a person who at the same time also perceives the signs manifested by the masses of their own desires and their innermost motivations.

He is an individual of ideological and administrative discipline, who knows and practices democratic centralism and who knows how to evaluate the existing contradictions in this method and to utilise fully its many facets; who knows how to practice the principle of collective discussion and to make decisions on his own and take responsibility in production; whose loyalty is tested, and whose physical and moral courage has developed along with his ideological development in such a way that he is always willing to confront any conflict and to give his life for the good of the revolution. Also, he is an individual capable of self-analysis, which enables him to make the necessary decisions and to exercise creative initiative in such a manner that it won't conflict with discipline.

Therefore the cadre person is creative, a leader of high standing, a technician with a good political level, who by reasoning dialectically can advance his sector of production, or develop the masses from his position of political leadership.”

The two definitions suggest two important points which are often missing in citing cadre deployment as the reason for weakened state capacity in post-apartheid South Africa. The first point is that there is often a confusion and a failure to distinguish between a member and a cadre. This confusion leads to the second related point, which is an unquestioned assumption that a cadre is ultimately someone without a modicum of merit. The definitions from the Dictionary emphasise the word “core” to underscore various capabilities that such individuals need to have developed as a prerequisite to earn the title of a cadre. This means that a cadre is someone who is significantly developed in order for him to provide leadership and training to new members. One can argue that that the ANC itself has been expressly aware of a distinction between a cadre and a member when it met in 1985 in Kabwe Consultative Conference and resolved on a need to develop cadres as the backbone of its transformative agenda once it achieved political power.

Amongst others, the conference noted that “A fundamental prerequisite for the success of a revolution is the existence of a strong revolutionary organisation. The strength of a revolutionary organisation lies not only in numbers but primarily in the quality of its cadres” (ANC, 1985). Understood from this vantage point, the success of any organisation, regardless of its nature, is ultimately a function of the quality of its human resource capacity (Ababio: 2007). This implies that if cadreship is to be understood in the context of organisational human resource development, it must assume what Ndlovu (Black Management Forum, 2015:56) calls “a strategic imperative” that must underpin transformative programmes. This understanding would then elevate human resources, or cadreship in the context of a political party, “into a

fearless yet strategic focus area” (*ibid*) which must earn its place as the champion of efforts towards making the revolution stick.

In its Strategy and Tactics (2007: 32), the ANC asserts that it “puts a high premium on the involvement of its cadres in all centres of power”. This is not surprising at all because trusted cadres are deliberately deployed in positions of key responsibilities all over the world, including leading economies of the United States and China. Cadre deployment is therefore the deliberate placement of advanced members of the party into state institutions with an expectation that such members will use the political and administrative power to advance partisan party policies aimed at societal development. While the ANC acknowledges the relevance of other centres of power, this definition emphasises the primacy of the state given its coercive and extractive power as well as the binding nature of its decisions.

Other centres of power the ANC refers to may include the presence of its members and supporters in civil society, universities and media. The party insists that its cadre policy avoids dogmatism and rigidity. The expectation is that its cadre policy advances bureaucratic coherence and promotes career-pathing in line with administrative features associated with developmental states. According to the Strategy and Tactics, members deployed in state institutions and elsewhere “should act as the custodians of the principles of fundamental social change; winning the respect among peers and society at large through exemplary conduct” (2012:45-46). Such an exemplary conduct can be expected from cadres as they are the core of the party programme. This view stresses the importance of professionalising the ANC as an instrument of change which must run the state, informed by its own values of honesty, hard work, service to the people and respect for the laws of the republic.

A number of scandals associated with individual leaders and members of the party therefore suggest that their conduct is incongruent with what the organisation stands for or seeks to achieve. Alternatively, it could be that the party has not succeeded in converting its membership into cadreship, thus forced to deploy members devoid of particular cadre traits to critical positions of responsibility, at a huge cost to its image and consequently the legitimacy of the state. Of course, the separation of individual members from organisations they belong to is a moot issue. While organisations may set rules to influence, guide and limit the behaviour of members (Klijn & Koppenjan, 2006:144), Chang (2002:554) dismisses what he calls “structural determinism” as if individuals were robots.

The relationship between individuals and organisations is dynamic as organisations are also amenable to the influences of members in terms of how they are formed and run. In his 2012 Oliver Tambo Centenary Lecture, Joel Netshitenzhe, one of the longest serving ANC NEC members in post-apartheid South Africa, aptly describes the dynamic relationship between the organisation and its members:

“In particular, to use criteria other than ability in identifying those who should be accorded the responsibility to lead, is to undermine the cause of social transformation. A defective leadership not only holds back the attainment of national objectives. It also presents a difficult conundrum for the movement: in that to rationalise its bad choices, the ANC has to lower itself to embrace those defects of the leaders it has chosen, as its own defects. Steadily, these defects of individual leaders become, by default, the collective property of the organisation, its own blind spots and subliminal attributes in the public imagination” (Speech delivered in 2012).

#### **4.7.2.2. Cadre deployment: political necessity?**

The partnership between the public and private sector is certainly one of the important elements in the developmental state approach. Within the public sector, there are two important role players, namely the politicians and the bureaucrats. Both assume public office through different methods. Politicians can either be elected into public office through free and fair elections or can emerge through a coup. Bureaucrats can either be appointed by political leaders or can be recruited through a merit-based system that may include civil service examination. Politicians tend to primarily represent the interests of their political parties, whose preoccupation with elections distinguishes them from other groups (Kopecky & Mair, 2003:275). Unfortunately, emphasis on institutions and good governance agenda often erroneously leads to condemnation of political parties to the periphery in development literature as if there is no relationship (Hout: 2003). Reading Johnson’s classic book on MITI and the Japanese Miracle, one gets a sense that a situation where politicians reign and bureaucrats rule is somewhat idealistic more especially when one considers the post-apartheid South African case.

Power is the ultimate goal to a politician. Klein & Marmor (2006:895) remind the reader that concerns for public perception of governments do not necessarily remove the existence of “self-interest” from politicians. Once they access public office, their related concern is to maintain the status quo. At times this could be done at the expense of state performance for as long as it guarantees continued stay in office. As Kamarek (2007:32) points out, bureaucrats sometimes are awoken to the reality of political principals not interested in performance measures as efficient performance may upset entrenched constituencies.

For Mbeki (2011:8-9), voters vote for the ANC because of their dependence on the state it controls and not necessarily based on sound policies or ideology. According to this view, immoral politicians may deliberately frustrate the pace of development deliberately to satisfy their self-interest of prolonged stay in office. Evans (1995) was therefore correct in pointing out that leadership does matter for development or lack thereof when he distinguished between archetypal developmental states, intermediate states and predatory states. By implication, this suggests that insulated and autonomous bureaucracy is not always sufficient to achieve results. It also means that cadre deployment into administrative structures may not necessarily always be the determinant of policy under-performance. Performance is an outcome of a number of interplay of factors.

Why would politicians feel comfortable with appointed bureaucrats? Firstly, it was earlier pointed out that in the immediate aftermath of changes in political regimes, the new political principals drawn from revolutionary movements find it difficult to rely on bureaucrats who have been part of the previous regime whose ideas are in sharp contradiction with the previously colonised and suppressed 'revolutionaries'. For any political institution to succeed in discharging its mandate, a good working relationship between the elected and appointed officials is an important precondition (Mukwena & Lolojih, 2002:227).

Secondly, democratisation in many parts of the world, and the attendant imposition of limited terms of political principals, robs politicians of the privilege of a long-term career especially at the highest level. Limited terms also impose the urgency of service delivery on the new political leaders hence the need for administrators that could be easily relied upon. Finally, politicians can legitimately claim that they are the ones who account to the public. They may want to argue that this alone gives them a reason to appoint people they can trust with more effective and efficient service delivery in line with the party manifesto. Appointive bureaucracy, although it tends to produce "staccato careers, punctuated by the rhythms of changing political leadership and periodic spawning of new organisations" (Evans, 1995:62) can be limitedly justified if it achieves state internal cohesiveness. Chibber (2014:34) presents a persuasive argument:

"A functioning bureaucracy is not enough to secure needed strategic capacity. It must be fashioned into an internally cohesive apparatus that is able to coordinate itself around developmental tasks. It is not sufficiently appreciated in the development literature that bureaucratically robust states can be quite fragmented and riven by agency-level conflicts. In other words, a functioning bureaucracy is not sufficient to generate an internally cohesive state. The most powerful reason for this is that agencies



often have overlapping and even conflicting tasks and priorities. Simply following the rules in this situation is a road to state paralysis, not cohesiveness”.

The above citation emphasises the importance of coordination and cohesion between politicians and appointed officials and across departments. One must point out that the harmonious relationship between political leadership and bureaucracy is the precondition for entire institutional internal cohesiveness. It is the contention of this thesis that such a relationship is the bedrock of both cohesiveness and coherence at any level. For instance, while government admits that scarcity of technical skills is a serious problem especially in local government, it has also been empirically proven that poor interaction between politicians and bureaucrats in municipalities accounts as much for the distress of the system (Cogta: 2009). This is partly caused by changes in political leadership with new leaders treating the inherited administration with distrust and suspicion. Another cause is systemic, with legislation vesting executive and legislative powers in council. Maserumule (2013:225) suggests that this configuration leads to blurred lines of interface between selected politicians and senior managers compared to the other spheres of government.

To further stress the point on cohesiveness as a function of political-administrative interaction, Evans (1995:54) points out that the once corrupt and faction-driven Koumintang managed to adapt from its own detractions and provided “the state bureaucracy with a reinforcing source of organisational cohesion and coherence”. Mkandwire & Soludo (1998: xiii) point out that constructing a state that is devoted to the public interest is a political process determined in each country’s history. From this vantage point, cadre deployment can thus be seen as a political necessity provided that the concept ‘cadre’ is understood strictly for what it is and also in honest appreciation of the political history of South Africa.

Cadre deployment is not inimical to state capacity and development. Abuse of the process where incompetent members are appointed is a threat to state capacity and does not amount to cadre deployment. To blame state incapacity on cadre deployment is intellectually lazy. While a welcome debate, it needs to probe deeper and raise critical questions. For instance, part of the debate that the post-apartheid South African state needs to entertain is whether a state rooted in rampant capitalism is capable of cultivating and sustaining a progressively value-laden political leadership and public service. As Kohli (1999:133) observes, efficacious states can equally be used by their leaders to pursue non-developmental goals. The notion of ethics becomes quite pertinent then in discussing the prospects of a South Africa developmental state.

#### **4.7.2.3. The consequences of abuse of deployment**

The assessment of cadre deployment on state performance is certainly not easy. Anyone undertaking such an exercise will have to be clear and deliberate on the choice of variables to be looked at. The study therefore proposes that a distinction be made between the stages of policy process, namely formulation/development and implementation. On post-apartheid state building and institutional transformation, it was already pointed out that the governing party has managed such a complex process with notable technical dexterity. Even the most vociferous critics of the party acknowledge that the ANC has enacted and adopted “laudable policies” (Ramphela, 2008:166).

The number of old policies annulled and new ones developed since 1994 alone confirms both the capacity of policy formulation and commitment to pursue transformative and developmental goals. Perhaps even the unusual policy ambition of the party to build a developmental state can be seen as the strength of the party in setting policy goals. This strength was exploited to build credible state institutions of democracy. It is a matter of common cause that the processes of developing transformational policies and setting up foundational institutional processes and systems were led by deployed capable members and supporters of the ruling party in the executive and in administration. These institutional changes included rationalisation of local government in order to make it potentially developmental. On this point, cadre deployment cannot be faulted.

While the party enjoys commendation on policy formulation phase, it is in the area of implementation that it receives the most trenchant criticism. The analysis of state and development in post-apartheid South Africa leads to three broad conclusions on why implementation has not yielded desired outcomes. The first reason, which mainly relates to economic policies, has to do with the choice of policies preferred by the democratic government. As argued in previous chapters, the preference of orthodox economic policies only produced the incessantly increasing number of social grants beneficiaries and the continued apartheid productive relations. Like all other developing countries, South Africa did not have much of a choice to choose its own preferred growth path.

The second reason is about the failure of the democratic state to build developmental pacts usually synonymous with archetypical developmental states. Resorting to build a developmental state was influenced by the realisation of the ruling party that the state performs optimally when acting alone. The inability is succinctly captured in the NDP and is reflective

of deep-seated tensions between the business and government on the one hand and the business and labour on the other hand. This is not to suggest that the relationship between unions and the government and the government and civil society have been smooth.

Though not the focus of the study, acrimonious wage disputes between the state as the employer and unions, and between industrial leaders and unions, often resulting in lengthy strikes, are a matter of public record. According to Habib (2013:135), the driving factor for the collapse of social pacts in post-apartheid South Africa is the continuation of structural conditions that predate the 1994 breakthrough. These conditions only seek to emasculate the demands of labour. As Heller (2009:137) observes, the ANC used a complex set of institutional, political and discursive tactics to neutralise, demobilise and sometimes completely sideline social movements through the deliberate strategy of containerization.

The third reason can be summed up as that of leadership inadequacy. Countries which succeeded in forging developmental alliances had the political will and leadership to manage both the elite and popular expectations. That is the only precondition for a long term inclusive economic development. On this score, South Africa invariably suffers from problems such as poor coordination between spheres and departments of government as well as inadequate political will. If anything, indecision seems to be the perennial problem. Again, Netshitenzhe (2012) succinctly summarises this point in his Oliver Tambo Centenary Lecture:

“Firstly, it is our strategic posture and policies that define the character of the ANC. In turn, the character of the movement should inform the quality of cadres that we elevate to positions of leadership. The quality of leadership, in turn, is fundamental to determining the level of popular confidence that the mass of the people have in the ANC, and – when all is said and done – whether we are able to implement our policies and realise our strategic objectives.

The second of these dynamic circles is the role of the state as one of the strategic sites from which the objectives of social transformation are carried out. For the state to undertake this task requires more than just constitutional prescripts. It should have capacity and it should enjoy popular legitimacy. Such capacity and legitimacy, in turn, depend on large measure on the quality and conduct of leadership of the ‘ruling party’. When all is said and done, the quality and conduct of the leadership is critical in determining whether the state enjoys the popular legitimacy and is able to meet its mandate as an instrument of social transformation”

#### **4.8. Economic environment and its influence on municipal performance**

Perennial problems which have become characteristic of local government in the fifteen years under review cannot be explained exclusively by politics and governance dynamics alone. The

context of national macro-economy (South African Institute of Race Relations: 2014), deeply interwoven in “the dominance of a capitalist system with minimal regulation” (ANC, 2007:2), has become the “the dominant frame for many critical understandings of post-apartheid South Africa” (Hart, 2013:7). The legacy of the apartheid skewed spatial development continues to be the explanatory factor behind the consequent problem of economic dualism in the country.

This reality perpetuates the inequality in terms of access to opportunities and services. Metropolitan and urban municipalities have the benefit of larger tax bases and attendant high standard of living and services for their citizens. The dominant feature of developed economies in these municipalities allows them to raise own sufficient revenue to counter-fund new developments and maintain the existing infrastructure. Another benefit is their ability to recruit and retain best talent and specialist skills. This coexists with the different picture of small and rural municipalities which are interlinked to the developed first economy but are marginalised on the basis of their geographic location. Citizens in these areas are excluded from the mainstream economy and are largely dependent on state social protection.

To its credit, the ANC is consciously aware that the success of its National Democratic Revolution (NDR) depends on its capability to destroy the apartheid structural economy. However, its forced alignment to the global neoliberal orthodoxy has resulted in unintended perpetuation of the dual economy and its consequential exclusion of majority of mainly black people from the mainstream economy. The desperate search for refuge by the party in the developmental state approach is based on honest observation that economic policies have not solved the problem of unemployment.

Although the overall unemployment rate fell from about 30% to 23% between 1995 and 2011 (Altman, 2013:186), this did not translate into reduction of poverty. **Table 4.4** presents the statistics of people dependent on grants in the Free State by the end of 2014 while **Table 4.5** below presents labour force movement between 1995 and 2009. According to the Congress of South African Trade Unions (COSATU), 57% of individuals lived below the poverty line in 2001 (2010:11). This figure was reduced to 48% in 2011 largely due to 25% of South African population that survived on grants at that time.

**Table 4.4: Beneficiaries of grants and amount spent in the Free State province per month in 2014**

District											
Mangaung Metro		Lejweleputswa DM		Fezile Dabi DM		Thabo Mofutsanyana DM		Xhariep DM		Free State Province	
Beneficiaries	Amount	Beneficiaries	Amount	Beneficiaries	Amount	Beneficiaries	Amount	Beneficiaries	Amount	Beneficiaries	Amount
169677	141 781 020	129 649	122 241 930	121649	100 758 320	209718	165 808 000	42049	37 139 790	690 664	576 729 020

Source (Internal Report of SASSA, 2014) Note: these stats exclude children

Free State Province had 2 745 590 individuals according to Census 2011, being the second lowest to the Northern Cape. Of the total population, 690 664 people lived off the grants on monthly basis, which accounts for 25% of the population. Xhariep DM had the lowest number of people dependent on grants. The study done on South African cities found that employment in the cities grew faster than in the rest of the country, with nearly 60% of net jobs created between 1996 and 2011 (Centre for Development and Enterprise, 2016:3). This growth in employment existed side by side with 2.6% population growth in metropolitan areas because of migration, surpassing the national growth average of 1.6%. It is estimated that about 25% of metro population is poor as jobs created in these spaces do not often cater for unskilled and semi-skilled migrants. It is this fact that possibly explains why grant dependency in Mangaung Metro is higher than relatively rural, agriculture-based Lejweleputswa and Fezile Dabi district municipalities. Thabo Mofutsanyana is geographically the biggest district in the province hence it has the largest incidence of grant dependency.

**Table 4.5: The South African labour force**

Category	1995 ('000)	2001 ('000)	Q3 2009 (000)	Change		AAG 1995-2009
				'000	%	
Official definition estimates						
Employment	9 465	11 181	12 884	3 239	33.6	2.1
Unemployment	2 032	4 655	4 119	2 087	102.8	5.2

Labour force	11 677	15 836	17 003	5 326	45.6	2.7
Broad definition estimates						
Employment	9 465	11 181	12 884	3 239	33.6	2.1
Unemployment	4 239	7 469	5 751	1 512	35.7	2.2
Labour Force	13 884	18 830	18 635	4 751	34.2	2.1

*Source: Borat and Mayet, 2013*

**Table 4.5** above shows that employment grew steadily by an average of 2.1% for fifteen years from 1995 until the third quarter of 2009 for both official and broad definition terms, generating almost 3.2 million jobs and absorbing 5.3 million individuals into the job market. On the other hand, official unemployment also rose by 5.2% in the same period, while it grew by 2.2% on broad definition. Government targeted interventions towards the poor could be the reason why broad definition of unemployment grew by merely 2.2% compared to the rate of the official definition. Labour force also increased by 2.7% and 2.1% respectively on official and broad definitions. This trend of steady growth in employment was halted and reversed between 2009 and 2010 when the country lost over 1.1 million jobs as a result of 2008 world economic crisis.

COSATU (2010:10) claims that the number of jobs lost amounted to an average of R35 billion worth of employees incomes, plunging additional 5.5 million individuals into poverty. This fact exposes the vulnerable nature of jobs which have been created in post-apartheid South Africa. In one of its review reports on higher education in regional and city development, the OECD found that the unemployment rate in the Free State in 2010 stood at 28%, surpassing the national rate of 26.5%, largely due to the combination of the mismatch between the supply of skills and the needs of the labour market and outmigration (Puuka, Dubarle, McKiernan, Reddy & Wade, 2012). It was also found that some 150 000 young people in the province were unemployed largely due to the failure of the province to substitute the historical agricultural and mining sector, which were once the economic mainstay of the province.

The International Labour Organisation (ILO) published a study which painted a very worrying picture about the mind-sets, attitudes and perceptions of young people in the Free State concerning entrepreneurship (Kew, Turton, Herrington & Christensen: 2013). Their study interviewed a total of 750 young people across the province. The findings of their study can be summarised as follows: (i) 47% of respondents felt that it is difficult for young people to start

their businesses; (ii) 66.5% did not see lack of knowledge as a key barrier to starting a business; (iii) 59.3% were forced to start businesses because they could not find jobs; (iv) 49.2% felt that good education did not open access to a decent living; (v) 52.9% saw government employment as the best vehicle towards a decent living; (vi) 72.3% felt that government could not be trusted.

These findings have serious implications for a government that seeks to construct a developmental state. Firstly, respondents were aged between 15 and 34 years old. According to 2015 mid-year population estimates, this category of population numbered 19 966 566, or 36.3% of the entire population of at least 54 million South Africans (Stats SA, 2015). Although the pattern may differ from one province to another, the state that harbours people-driven and people-centred development needs to worry if 72.3% of the largest population category sees it as untrustworthy. It is a major cause for concern that young people do not see the worth of education regarding its ability to unlock economic participation and improve the quality of life. In the final analysis, all these findings constitute a high risk for the prospects of state developmentalism at all three levels of government.

**Table 4.6.: Official unemployment and official youth unemployment rates in the units of analysis in 2011**

Mangaung Metro	Official unemployment	26.8%
	Official youth unemployment	33.8%
Fezile Dabi District	Official unemployment	33.9%
	Official youth unemployment	44.4%
Lejweleputswa District	Official unemployment	36.5%
	Official youth unemployment	48.7%
Masilonyana LM	Official unemployment	38.8%
	Official youth unemployment	49.8%
Matjhabeng LM	Official unemployment	37.0%

	Official youth unemployment	49.7%
Nala LM	Official unemployment	35.9%
	Official youth unemployment	47.6%
Tokologo LM	Official unemployment	27.5%
	Official youth unemployment	35.8%
Tswelopele LM	Official unemployment	34.8%
	Official youth unemployment	46.2%

*Source: (SAIRR, 2015)*

**Table 4.6** above gives the statistics of youth unemployment in the units of analysis according to Census 2011. Masilonyana LM had the highest youth unemployment at 49.8%, closely followed by Matjhabeng at 49.7%. Both these municipalities are affected by dwindling mining activity, which used to be the economic mainstay for the region in the 1980s. The official youth unemployment in Matjhabeng may actually be worse than Masilonyana if viewed against the background of slightly better official unemployment rate of 37.0% compared to 38.8% of Masilonyana. Tokologo LM had the lowest official unemployment and youth unemployment rates in the category of local municipalities at 27.5% and 35.8% respectively. Of the two district municipalities, Lejweleputswa had the worst rates at 36.5% and 48.7% respectively.

The continued dependence of the province in dwindling natural resources has significantly reduced possibilities of employment, resulting in the province being the second lowest contributor to the Gross Domestic Product (GDP) after the Northern Cape Province. These trends, although outside the control of municipalities, have a direct bearing on the financial capacity and viability of municipalities because municipalities have to raise tax, maintain existing services, expand the services they render and finally ensure that these services are of satisfactory quality on a sustainable basis. What is the social effect of orthodox economic policies and their implications for the work of municipalities?



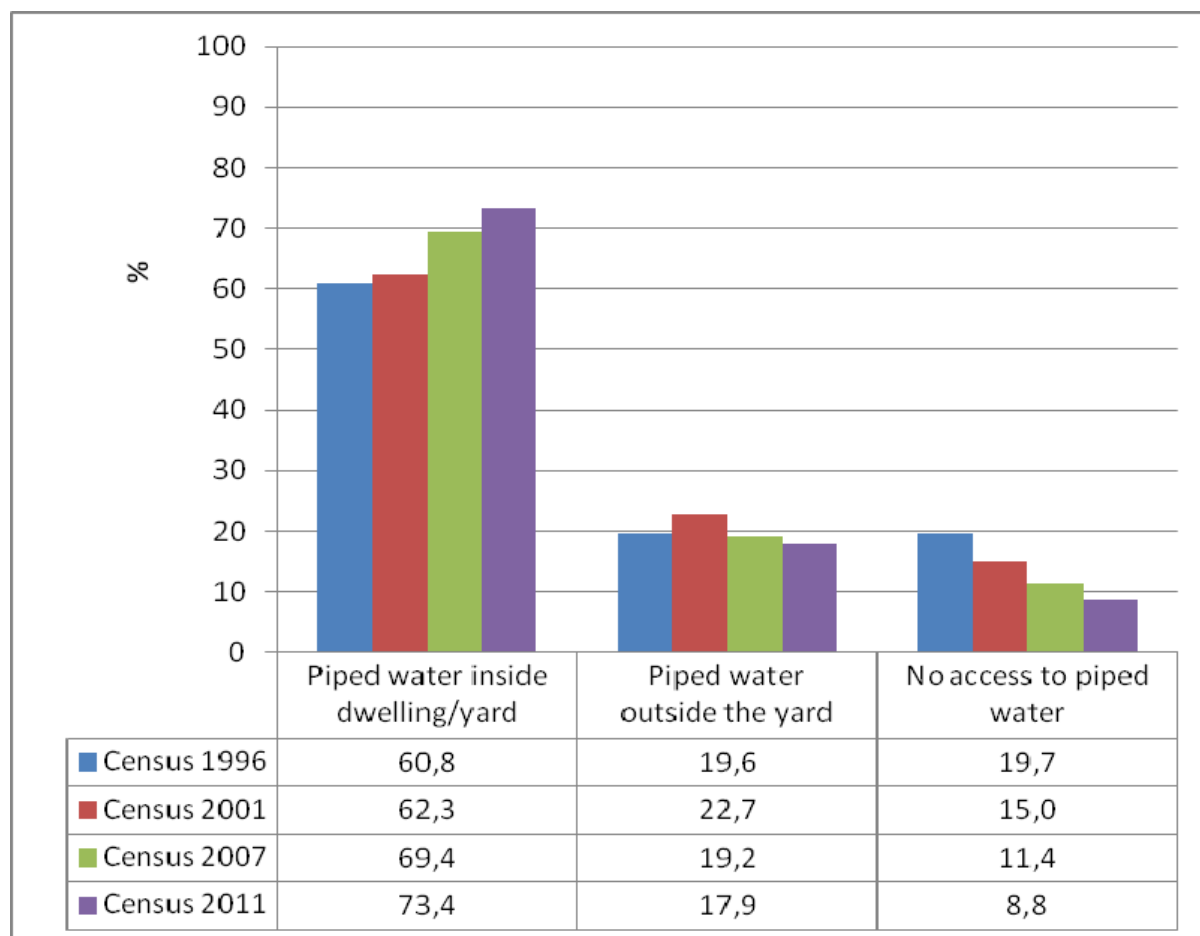
#### **4.9. Social environment and influence on governance of municipalities**

The relationship between the economic and social climates is highly interlinked, although social could mean almost anything. Deliberate care was therefore taken to manage the discussion of social elements in order not to dilute the focus of the study. The discussion is strictly limited to aspects which have a significant weight on the functioning of municipalities. There is no denying that South Africa has undergone fundamental social change since 1994. This shows that constraints of economic growth do not necessarily inhibit fundamental demographic transformations. Many Africans are now participating in the economy and have markedly moved up the social ladder, resulting in the phenomenal growth of the black middle class.

The ANC affirmative action policies have led to remarkable institutional changes across society, particularly in the public sector. Since democratisation, many black people have had increasing access to basic and higher education, primary healthcare, provision of water, sanitation and refuse removal. Eleven years into the developmental local government era in 2011, life for South Africans had incomparably improved for the better than under apartheid (Booyesen, 2011: XIV). For instance, **Figure 4.2** below illustrates the consistent increase in access to piped water between 1996 and 2011. However, the consequence of economic dualism, largely as a result of the continuing underdevelopment of rural spaces, has added to the pace of migration of citizens to bigger and urban municipalities, especially the cities. The CDE (2016) notes that:

“Urban poverty will also not fall as rapidly as the economy grows. Faster growth will probably attract more rural migrants, most of whom will be poor when they arrive, and they will stay poor until they find work. But this, at least, is something they are more likely to do in the cities than anywhere else; between 1996 and 2011, employment in South Africa’s metropolitan areas grew faster than in the rest of the country, with nearly 60 per cent of net jobs created between 1996 and 2011 being located in the cities. At the same time, at 2.6 per cent a year, metro populations grew far more rapidly than the national average of 1.6 per cent. This has resulted in high levels of urban unemployment even as significant numbers of new jobs have been created.”

**Figure 4.2: Percentage of households with access to piped water: Censuses 1996, 2001, CS 2007 and Census 2011**



Source: Stats SA (Census 2011)

Progress in delivery of basic services has been made against the constraints of adopted neoliberal orthodoxy. The reality of millions of persons and households being in destitution is an indication of the failure of neo-liberal post-apartheid policies pursued by the state. Adherence to neoliberal economic policies did not end in 2003 or 2004 when Thabo Mbeki, then the president of the ANC and the state respectively, began to jettison the ideology (Mohammed, 2010:156). They continue even up to present-day Zuma administration in order to satisfy the requirements of good credit ratings and to attract the foreign direct investment. The government is thus forced to appease the private market and foreign capital to appear sensible and credible.

The continuation of corporatism has meant that municipalities have to commodify basic services in order to raise their own income to fund new economic infrastructure as a vehicle to lure investment to their jurisdictions. The obligatory commodification of services in the sea of poverty means that small municipalities are unable to be financially viable as a result of

“uneven terrains carved by the racial geographies of apartheid” (Hart, 2013:97). According to Bodibe (2008:217), commodification also means that low-income earners struggle both to access and maintain that access to basic services, resulting in disconnections or under-consumption, effectively defeating the celebrated achievements of expansion of access to these basic services.

The notions of both the developmental state and the developmental local government unquestionably hinge on the prominence of social capital. Social capital lies at the heart of all successful nations in growing their economies in order to fund social policy interventions to improve the quality of life of citizens. Experiences from other parts of the world indicate that the extended periods of unemployment, persistence of inequality and pervasive poverty and squalor break down social relations (Stiglitz, 2001:X). The pervasive existence of all these elements combined are sometimes the force behind high rising levels of violence. Stiglitz (2001:XI) argues that:

“In each of these cases, not only did economic policies contribute to a breakdown in long-standing social relations: the breakdown in social relations itself had very adverse economic effects. Investors are wary about putting their money into those countries where social relations seemed so high, and many within those countries took their money out, thereby creating a negative dynamic”

Although this point was based on what happens at national level, it is very relevant and applicable to this study. The main argument advanced here is that national boundaries are abstract. Violent protests within each country take place at specific local spaces, and therefore have a direct impact on the local spaces as tangible investment destinations. In 2005, the Minister of Provincial and Local Government reported that 90% of municipalities which were reported as financially vulnerable had experienced social protest (van Dijk & Croucamp, 2007:665). That finding confirms positive relationship between incidence of social protest and adverse economic activity.

In her study of two municipalities in the Province of KwaZulu-Natal, Hart (2011) found that the poor implementation of ‘pro-poor’ indigent policy had unintentionally fuelled the anger of poor communities, effectively rendering local government a site for confrontations. Municipalities thus became spaces of the making and sustenance of political struggles of post-apartheid South Africa, particularly from 2001 when the policy was introduced. Great social improvements made in the first decade of the developmental local government coincided with

the unrelenting occurrences of social protest in the country, resulting in perceptions that South Africa had become the world's capital of social unrest by 2014 (Habib, 2014:1).

#### **4.10. Key functions of a developmental local government**

Is local government in South Africa currently developmental? The problematic of the relationship between local government and developmentalism in South Africa should be framed within the bizarreness of putting the cart before the horse. The characterisation of South African local government system as developmental was not based on tangible performance evaluation. It is based rather on a vision of what the drafters of the White Paper on Local Government (1998) had hoped would be achievable. Based on numerous reviews and performance evaluations of municipalities since the birth of a new system in 2000, doubts are cast on the achievability of a developmental local government in South Africa (Nyamnjoh, Hagg & Jansen, 2013:5).

Functions are one way to assess the extent to which institutions are developmental. Obviously, the success in the execution of functions depends on a number of conditions. Reddy, Nemeč & de Vries (2015:162) distinguish between contextual conditions, structural conditions, institutional conditions and human resource conditions. Contextual conditions have just been presented in this Chapter. They refer to socio-economic factors which influence capacity of a municipality. Structural conditions refer to the position of a municipality in relation to other spheres of government. These include matters such as the autonomy and functions assigned to municipalities. Institutional conditions refer to the size of a municipality and its internal processes, systems and structures in carrying out developmental functions. These largely refer to the notion of institutional structure and capacity prevalent in the developmental states discourse. Lastly, human resource conditions refer to the quality of leadership and management, dynamics of intra-organisation relationships and required skills that contribute to the realisation of results and preservation of legitimacy and durability of a municipality. The notion of institutional cohesiveness perfectly fits these type of conditions.

According to the White Paper on Local Government (1998), four key functions of the intended system of developmental local government are (i) maximisation of social development and economic growth; (ii) integration and coordination; (iii) democratization of development, empowerment and redistribution and (vi) leadership and learning. Drafters of the Paper assume a close relationship between meeting basic needs of the poor through traditional responsibilities of service delivery and regulation and the creation of conducive environment for local

employment opportunities. Implicitly, investment in the local economy is dependent on the ability of a municipality to provide basic infrastructure since municipalities are not directly responsible for job creation except through direct municipal employment.

There are many policy actors existing within the tangible territory of a municipality. These include national and provincial departments, parastatals, private sector organisations and pressure groups amongst others. The interests of these actors are not homogenous. Some of the interests may even be “adversarial and conflictual” (Habib, 2013:140) to those of a municipality or the state in its entirety. A developmental municipality therefore needs to coordinate all the stakeholders within its jurisdiction in a manner that advances a public good. Peters (2011:8) points out that coordination remains one of the perennial challenges confronting public sector organisations.

Lastly, the assumption of equality of other actors in policy space catapults a municipality to the leadership position by virtue of its legitimacy. This enables a municipality to carry out leadership responsibility in negotiating local development priorities. However, this is dependent on human resource conditions at the disposal of a municipality. It therefore follows that municipalities have a task to facilitate social capital in their spaces, which is believed to have potential to provide solution to the confidence crisis increasingly experienced by governments (Kampen, 2010:213). Evans (2010:233) argues that:

“The skills and organisation required to aggregate and assess this kind of information demand qualitatively more capable state apparatus. Nonetheless, accurate information on the collective priorities at the community level is the *sine qua non* of a successful twenty-first century developmental state. Without multiple channels getting accurate information, the developmental state will end up investing inefficiently and wasting precious public resources.”

The essence of decentralisation is democratisation. In turn, democratisation is seen as a vehicle that can facilitate the legitimacy of redistribution and empowerment programmes because localised planning is believed to match local aspirations. Equitable and redistributive development is impossible and bleak without active citizen involvement (Maathai, 2009: 60). To this end, the NDP notes that “leaders throughout society have to balance the power they hold with responsibility, including listening to and tolerating different and diverse views, promoting social cohesion and working together to resolve problems” (Presidency, 2012:17). Emphasis on people-centeredness has implications for the twenty first century developmental state. It has to be democratic beyond measure.

The twenty-first developmental state is therefore ultimately dependent on the state's empowerment of its citizens to build and enhance these capabilities. Local government is better suited for this role since it is this sphere of government "that has constant impact on the physical and human social environment within which humans live" (Nkuna, 2011:624). Indeed, Heller (2011:161) could not have been more accurate in stating that it is only in local arenas that citizens are made, therefore requiring continuous democratisation and expansion of this surface area of "invited spaces" (Piper: 2011). Democracy, in practice, requires ongoing renewal. It is not stagnant.

The last function of leading and learning recognises that globalisation is forever characterised by extreme rapid changes which may render existing skills obsolete if investment in continual learning is neglected. Leadership is important in this regard. But leadership requires qualification because it could be used for anything, including war (Leftwich, 2007:26). For instance, whatever is perceived as a crisis of governance in democratic South Africa is blamed on leadership without probing the specificities of inferences (Habib, 2014:1; Nyamnjoh, Hagg & Jansen, 2013:14). The tendency is to equate South Africa's leadership and its treatment to Nelson Mandela (Mbeki, 2011:2; Ramphela: 2008), almost to a point of elevating him to a deity or angelic figure.

While there is no disputing the almost unparalleled individual contribution Mandela made, his rise and influence needs to be understood within the context of collective politics of the ANC. He did not become the most popular political prisoner by the determination of fate; the ANC decided out of analysis of material conditions then to engage on the 'Release Nelson Mandela Campaign' in order to add value to its agenda of lobbying for isolation of apartheid South Africa. Mbeki (2008) explains the reason for ANC's decision to profile Mandela:

"In this regard there were exceptional circumstances attached to Comrade Nelson Mandela, which were not of his making or will. In the context of the global struggle for the release of political prisoners in our country, our movement took a deliberate decision to profile Nelson Mandela as the representative personality of these prisoners, and therefore to use his personal political biography, including the persecution of his then wife, Winnie Mandela, dramatically to present to the world and the South African community the brutality of the apartheid system."

The dominant narrative of the person of Mandela deliberately sought to price the individual over the collective. Rooted in liberalism, its exponents unashamedly ignore the detailed confessions that Nelson Mandela himself makes in his autobiography on how the ANC influenced him. He confesses to having been "a rabble-rousing speaker" who had the

tendency to make intemperate, dangerous statements which contradicted the policy of the ANC (Mandela, 1995: 182; 183). He further acknowledges that he substituted his ignorance with militancy, hence he got into trouble with the organisation on numerous occasions. The Mandela who ultimately got arrested and was released from prison after twenty-seven years of incarceration is the Mandela who joined the ANC in the 1940s unpolished and subjected himself to internal party functioning and its vision.

Unfortunately, the dominant discourse in development literature tends to promote impractical ideas of individual genius at the expense of a collective thought. In the process, an opportunity is missed by leaders and scholars alike to think about leadership outside the created 'cult' of Mandela in post-apartheid South Africa. The ANC is equally guilty of this shortcoming as it struggles to re-imagine itself and growingly fails to produce leadership that moves the party and the country beyond the 1994 euphoria. The most celebrated values of reconciliation and forgiveness by Mandela are incapable to wrestle successfully with poverty, unemployment and inequality.

What is leadership then and how should it be approached at local government level? Dubrin, Daghish & Miller (2006) suggest that leadership should be understood as a partnership or relationship between leaders and members. Leadership comes into play when leaders are able to inspire confidence and support among members or the people who are needed to perform and achieve organisational goals. In this partnership, every voice is valued, thus linking leadership invariably to democratic practice. This conceptualisation of leadership departs from the often strongly held beliefs that the formulation of a vision is a task of a leader alone. Getting members involved in such strategic tasks improves the effectiveness and influence of a leader, while simultaneously improving his/her managerial skills of efficiency and authority.

Ngambi (2011:12) sees leadership as "a process of influencing others' commitment towards realising their full potential in achieving value, adding a shared vision to passion and integrity". She proposes a Responsible, Accountable, Relevant and Ethical (RARE) model of leadership as a cornerstone for development. A RARE leader is someone who commits to the connection with followers through continuous engagement and communication. This type of a leader recognises that his/her success depends on those who are led. According this model, an organisation risks irrelevance if not continuously learning as the world is forever engaged in a change process.

A municipal council has a responsibility to earn its space as a leader by harmonising the divergent interests of multiple stakeholders in order to fully satisfy the tasks of integration and coordination. The connectedness of the local dynamics with globalisation processes compels local leaders to develop minds that inform local action while thinking globally in order to maximise economies of scale. Concerning the democratic aspect, Fanon (1963:159) cautions that masses cannot be taught through delivering speeches every time, or what he terms “long political harangue”. To empower masses politically in line with the third characteristic, leaders need to passionately and relentlessly make the people aware that everything depends on them and that they need to dismiss the demiurge often associated with the East Asian developmental states. In order for consultations with the community to be meaningful, empowerment of citizens becomes one of the crucial tasks of municipal political leadership.

The embeddedness of a municipal council in social classes imposes a need for learning on the ‘use’ of policies and programs (Weiss: 1998; Blake & Ottoson: 2009). Learning is inextricably linked to analysis and evaluation of existing policies in order to inform review of or the formulation new policies altogether. Policy analysis, according to Dunn (1994:1) is “the activity of creating knowledge of and in the policy-making process” while evaluation is the systematic determination of quality, value, merit or worth of anything (Davidson, 2004: 1-2). Building learning capacity therefore becomes crucial for developmental institutions such as local government.

For Davidson (2004:3), “a learning organisation is the one that acquires, creates, evaluates, and disseminates knowledge – and uses that knowledge to improve itself – more effectively than do most organisations”. In this regard, a municipal leadership needs to develop the skills and capacity to navigate the minefield of contradictory interests of both its internal and external stakeholders while also learning perpetually from the stock of knowledge in the possession of other stakeholders in order to inform its decision-making. Local development networks may be useful in helping local leaders to make an important distinction between information and knowledge. Amsden (2004:3) suggests that information is factual while knowledge is conceptual. Information involves combinations of facts interacting in intangible ways. A learning municipality is the one that is able to use its own performance information as well as research knowledge generated by other stakeholders to inform and promote evidence-based decision-making.



#### **4.11. Lessons from Kerala**

Kerala is often celebrated as the exemplar of decentralisation. Its sustained success in deepening democracy and achieving social justice through economic growth have elevated sub-national structures of government to prominence as units of analysis. For years, “the myopias of disciplinary specialisations” (Heller, Harilal & Chaudhuri, 2007:627) have made commentators to neglect the vast underside of local political life, concentrating instead on national institutions as the unit of analysis. As Williams (2011:200) observes, both the scope and design of democratic decentralisation in Kerala, particularly in the aftermath of the 73<sup>rd</sup> Constitutional amendment passed in 1993, defied the logic of the Western development models. This made the physical quality of life in Kerala to compare favourably with those of the developed nations against harsh realities of low per capita income levels and slow economic growth.

Kerala’s incomparable success of democratic deepening is derived from its popular People’s Plan Campaign (PPC). This campaign was developed against the backdrop of the history of local governments which only served as implementing agencies of upper spheres of government, with very limited powers constitutionally assigned to the local sphere. The PPC was therefore designed deliberately to secure the relevance of local governments by ensuring that this sphere closest to the people is “responsive, transparent, participatory and accountable” (Oommen, 2004:2). The goal of the amendment was to ensure that the inalienable rights of citizens, particularly of vulnerable groups, to participate in the determination of their collective future was guaranteed. The system therefore had to create a conducive climate of meaningful participation in formulation, implementation and monitoring of development strategies.

India arguably has the most complex governance system in the world. According to Oommen (2010:39), the 73<sup>rd</sup> Constitutional Amendment created a six-layered federal polity. These are gram sabha (wards), gram panchayat, block panchayat, district panchayat, the state and the union. Local government consists of the four latter tiers, resulting in at least three million elected representatives in India. This makes the country the largest democratic country with the biggest representativeness in the world. According to Isaac (2014:203), “nearly three quarters of the population” in Kerala is active in organised civic life if one counts mass organisations such as trade unions, peasant associations, women organisations, sports clubs, reading rooms, etc. To demonstrate commitment to empower vulnerable groups, 50% is reserved for women in local bodies (Bhaskaran, 2011:78). Rules also ensure that women get to

participate at leadership level by reserving one-third positions of presidents of Panchayats for women.

Direct participation is not sufficient for the success of decentralisation in Kerala. Devolution of functions, funds and functionaries to lower spheres of government by the central government has to be explicit and genuine. As Isaac (2014:213) points out, local government has to genuinely transform the character of participation than just be a miniature of the central government in order for it to achieve intended goals of decentralisation policy. This point is important as it draws caution to the fact that formal designation of functions to local government does not guarantee absence of contestation from upper spheres of government, particularly in as far as financing is concerned. Devolution must encompass significant budgetary control and discretion as well. In this regard, the PPC increased the share of local government from traditional 1% - 2% to a significant 35% - 40% at one stroke (Isaac: 2014; Oommen: 2004).

#### **4.11.1. Key features of the PPC**

The PPC is widely acknowledged for its true commitment to people-centred and people-driven development as indicated above. As Nissar (2014) points out, India as a developing country has taken a step further to connect government to citizens and improve interactions within civil society by launching the National e-Governance Plan (NeGP). Once again, Kerala state has implemented several programmes of e-governance with the aim to improve government processes across all functional areas. This latest intervention could be seen as major boost to the already mass-driven PPC.

A number of commentators (Isaac, 2014; Heller, *et al*, 2007; Oommen, 2004) have identified the following processes and structures as salient features of the PPC for planning and budgeting:

- (a) The first step is grassroots open meeting that takes place at Gram Sabha (ward) level. In this phase, residents identify local development problems, generate solutions and rank them with the assistance of competent Key Resource Persons (KRPs). To ensure maximum participation, these meetings are always held on public holidays and in public amenities. They are always preceded by extensive publicity and the wide distribution of various planning documents. For cross-reference, minutes are kept.
- (b) In the first step, each sub-sector has its own Development Seminar in which specific proposals first take shape. In the second step, Development Seminars develop

integrated solutions for various problems identified at Gram Sabhas. Seminars are expected to produce comprehensive planning documents for panchayat. Seminars consists of representatives selected by Gram Sabhas, members of the panchayat samithi, local political leaders, key officials in the area, and local and outside experts.

- (c) As a third step, Development Seminars appoint Task Forces, whose role is to convert the broad solutions of the seminars into project/scheme proposals to be integrated into the final panchayat plan. There are 10 development sectors, including women's development. The composition of each Task Force follows more/less the criterion for Development Seminar to ensure the combination of inclusivity and expertise.
- (d) The last step is the annual planning exercise which produces the municipal budget. The panchayats drafts local plans based on the work of Task Forces and pay particular attention to sources of revenue in order to avoid the grand wish-list which is not fundable.

#### **4.11.2. Comparison between the PPC and the IDP**

While this is not often emphasised in comparative literature between South Africa and India, a critical evaluation of India's six tiers of government actually suggests that Kerala operates at the level of the province in the context of South Africa. This is evidenced by some of the services which it is responsible for, like education and health. States in India are the second highest spheres of government after the Union, which is the central government. The fact that India uses a federal system of governance to a large extent empowers states to can design and introduce governance innovations in order to improve the efficiency of decentralised planning as each state sees fit.

For an example, the state of Kerala amended its Panchayat Act in 1999 in order to make Gram Sabhas "the kingpin of local democracy" (Oommen, 2004:7) as opposed to other states. The unitary nature of the South African system does not empower subnational structures with legislative functions, which includes the formulation and amendments of acts. That is the discretion of national government. This means that municipalities can only design governance innovations within the restrictions of the provision of the national legislation. As Isaac (2014:202) states, fully fledged democratic decentralisation depends on the restructuring of "centre-state relations in favour of the latter".

The second important point to note about the success of people-driven development in Kerala is the impact of societal education on development and promotion of democracy. According to

Isaac (2014:202-203), Kerala boasted the 91% literacy rate in 2001 compared to India's national average of 65%. The widespread literacy in the area meant that citizens are aware of their moral obligations towards common development. They therefore participate enthusiastically in local planning process fully conscious of implications of policy performance. The literacy further helps ordinary citizens with keeping officials accountable on the implementation of the collectively-formulated plans and budgets because they take ownership of the process.

In sharp contrast, it is a matter of common cause that the quality and rates of education is a matter of great concern in South Africa. This is particularly true when it comes to the vulnerable groups in society. Whereas the philosophy of the IDP is grounded on the authenticity of participation of the PPC, it is hard to find evidence of coproduction of development strategies between local councils and communities. Instead, successive reports of the AG lament the continuing increase of use of consultants, including on mandatory planning function. On the contrary, literature on Kerala and the PPC points to the fact that civil society inputs get processed to influence both the programs and budget allocations.

Lastly, whereas there is evidence of integrated planning among different tiers of government in India, the same cannot be said about South Africa. The IDP is meant to integrate planning among the three spheres of government based on the sector model similar to the PPC. According to this model, the needs identified by community which fall outside the mandate of a municipality must be implemented by other spheres of government through relevant departments. However, lip service has been paid to the importance of coordination and integration.

For instance, Frodin (2011) observes that sector departments in provinces tend to deploy junior officials to IDP sessions with no knowledge or mandate to concretely commit the department on anything. A number of successive government reports since 1998 have also lamented the poor quality of relations among the three spheres of government, which only serve to undermine the goal of cooperative governance. So, when Chibber (2014:52) poses a question about the generalizability of Kerala model, the starting point should be an assessment of the structural condition of local governments in other countries in relation to the autonomy and attendant functions. Secondly, an assessment of informal factors pointed out elsewhere in this thesis must also be evaluated. At as it stands, South Africa does not fare very well on these two.

#### **4.12. Conclusion**

This Chapter presented external and internal factors which affect performance of municipalities and the entire system of local government. External factors include contextual and structural conditions. Contextual conditions refer to issues such as demarcation, socio-economic issues and historical factors. In this case, the legacy of apartheid continues to be a serious constraint on the pace of development for many municipalities, particularly smaller ones. Bigger and urban municipalities suffer from increasing migration because of the apartheid legacy of skewed development. Structural conditions refer to the legal relationship between local government and other spheres of government. It was argued that decentralisation in South Africa is somewhat token compared to Kerala.

Internal factors refer to institutional capacity. This encompasses a whole range of aspects which include political leadership, administrative competencies, workplace environment, policies, programs, systems and processes. It was argued that cohesion between various political offices and between political leadership and bureaucratic officials has influence on the outcomes of municipalities. The chapter further discussed the four functions of what should be a developmental municipality. Lastly, it was pointed out the South Africa's approach to integrated development planning does not seem to work as intended. There are lessons to be learnt from the experiences of the PPC in Kerala if the IDP is become a truly developmental tool.

# Chapter 5

## Research Methodology

### 5.1. Introduction

The chapter explains the research methodology followed to determine whether municipalities in South Africa catalyse or impede the realisation of a developmental state. It begins with the discussion of research paradigm and how it links with the research methods selected. It discusses techniques, data collection techniques and the strategy used in the analysis of data.

### 5.2. Research paradigm

Evans (1995:19) argues that the purpose of the empirical enquiry is to figure out what lies behind surface observations. This assertion recognises that appearance does not always represent the essence. This recognition has a bearing on the analysis of data. As Neuman (2011:517) points out, analysis of data needs to cover both the observable reality on the surface and the deeper structures and forces which are unforeseen behind the manifestation. It is important, however, for a brief reflection on how meaning is derived in society. Paradigms and theories are often used by scientists to explain the relationship between causes and effects of phenomena. Broadly, social science theory constitutes the means to make sense of the world.

Human beings use numerous models to organise observations and reasoning. Babbie (2010:320) calls these models research paradigms. Because scientific enquiry often benefits from comparing and contrasting different schools of thought, a distinction is made between the positivist paradigm, conflict paradigm and the functional paradigm. Positivism is generally understood as a scientific way to understand the truth about the universe. Rooted in Marxist perspective, conflict paradigm sees society as characterised by ongoing conflict in which the powerful class dominate factors of production and ideas. Functionalist paradigm perceives society as a stable and orderly system whose parts are intrinsically interwoven to serve specific purpose. The paradigms help to strengthen the purpose of research which Punch (2009:2) sees as production of an understanding on “why and how things work or should work”.

The overarching objective of this study was to explore the role of local government towards the construction of a democratic developmental state in South Africa. Throughout the thesis, the context of cooperative governance is underscored to appreciate the impact of this structural condition. Indeed, the persistent theme throughout the thesis was that the cooperative central-

local relations do matter for development. Further, a point is also argued, informed by the notion of expanded embeddedness, that intra-state cooperation is insufficient to achieve human development. The state in its entirety is forced to cooperate with various social forces to achieve goals of economic prosperity, deepened democracy and united society manifested in eradication of racism and sexism.

Arguments for intra-state cooperation (cooperative governance) and state-society cooperation (embeddedness) lend credence to a choice of the functionalist paradigm as a model to understanding why and how local government should function within the realm of interdependence and interconnectedness in a quest for a developmental state. Functionalists believe that every member of a family has a role to play for the proper functioning of a structure (Turner, 2006:18). By implication, success or failure of one part has serious implications for the system as a whole (Neuman, 2011:83). Babbie (2010:38) strengthens this argument with his analogies of a human body and an automobile. He argues that a human body cannot survive unless the heart, lungs, kidneys, skin, and the brain all play their part. Similarly, he likens a functional society to a motor vehicle, and argues that the movement from point A to point B is dependent on the tires, the steering wheel, the gas tank, and the spark plugs.

Functionalist paradigm is consistent with analysis of developmental structures of developmental states. At a very broad level, the ability of any government to achieve its goals is dependent on the triad of the state, the market and civil society working together. With regard to municipalities, the success of a municipality is dependent on its internal efficiency, which itself is a function of institutional cohesiveness between all stakeholders and related functions such as strategic choices, management of the people, organisational culture and leadership influence in organisational processes.

### **5.3. Research design**

Notions of developmental state and developmental local government have persisted since the 1980s in the field of development studies. In South Africa, growth of scholarship on both the developmental state and the developmental local government frameworks did not necessarily derive from growth of empirical studies linking the two together. The gap remains. Babbie (2008) suggests that qualitative studies are useful and appropriate in instances of persistent phenomena and the relatively low levels of knowledge in the selected field.

Although the two frameworks have been widely written about, the aspect of central-local relations or intergovernmental relations in the context of developmental state discourse is yet

to receive the attention it deserves because the developmental state has often been associated with centralisation. Qualitative approach is merited when little research has been done about the field (Creswell, 2006:22). It is against the background of the neglect of intergovernmental relations in the debate on the developmental state that one chose the qualitative approach.

The immutable fact about the developmental state framework is its grounding on developmental partnerships. These partnerships have their own complex dynamics. The linear, simplistic explanation of unusual public-private cooperation that propelled East Asian states to unprecedented growth levels is no longer adequate to explain state policy performance. In fact, that pact was not the sole reason behind the success. Based on the Chapter on literature review, it is now evident that there were numerous factors that interacted at various levels to affect policy performance and outcomes. Some of these factors are exogenous and beyond the control of the state.

In order to understand the performance of the state from the perspective of the developmental state framework, one needs to appreciate the significance of “dynamic interaction” of prowess and perspicacity of technocrats within the state apparatus with the external ties and the surrounding social structure (Mkandawire & Soludo, 1998: 126). As the next Chapter will indicate, the appointment of experienced and qualified senior managers in municipalities is often inadequate to guarantee desired performance of an institution. Many a times there are other factors which fall outside the control of those appointed to lead a municipality, which have a direct, and sometimes adverse impact on the psychology of those within the institution.

This view stresses the importance of the influence of context in determining policy outcomes. Frodin (2011:181) cautions that while generic knowledge is important, social theory needs to be sensitive to specific factors of a particular context precisely because the “small changes in the structure of interaction can have profound impact on the aggregated social phenomena that emerge out of social interaction”. The tendency to undermine the open nature of human beings, which leads to proclivity to celebrate and import ‘best practices’, often informs misanalysis of particularities. Evans (2014:226) points out that similarities between state-business networks in Japan and Korea never really provoked deeper analysis of how the political institutions of the developmental state really worked. Therefore, the choice of qualitative method in this study is based on appreciation of its recorded strength of appreciating the complexity of causal relations and the inclination of the study towards knowledge development.



#### **5.4. Case study sampling**

Qualitative researchers require a plan for choosing sites and participants in the study. This plan is called an “emergent design” and is dependent on prior information (McMillan & Schumacher, 1997: 391). Although not necessarily identical, Neuman (2011:42) points out that most qualitative studies seek to construct representations based on in-depth, detailed knowledge of specific cases. As a researcher, I had the benefit of knowing these municipalities much better through: firstly, my residence in the province of the Free State; secondly, the work that I have done as the practitioner in two of the municipalities selected as units of analysis. The plan that I developed would have amounted to nought if I was going to struggle with access to information. The question of access to information – documents and interviews – is therefore always very crucial in all studies. This explains why I chose these specific units of study for comparative examination.

While all these municipalities share the same context (all of them are in the Free State and are all led by the same political party) and are all governed by the uniform regulatory framework to inform their varied programs which must facilitate the realisation of the same constitutional mandate, there are marked differences in performance outcomes arising out of a combination of different capacities and the quality of dynamic interaction between and among policy actors. Although the case study approach is credited for its usefulness in studying network collaborations (Robinson, 2006:596), its tradition to examine single cases is not keeping up with the ever-evolving policy complexity owing to the power of network governance. The continuation of reliance of single cases thus sometimes leads to deceptive similarities between cases. One can thus deduce that the case study approach is also in keeping with the theory of comparative institutional approach used to frame this study.

#### **5.5. Purposeful sampling**

Sampling is described as “wizardry” whose potency is reflected in its capability to produce results which may describe the entire population from the few cases selected (Babbie, 2008:200). It is a process of selecting few cases or units that will be studied in detail in order to inform an understanding of larger sets of cases. Sampling for a qualitative study aims at identification of relevant categories in a few cases which will help us to deepen our understanding of a larger process, relationship or social scene (Neuman, 2011: 241). In contrast, sampling for a quantitative study aims at representativeness of the population. According to Mc Millan & Schumacher (1997:307), purposeful sampling is used when there

is an intention “to increase the utility of information obtained from small samples”. This is in line with at least four objectives of the study outlined in Chapter 1.

The idea was for the study to gain deep insights on the impact of performance of local government and how it influences the prospect of a developmental state in South Africa within the context of cooperative governance and IGR. In order for it to be effective, one had to get some information about variation in performance of these eight municipalities that constituted the study sample. This information was sourced from various government entities’ reports, including those published by the municipalities themselves. However, one must point out that access to municipal archived information was very challenging and limited. This was a result of the fact that these municipalities virtually did not have systems in at least the first 5 – 8 years of the period under review. Information obtained from the period 2000 – 2007 was largely from interviews with individuals who were highly involved at the time.

Mc Millan & Schumacher (1997) identify and distinguish between different purposeful sampling strategies. The first is site selection, which is preferred when the focus of the research is on complex micro processes. The second is comprehensive sampling, in which every unit is examined. It was going to be impractical for this study to examine all 284 municipalities in South Africa. One therefore had to make a deliberate choice of units of study based mainly on geographic accessibility of sites and respondents. The third is maximum variation sampling, sometimes called quota sampling. It is used to represent the subunits of the research problem. For Neuman (2011:243), quota sampling is used to identify relevant categories among the population with a view to ensuring that the sample captures diversity among units. The last strategy is network or snowball sampling and tends to be participant-driven.

The research largely used the maximum variation or quota sampling deliberately to represent all categories and types of municipalities in line with Municipal Structures Act (No. 117 of 1998). Local government in South Africa has two tiers, the district and local municipalities. The first tier represents Category C municipalities. These are district municipalities and their mandate is mainly to coordinate developmental initiatives of Category B municipalities. Besides coordination, Category C municipalities are also directly responsible for functions like disaster management and local economic development. In theory, this tier assumes the role of overseer for all Category B municipalities within its jurisdiction, without compromising the constitutional integrity of such municipalities.

The second tier consists of Category A and Category B municipalities and constitutes the entire territory of the wall-to-wall, ward-based local government system in South Africa. This tier is the heartbeat of local government in the democratic state. Category A municipalities are what is formally known as metropolitan municipalities in South Africa. The Municipal Structures Act (No 117 of 1998) describes general features of this category. Category B municipalities are local municipalities. These municipalities are not homogenous. Again, the Municipal Structures Act spells out specific factors that inform characterisation of a particular type. The following general types of a municipality are existing in South Africa, in line with Section 7 of the Municipal Structures Act, No 117 of 1998:

- (a) Collective executive system which allows for the exercise of executive authority through an executive committee in which the executive leadership of the municipality is collectively vested;
- (b) Mayoral executive system which allows for the exercise of executive authority through an executive mayor in whom the executive leadership of the municipality is vested and who is assisted by a mayoral committee.
- (c) Plenary executive system which limits the exercise of executive authority to the municipal council itself.
- (d) Sub-council participatory system which allows for delegated powers to be exercised by sub-councils established for parts of the municipality.
- (e) Ward participatory system which allows for matters of local concern to wards to be dealt with by committees established for wards.

Informed by the logic of quota sampling, the following 8 municipalities, each representing various categories and types of municipality in South Africa, were selected:

**Table 5.1: Categories and types of municipalities**

<b>Municipality</b>	<b>Category</b>	<b>Type</b>
Mangaung Metropolitan Municipality	A	Mayoral executive system combined with a ward participatory system.
Fezile Dabi District Municipality	C	Mayoral executive system.
Lejweleputswa District Municipality	C	Mayoral executive system.
Matjhabeng Local Municipality	B	Mayoral executive system combined with a ward participatory system.
Masilonyana Local Municipality	B	Collective executive system combined with a ward participatory system.
Nala Local Municipality	B	Collective executive system combined with a ward participatory system.
Tswelopele Local Municipality	B	Collective executive system combined with a ward participatory system.
Tokolologo Local Municipality	B	Plenary executive system combined with a ward participatory system.

### **5.6. Comparative cases**

The research strategy employed in this study was largely influenced by Evans (1995) in his seminal book, *Embedded Autonomy: States and Industrial Transformation*. He used what he called ‘comparative institutional approach’ in order to look for explanations of enduring patterns of relationships and concrete variations across historical cases in order to explain how the state’s internal structure led to differences between developmental, predatory and intermediate states. This approach was also helpful in explaining the specific differences in each category of variation. For example, several studies have since been made which have produced key differences on internal structure and state-society relations between Korea and

Japan. On the surface of it, Korea simply transferred attributes of success that Japan implemented for its success. However, deeper analyses have revealed significant differences in the degree of what ostensibly looked like an import of Japanese best practices.

The choice of several municipalities as case studies for this research was therefore aimed at capturing the complexity of each case in order to “produce detailed descriptions and illuminating perspectives” (Frodin, 2011:181). It was further motivated by the fact that single case studies have been criticised for their inadequacy to convincingly explain the link between the characteristics of the institutional structure and actual policy outcomes (Gains, 2003:60-61). With its analysis of state structure and state-society relations as causes for developmental outcomes, the comparative institutional approach was useful in generating an understanding on how the two developmental structures determined outcomes in each of the municipalities.

### **5.7. Data collection methods**

There are multiple data collection methods available to a social scientist. However, these are often inadequate to produce rich data if used individually without the strategic complementarity of one another. For this reason, Babbie (2008:243) recommends the use of several methods to help fill the gaps. This study employed the combination of documentary analysis and interviews. Although secondary data, the strength of documentation lies in its capability to either confirm or contradict the information gathered through other methods (Salkind, 2009:210).

Documents which were studied for this study included reports, strategic plans and media publications from participating municipalities as well as numerous government departments and other public sector agencies. One also had to study various research reports and publications by stakeholders outside government in order to balance the views. This was in addition to the review of wide-ranging literature on all relevant topics and concepts associated with the research topic.

Interviews were used jointly with documentary analysis, without preferring one method over another. Although time-consuming, interviews provided the rich material and managed to “put flesh on the bones” (Bell, 2001:9). The two methods mutually reinforced each other during data collection process. Another advantage of interviews is that they are highly personal. The researcher had the privilege of being exposed to the emotions of the interviewee, which is an added strength in assessing the truthfulness of the information shared.

There were three set of questionnaires, each meant for officials in municipalities, leaders of the ANC in the regions and the province, and lastly for all institutions supporting local government. There was a deliberate effort to get all relevant people for each generation (2000-2006; 2006-2011; 2011-2014{2016}) of the period under review. While most of the questions were targeted, few of them appeared in all three questionnaires. The set of questionnaires are annexed at the end of the thesis.

Some respondents agreed to the recording of conversations. Some were uncomfortable given the sensitivities of the ANC culture in an event that something happened to the recording. The reassurance I gave that I would take responsibility for the protection of conversations did not make some to budge. I therefore had to accede to the request that we do not record conversations for it is also an ethical requirement that researchers should not be exposed to any harm, including a feeling of discomfort or restlessness.

The interviews in which I had to scribble took longer than the ones which were recorded as one had to listen, take notes and probe respondents for further information or clarity. That interviews are characteristic of bias has passed zenith. According to Evans (1995:19), biases and self-interest are evidence in themselves. The greatest advantage of these interviews was the participation of high-ranking and/or senior officials from all institutions. Over 95% of respondents interviewed were heads of institutions either as politicians or administrators. This confirmed the point that “higher level officials offer more than accounts of the events in which they have participated” (Evans, 1995:19). For Babbie (2008:274), the success of research rests on the competence of and willingness to answer questions by the respondents.

One experienced some challenges with the regard to conducting interviews. These can be summarised as follows: (i) availability of respondents was a headache because almost all of them were head of institutions; (ii) the timing of interviews was a challenge as they mostly took place on the eve of 2016 local government elections; (iii) the interviewer was known to almost all respondents because of being the practitioner in local government for 11 years.

Creswell (1998:76) observes that the close relationship between the researcher and the participants can influence the value-laden nature of the study. The best that human beings can reasonably do to manage inherent bias in qualitative studies “is to offer carefully considered interpretations of specific people in specific settings...while we simultaneously reflect on our own experiences and interpretations” (Neuman, 2011:93). The fact of familiarity with most respondents did not certainly replace my conscious obligation to create “an atmosphere

conducive to open and undistorted communication” (Holstein & Gubrium, 2006:30) between myself and the respondents.

### **5.8. Data analysis**

It is now widely accepted that the main difference between analysis of qualitative and quantitative data lies in the fact that data collection, analysis and theory intertwine quite intimately throughout the process of inquiry in qualitative studies. In quantitative studies, analysis of data begins only when data collection is completed (Neuman, 2011:509). In contrast, results from early data are used to guide subsequent data collection in qualitative studies. In the process, patterns or relationships are established from the moment data collection starts without having to wait for completion. For instance, I have had to largely use the memoing technique using the smart phone because ideas sprang in mind almost all the time irrespective of the convenience of time and location.

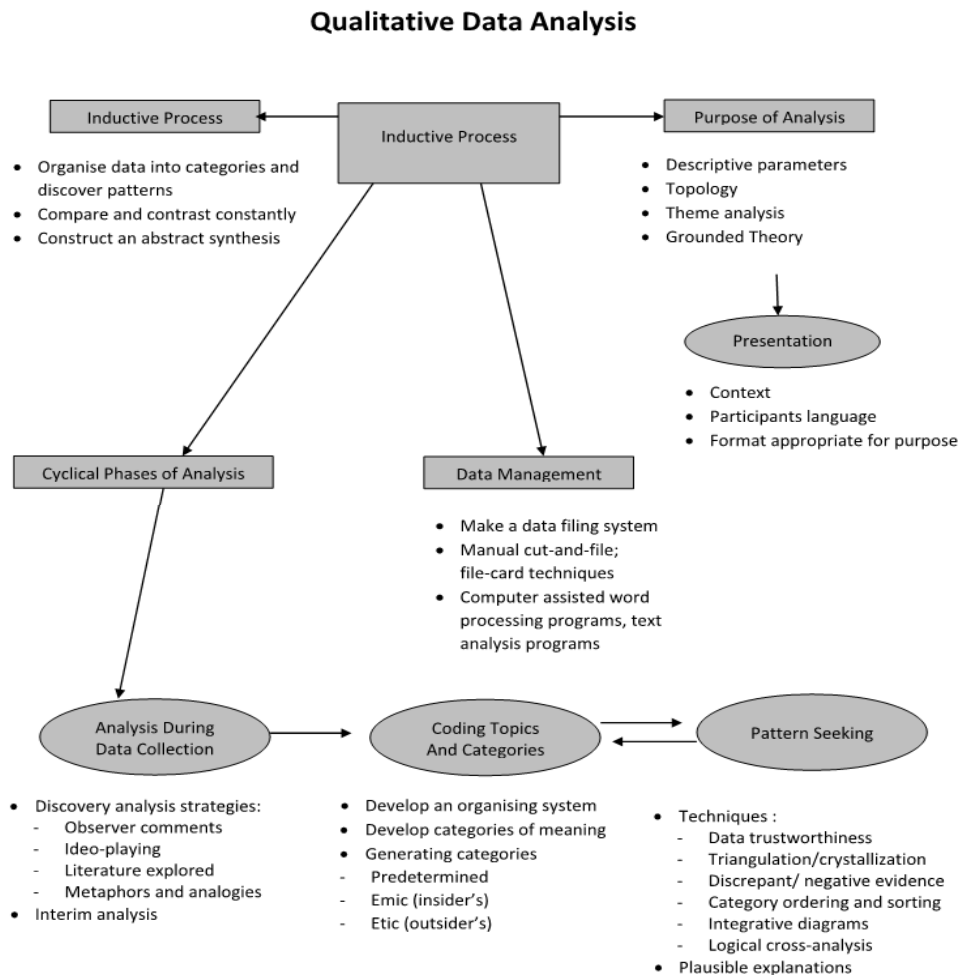
According to Babbie (2008:427), memoing can be characterized as a process of creating chaos and then finding order within it. The notes which I took using this technique became very useful during the final stage of analysis as one had to reconcile the interplay of data collection and theory. The review of literature is often highly helpful in assisting with the determination of predetermined categories and themes. The purpose of the study was to examine the extent to which the developmental local government practically enhances or foils the dream of a South African developmental state.

Preliminary broad concepts were identified coded at the beginning of the study informed by the extensive review of literature. These included concepts such as state capacity, leadership, bureaucracy, vision, embeddedness. These were obviously the core terms which patterned the search for further terms within these categories or parameters. They were deconstructed or drilled further down to look for constitutive and descriptive elements. This was done using the mind-map technique. This process of identifying core concepts in the study is called axial coding and emerges from the initial process of initial opening coding (Neuman, 2011:511-512).

Primary research is supposed to guide the management and analysis of data. The process of drilling down core terms was done in accordance with the primary research question as the framework. This is important because new categories and themes tend to merge in qualitative studies. Terms such as ‘unfunded mandate’, ‘juniorisation of municipalities and the stress of senior officials in municipalities only emerged during data collection from various respondents.

**Figure 5.1** below demonstrates the dynamic interaction of data collection and analysis in qualitative studies.

**Figure 5.1. Qualitative Data Analysis Diagram**



*Source: Mc Millan and Schumacher (1997)*

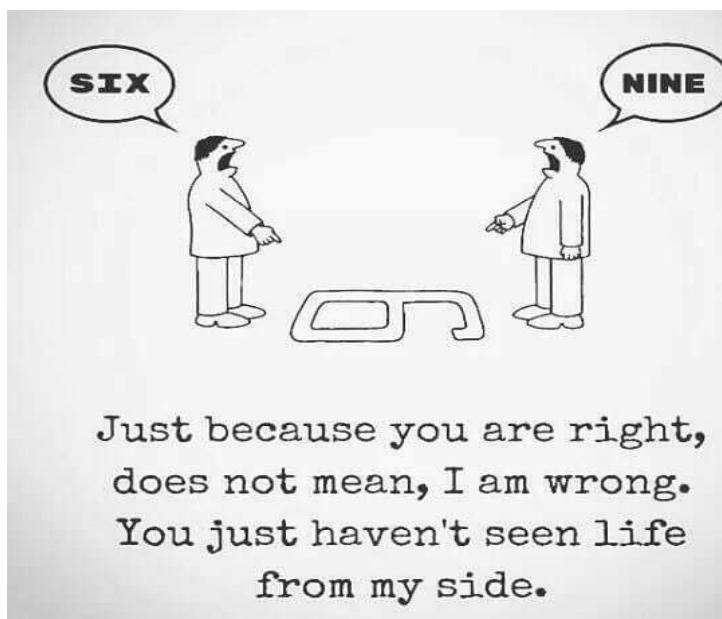
### 5.9. Triangulation of observers

Developmental state pulls together different actors to participate in the processes geared towards the growth of a country. Similarly, developmental local government is dependent on the quality of engagements between a municipality and other organs of the state on the one hand and a municipality and community stakeholders within its jurisdiction. Participation is the cornerstone for developmentalism in the twenty first century. Development is truly everyone’s business. But does this imply that different stakeholders view the process of development the same way? Certainly not.



Neuman (2011) calls the method of looking at an idea from multiple points of view triangulation. Triangulation is believed to improve accuracy as the limitations of one observer are compensated by other observers who bring different skills, knowledge, background and other characteristics to the study. This became evident during the collection of data from interviews for this study. **Figure 5.2** below best captures the significance of how individual backgrounds influence our way of making sense of the same phenomenon. The inherent weaknesses of one's views can be compensated by willingness to listen to differing viewpoints.

**Figure 5.2: Illustration of how backgrounds influence perceptions of reality**



*Source: Google*

Interviews were conducted with past mayors (2000-2006; 2006-2011) and mayors in office 2011-2014 {2016}, past municipal managers and seating municipal managers, past leaders of the ANC in the Provincial Executive Committee (PEC) and Regional Executive Committee (REC), and senior officials of the institutions supporting local government. These institutions included the Office of the Premier, the Provincial Treasury, the Provincial Department of Cooperative Governance and Traditional Affairs, the Auditor General, LGSETA, the Parliamentary Portfolio Committee on Finance, SALGA.

It became evident during interviews that each individual's observation of local government depended largely on their subjective realities. The mandate of each institution was the key determinant on how the respondents viewed and analysed the performance of municipalities. Our perceptions of reality as a people is a function of our socialisation, personal experiences,

training and numerous other subjective factors. For instance, individuals who were mayors at the beginning of the developmental local government regime differed with those who were in office in the third generation of a developmental local government on some major aspects of the study. The same was observed in the responses between ANC leaders in regions with their counterparts in the provincial structure. Similarly, responses of mayors and municipal managers to the same questions differed on the basis of their personal backgrounds of placement within the same institution. The diversity of participants was greatly beneficial to the study.

The question of acceptable response rate from interviews remains moot. However, it is the responsibility of the researcher to strive for higher response rate that will ensure the representativeness of the sample respondents. Relying on published social research literature, Babbie (2008:289) suggests that 50 percent is considered adequate for analysis and reporting; 60 percent is good; and 70 percent is very good. For him, a high response rate lessens the chances of significant response bias while the low response rate signals danger as those who did not respond may significantly differ with the few who responded.

This study was aimed at interviewing 46 respondents all in all. In the end, 32 key respondents were interviewed, representing 70 percent response rate. These key respondents had to be either in leadership responsibility in the ANC, municipalities or the identified municipal capacity-enhancing institutions between 2000 and 2014. **Table 5.2** below gives the breakdown of response rate per category:

**Table 5.2: Breakdown of study respondents**

ANC			Mayors			Municipal Managers			Institutions supporting local government		
Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%
5	4	80	16	9	56	16	13	81	9	7	78

The successful response rate should not be interpreted to mean that there must always be conscious preoccupation with quantity over quality. There is a need to find a fine balance between the two. High response rate which is not composed of key informants may equally be misleading. Willis (2005:204) cautions against the tendency to simply “go through the motions in order to achieve a result that may be impressive but that is lacking in information value”.

This study was reliable because it had the high response rate of key informants in relation to the problem statement.

### **5.10. Conclusion**

This chapter presented and discussed the research methodology of the study. It first presented and discussed the paradigm which guided the research methodology. Functionalist paradigm was selected for its insistence on deliberate cooperation of different parts of the body. This was found to be consistent with the intended cooperative nature of IGR in South Africa. The conclusion was that the realisation of the developmental state in South Africa would be the function of a truly cooperative spheres of government based on inter-institutional harmony with regard to planning and implementation.

Qualitative approach was used for reasons that the aspect of intergovernmental relations has not adequately been researched in the developmental state discourse. Interviews and documentary analysis were used as the data collection methods of the study. It was pointed out that the participation of high ranking officials in the interviews was the greatest benefit of this study. The response rate was 70%, which makes the findings of the study reliable beyond question. The chapter concluded with the discussion of data gathered was analysed.

# Chapter 6

## Presentation of results and analysis

### 6.1. Introduction

This Chapter presents the findings of the study. It starts with how respondents understood the concept of state/municipal capacity. Their understandings are then evaluated against what literature describes as state capacity. The Chapter then proceeds to present findings and detailed discussion on broader contextual and the specific intra-municipal factors which affected the performance of each unit of analysis. With regard to municipal capacity, analysis was done using the theory of comparative institutional approach.

According to the approach, the cohesiveness and efficiency of the structure and the quality of relations between a municipality and its stakeholders influenced developmental outcomes. Internal efficiency is presented here as an outcome of a few factors: quality of relations between different political institutions; quality of relations between political leadership and administration; quality of relations between municipal managerial leadership as employers and labour unions; qualifications, skills, experience and competencies of individual leaders and staff members; roles and functions; processes, systems, policies and obtaining environment. All these factors combined affected how each municipality related with external stakeholders and how the relations with external stakeholders subsequently affected developmental outcomes.

### 6.2. Respondents' understanding of municipal capacity

A number of scholars and policymakers do agree that state capacity is the precondition for construction of a developmental state in South Africa. State capacity is also an attribute of institutional success indicators such as results, legitimacy and durability. However, various scholars have emphasised different aspects and dimensions of state capacity. Drawing on literature, Penderis (2012:11) notes that capacities which are emphasised include political capacity, organisational capacity, technical capacity, ideational capacity, leadership capacity and analytical capacity.

The building and sustenance of these capacities are primarily dependent on the combination of visionary leadership and the skills at the disposal of the state and its institutions. It was therefore crucial for the study to solicit an understanding of the concept from the interviewees because

all the questions which they were asked undoubtedly revolved on their conception of state capacity. It is important to note that none of the respondents defined capacity using the terms found in the development literature. They used more specific terms like financial and human, which obviously fall within broader theoretical categorisations of capacity.

All respondents identified human, financial and material resources as key determinants of the capacity within a municipality. To quote one respondent, the municipality that has capacity must have “commensurate human resource capabilities, financial injection and technology/equipment necessary to carry out its mandate”. Four respondents pointed out that it was important that sustainability should be linked to elements of municipal capacity. This was an important contribution in that a point is made in this thesis that durability is one of the three pillars which define institutional success. This implies that the prospects of a municipality remaining a going concern are dependent on the sustainability of different kinds of capacities needed for a developmental municipality.

Respondents working in other spheres of government outside municipalities pointed out that capacity within municipalities should be interpreted in relation to the functionality of the IGR and the cooperative governance. This interpretation conforms to an established understanding that the success of local government is subject to “the exceptional resolve of leadership from politicians at all three spheres of government” (Pycroft, 2000:157) and the “inter-institutional harmony” of the entirety of state machinery (Besdziej & Holtzhausen, 2011:124). Functionality of IGR is influenced by both the formal provisions of the law and the informal factors such as the quality of leadership, prevailing politics and incentives for participation.

Three respondents from provincial government pointed out that building capacity was not the task of spheres of government alone. According to them, municipalities and government in its entirety had to develop strategic relationships with professional organisations in order to build and sustain requisite capacity in municipalities. The professional bodies which could be engaged included the Institute of Municipal Finance Officers (IMFO), the Institute of Municipal Engineering of Southern Africa (IMESA), the Municipal Engineers Association (MEA), the Institute of Internal Auditors of South Africa (IIASA), and the South African Institute of Chartered Accountants (SAICA). They added that civil society organisations also have a role to play in building capacities in municipalities through research and advice.

There was no evidence from the units of analysis that they went out of their way to establish relationships with professional organisations. This was evidenced by their continuing increase

in the use of private companies as consultants on areas which should ordinarily be performed internally. For instance, none of the municipalities had capacity to compile Annual Financial Statements (AFS) internally. Cultivation of relationships with strategic clients and stakeholders, building of implementation partnerships and capacity to mobilise external resources are some of the functions which successful institutions pursue (Vinueza *et al*, 2014). Research partnerships between municipalities and local universities also have evidence of building internal capabilities and capacities of municipalities to be able “to respond effectively to the diverse challenges faced in regional [local] government sector” (Sense, 2012:83).

### **6.3. Effects of legislation: enabling or emasculating?**

Local government is generally seen as an arm of delivery of the South African democratic state. It is designed to be the primary motor of service delivery, in theory. For this reason, the transformation of public service has had to empower local government to carry out its constitutional developmental mandate. The empowerment of local government has often taken the form of support through monitoring and oversight using instruments such as legislation. On the one hand, legislation is regarded as an enabling tool for the emergence of a powerful and independent local government with substantial powers and functions (Koeble & Siddle, 2013:344). This is contrasted with the counter-argument which suggests that national government inherently does not have trust in local councils. This is evidenced by the tendency of national government to prescribe the minute detail on matters of common sense which could have been left as just a guiding principle (Steyller, 2008:520). This has resulted in over-regulation of municipalities which has become a serious obstacle for municipalities with less capabilities.

All respondents with municipal background unanimously agreed that over-regulation is a problem and promotes compliance over developmental work. This view was also echoed by few respondents from other institutions. The implication of this response is that compliance and development are incompatible. The idea of incompatibility of development with compliance was rejected at least by all politicians and officials who formed part of the first generation of a system of developmental local government between 2000 and 2006. Six respondents in this category unambiguously said that municipalities needed rules. They argued that development needed to be pursued within specific parameters. In their view, people who complained about laws might be having other illicit intentions. However, they also agreed that too much strait-jacket rules had an adverse impact on municipalities.

One respondent gave a concrete example of over-regulation. He indicated that there was a time during consolidation phase of a developmental local government system when municipalities had to compile 221 reports annually. Being a seasoned high ranking technocrat in provincial government, he conceded that this requirement placed a huge burden even on big municipalities. Concerns for compliance shifted the attention from preoccupation with developmental work because the national constitution empowers National Treasury to sort of 'whip' organs of the state for non-compliance with financial management requirements.

In September 2012, National Treasury notified Nala Local Municipality of its intention to withhold grants due to it because of the municipality's failure to compile the AFS for two successive years. The respondent from the Office of the Auditor General conceded that although its mandate is to promote accountability through sound financial management, general lack of understanding of the public about terms such as unauthorised, irregular and wasteful and fruitless expenditure created panic in municipalities. According to him, leadership and administrative staff had the habit of panicking because society tends to think that these terms mean corruption, which is not necessarily the case. Instead of freely doing their work, officials tend to be overly cautious for fear of accusations of corruption. At times, this resulted in underspending in critical services such as infrastructure. Maintenance of infrastructure for water and sanitation is one key responsibility which often fuel community protests if neglected.

A democratic developmental state in South Africa needs to have good governance as one of the pillars (Penderis, 2012:9-10; van Dijk & Croucamp, 2007:664). Most respondents voluntarily spoke about the MFMA and offered contrasting accounts on how it affected developmental mandate. One respondent commented that the frequent Circulars often imposed on municipalities by the National Treasury made the implementation of the already bulky MFMA impossible. The poor quality of leadership in municipalities exacerbates inefficiency of legislation. As one respondent pointed out, it often takes an average of three years for new councillors to understand legislation and its implications in implementation. By the time they begin to have minimal understanding of the legislation, time is no longer ample for them to concentrate on implementation of policies. Few things emerge: it is either the people who supported them at the beginning will have lost confidence in their leadership or they (councillors) will start thinking about surviving the possible chop in the next election. Whatever the cause, the last two years in office are dedicated to self-preservation, which means that new councillors really get to do little in the first five years of their public office.

The responses given by the respondents, particularly from municipalities, confirmed an important observation made by scholars of the development literature. De Gruyter (2013:442) observes that the passing of the first generation of political leaders tend to weaken developmental structures and developmental roles. Routley (2014:168) supports this view in his observation that developmental outcomes are often lost at a point of leadership change. He provides a concrete example by pointing out that the death of Meles Zenawi in Ethiopia reversed developmental gains. As it will become evident in the following sections in this Chapter, it would seem like the developmental mentality was lost when almost all key political leaders were removed from office after the 2006 local government elections.

The first generation of political leaders and administrators (2000 – 2006) did not see a contradiction between good governance and legislation. The former senior official in one of the units of analysis between 2000 and 2006, who is currently a senior official in the provincial department, argued that it is “reasonable to believe that local government must execute its developmental agenda within the confines of legislative framework”. In his view, Supply Chain Management (SCM) policies only provided systems and structures on how to source and deliver a service for community development. While respondents from the institutions that support local government sympathised with suggestions that municipalities are over-regulated, they said that it should be possible to reconcile provisions of the law with the value that must be added. They argue that all institutions do need rules and institutional framework for good governance.

The respondent who was the mayor from 2000 until 2006 commented that “good governance delineates roles to different members of the institution in order to foster a culture of accountability”. In his view, tension only arises when administration fails to comprehend the relationship between the two (legal framework and performance), leading to false overemphasis of one over another or when political leadership deliberately “puts fingers in administration and undermines the legislative framework”. While the dominant view was that legislation has to precede development in order to promote accountable use of public resources, there was a consensus from all respondents that over-regulation increasingly became a big problem for municipalities. In many instances, it promoted malicious compliance and led to the unintentional neglect of crucial developmental functions as everyone wanted to look smart on paper.



#### **6.4. Influence of politics on municipal governance**

The previous chapter indicated that this thesis adopted the functional paradigm in order to make sense of why and how things work or do not. Functional paradigm is based on assumptions of cooperation, interconnectedness and interdependence of the parts of a whole. In Chapter 4, I presented broader contextual factors which either enable or constrain performance of municipalities. To a large extent, issues affecting the performance of municipalities can be interpreted within the logic of the systems theory.

Basically, systems theory argues that policy, for instance, has to be studied in relation to the context in which it occurs. As Anderson (1997:51) points out, individuals and groups often transmit problems and conflicts in the political system to a policy process. Good governance, according to Bang & Esmark (2009), can be achieved when there is a reconfiguration of politics-policy to policy-politics. This simply means that there has to be a shift from putting politics first before policy where politics is defined in terms of dichotomies in society. While Anderson (1997:42) inherently sees political parties as caring more for power than policy, (Bang & Esmark, 2009) argue that political ethical action is possible where political authorities seek to restructure political regime in favour of a political community for enhanced political participation.

In this section, I point out that performance on developmental mandate in these units of analysis has to be analysed in relation to the dominant but factionalised ANC in the Free State Province and all its constituent regions between 2000 and 2014. Factions within dominant parties do matter in absence of substantive electoral threat by the opposition (Anderson, 1997:74; Merhi, 2015). Factionalism does not only produce incapacity and incoherence within the state; it also discontinues working programmes once there is change of leadership. The recent example with regard to national government in the period under review was seen when the new minister for local government came into office in 2009 after the ANC leadership change in 2007. According to Pieterse & van Donk (2013:107), the new minister painstakingly spent his first years in office trying to distinguish and distance himself from the former Department of Provincial and Local Government (DPLG) and its preceding ministers.

The ANC has been the dominant political party in all eight municipalities analysed in this study. It won elections comfortably in all of them in 2000, 2006 and 2011. Around 2000, political powers with regard to the deployment and oversight of ANC caucuses lay with the Regional Executive Committees (RECs). Three respondents who were leaders in regions at

that time said that the introduction of the MFMA eroded the moral stature of the ANC. These respondents argued that while the MFMA sought to promote accountability in the use of public funds, it also inadvertently mobilised ANC leaders to spent time in learning how to access resources. For instance, the new government sought to accelerate delivery of basic infrastructure through programs such as the Project Consolidate and the Municipal Infrastructure Grant (MIG).

National government allocated R215.4 million to Project Consolidate municipalities alone in the province in 2005/2006 financial year. **Table 6.1** lists the amounts which were allocated per municipality in the 2005/2006 financial year. These interventions took place when there province was under the stewardship of the Interim Leadership Core (ILC) as the Provincial Executive Committee (PEC) was disbanded because of infighting. This in part strengthened the regions to take control of municipalities. However, members of the ILC mainly deployed themselves to lead municipalities throughout the province. For instance, the founding mayor of Lejweleputswa District Municipality was the Coordinator of ILC while the founding municipal manager of Masilonyana LM was also part of the team.

**Table 6.1: MIG allocation per Project Consolidate municipality for 2005/06 financial year**

Municipality	Allocation in millions (2005/2006)
Kopaning LM	-
Mohokare LM	3 000 000.00
Xhariep DM	13 347 336.85
Naledi LM	3 000 000.00
Tokologo LM	-
Tswelopele LM	6 946 686.92
Matjhabeng LM	74 266 263.13
Nala LM	24 418 537.11
Setsoto LM	17 490 693.54
Maluti-A-Phofung LM	52 683 801.76
Phumelela LM	3 000 000.00
Moqhaka LM	17 253 845.14

*Source: Cogta Status Update report (2009)*

Three factors accelerated factionalism and divisions in the province. Firstly, members of the ILC put themselves first in structures of municipalities; secondly, most powerful leaders of the RECs were left outside of municipal structures; thirdly, increasing allocation of funds for service delivery resulted in senior members of the ANC in the PEC registering companies in order to do business with the state. These three factors combined created tensions within ANC structures and between the ANC and those leading municipalities. One of the immediate ramifications of leadership taking interest in doing business with municipalities was the birth and rise of corruption.

The term of the ILC ended after constitutional structures were launched. As one respondent who was the municipal leader at the time said, the newly launched RECs preoccupied themselves with employment (deployment) of leaders in municipalities. The respondent who benefitted from this development indicated that this resulted in a very huge structure in Matjhabeng LM. By that time, appointments did not even take into account the requisite skills and qualifications. The first problem that emerged from that irresponsible deployment of incompetent individuals into senior positions, other than financial burden, was the tension between senior leadership of the municipality and senior ANC leaders, who were now employees but still wanted to instruct mayors and municipal managers, thus effectively blurring the boundaries between the state and the party. This compromised accountability, fuelled infighting and instability within the ANC and municipal structures, and began the exodus of purging of capable administrators because of political expediency.

The deepening of these problems introduced and institutionalised an interesting phenomenon in the Free State province: (i) mismanagement was rewarded; (ii) mediocrity got celebrated; (iii) talent got squashed, frustrated and isolated. According to one respondent, the first major infrastructure project which was jointly implemented by Lejweleputswa DM and Tokologo LM dramatically failed as funds mysteriously went missing. Instead of holding the mayor in the district municipality accountable, senior political leadership advised her to resign. She was soon sworn in as a Member of the Provincial Legislature (MPL) and subsequently Member of the Executive Council (MEC). Officials were sacrificed on the altar of political expediency.

In Tswelopele LM, the environment got corrupted within a short period of time that individual councillors got farmers for themselves at the expense of service delivery according to the

respondent who is a former leader in the region. For the period under review, Nala LM seemed to have earned an unenviable title of a perennial problem child of the ANC and Free State government (Mohale: 2013). In the words of two former leaders of the ruling party, the municipality had become the “headache” for the ANC. Looting of resources became a culture in this municipality. The emergence of the culture of mismanagement and unaccountability took root because the municipality lacked internal controls. On the other hand, the infighting in the ANC divided both the local council, administration and the community.

The case of Tswelopele LM is interesting in that it departs from the generalised understanding that a corrupt institution tends to underperform. One needs to point out that claims of corruption made by the former leaders of the ANC in the region were not corroborated. However, if these claims are true, Tswelopele case is consistent with the findings of Fritz and Menacol (2007) that countries which performed well on HDIs had higher levels of corruption in public service. Tswelopele LM is known for its consistent good audit outcomes. In addition, it has won the cleanest municipality award and often featured in the top three in the same competition.

Masilonyana, Nala and Matjhabeng local municipalities were also affected by politics of geography and ethnicity. The problem became evident very early in Masilonyana as the discussions around the location of the head quarters became very confrontational between Theunissen and Brandfort leaders of the ANC. Although the compromise was that the head office would be in the former, while the mayor would be from the latter, that solution was not sustainable, resulting in the removal of the mayor within two years in office because of the influence of REC leaders. The tension continued subtly until 2014 between the two communities, particularly since Theunissen has dominated the leadership of the municipality from the day the first mayor was removed, again based on internal party politics as procurement began to influence party decision-making. All mayors and speakers in Masilonyana have since originated from Theunissen during the period under review.

The first mayor and speaker of Nala LM came from Bothaville area and this did not sit well with ANC activists from the Wesselbron area. Coincidentally, majority of ANC leaders in Bothaville were ex-MK members. Their military background affected how they ran the ANC and the municipality. They did not allow debate nor dissent. During their tenure, they held a view that suggested that leaders within Nala sub-region had to come from Bothaville and not Wesselsbron. The situation got out of hand to a point that both the REC and the PEC could not

do anything about it. The PEC had to request the Secretary General for intervention, which led to the removal of the mayor. Before he could be removed from the office, the mayor and his supporters burned all the files in the municipality deliberately to hide all evidence of real and suspected wrongdoing. However, a culture of unaccountability did not end with the removal of this mayor. It continued until the municipality was placed under administration by the provincial government in December 2009. **Table 6.2** below gives comparative reasons for the placement of Masilonyana and Nala municipalities under administration.

**Table 6.2: Factors which led to Section 139 intervention in Masilonyana and Nala LMs**

<b>Masilonyana LM</b>	<b>Nala LM</b>
The overall financial management of the municipality was in disarray given the inability to pay salaries of personnel and third parties	The municipality had never complied with the Municipal Systems Act by submitting section 46 reports for two consecutive years
The inability to collect revenue which resulted in the debtors escalation of R129 million as at the end of October 2009	Failure to develop and adopt the Performance Management System Framework to regulate the performance of staff
Their creditors book had escalated to R10 million at the end of October 2009	The inability to spend MIG funds where the expenditure was at 25% as at the end of November 2009, whereas the target was 50%
The inability to spend MIG funds where expenditure was at 12% by the end of November 2009, whereas the target was 50%. The municipality was facing the risk of a portion of the conditional grant being withheld.	The inability to provide quarterly reports in compliance with the MFMA
The municipality had never complied with the Municipal Systems Act by not submitting section 46 reports for the two consecutive years.	The overall financial management of the municipality was in disarray given the inability of the Auditor General to access documentation for audit purposes for three years
Failure to develop and adopt the Performance Management System Framework to regulate performance of staff	The suspension of the Municipal Manager and the appointment of a non-section 56 manager as the Acting Municipal Manager
The inability to provide quarterly reports in compliance with the MFMA	Failure by municipal council to adopt the IDP and budget as required by legislation for two consecutive years
The request by the Council for section 137 of the MFMA intervention indicated the inability of the municipality to prudently manage finances	

*Source (Cogta, internal report)*

The tension between the ANC regional structure and leadership in municipality took another form in Motheo Region (now Mangaung Metropolitan Municipality). The ANC held its Regional Congress in 2003. Soon after the Congress, the new leadership instructed the mayor of the District Municipality to appoint their preferred candidate as the municipal manager. The mayor rejected this instruction as she correctly thought that employees of the organisation deserved their space to perform and report back to the ANC. The mayor appointed the candidate that she and her team in the municipality felt was competent enough to ensure effective delivery of services. The REC reported the ‘misconduct’ of the mayor to the PEC and the National Executive Committee (NEC). The leadership of the municipality was then forced to reverse the legal appointment of the accounting officer. The involvement of the NEC in the reversal of a legal decision is significant for at times members at this level claim that they do not know what happens at sub-national levels, particularly at local government level. It is also significant to an extent that it sets and institutionalises the culture of political interference in governance.

The problem of micro-management of municipalities by the ANC or factions within the ANC got worse since following the 2006 local government elections which installed the second generation of what was envisaged to be a developmental local government system. This is understandable as the pervasiveness of this culture coincided with the spread, rise and institutionalisation of corruption in municipalities. One respondent, who is also a former leader in Motheo region, acknowledged that factionalism in the party got worse in the aftermath of the 2007 National Conference in Polokwane. According to him, factionalism was no longer a shameful misconduct. If anything, the ANC after 2007 openly practiced “a factional cadre reward system” (Booyesen, 2015:2). The problems presented above endured for the entire period of review. One former deputy minister for local government from 2009 until 2013 is quoted in Calland (2013:418):

“In a sense, local government is a concentrated expression of the country’s problems as a whole. While there are some problems with the local government model, and changes are going to be made, the core principles, values and features of the model are, I think, sound. But until we have a more stable, strong and cohesive ANC, it’s going to be difficult to sort local government out.

Power struggles within the party are translated to municipalities and serve to undermine good governance and service delivery in municipalities. But, also, power struggles within municipalities get transferred to party structures and serve to weaken the party. Of course, political parties must exercise political and strategic oversight of municipalities, especially through their councillors. But they should not seek to micromanage municipalities and influence appointments and tenders”.

In terms of the dichotomy presented earlier in this section between politics and policy, it is evident that the dynamics presented here fit into politics-policy than policy-politics. The former is a situation where political leaders care more about their power and personal benefits which derive from holding public office. The desired policy-politics, which is what is needed for the realisation of the objectives of a developmental local government, is increasingly being relegated into the background. One of the direct consequences of pervasiveness of politics of aggrandizement at the expense of development is the loss of institutional memory as the party continually changes politicians and senior managers it deploys to municipalities.

**Table 6.3: Statistics of appointed mayors, municipal managers and Section 57 Managers from 2000-2014**

	<b>Mangau ng</b>	<b>Fezil e Dabi</b>	<b>Lejweleputs wa</b>	<b>Matjhabe ng</b>	<b>Masilonya na</b>	<b>Tswelep ele</b>	<b>Nala</b>	<b>Tokolo go</b>
<b>Mayor</b>	4 (one did not end the term)	3	4 (one did not end the term)	3 (1 was removed during the term)	2 (the first one did not finish the term)	3	4	4 (one did not the term)
<b>Municipal Manger</b>	5 (plus acting)	4	4	5 (plus 1 acting)	4 (plus 2 acting)	5	3 (plus administrator)	4
<b>CFO</b>	3	3	3 (plus 1 acting)	4 (plus 1 who was an external consultant )	4 (plus 1 acting)	2	3	3
<b>Technical Services</b>	2*	2	2*	3 (plus 1 acting)	4 (plus 1 acting)	3	3	2
<b>Corporate Services</b>	-	4	3 (plus 1 acting)	5 (7 if one includes the period before the merger of human,	4	2	3	2 (plus 1 acting)

				corporate and legal services into one)				
<b>LED (Planning)</b>	3	2	3	2*	-	-	-	-
<b>Social Services</b>	2	2	3	2*	3	2	-	-

*Source: own investigation (\* represents unverified, with strong suspicion that the information given could be erroneous*

**Table 6.3** above indicates the number of appointees per critical position in the municipalities from 2000 until 2014. . Given that the term of council is 5 years and that appointment of municipal managers and section 57 managers tend to be linked to the term of council, appointment of 3 individuals per position in the last 15 years will be a demonstration of ideal institutional stability. Appointment of less than 3 individuals per position will indicate phenomenal stability, which is highly rare in local government, while appointment of more than 3 individuals per position is a signpost of organisational volatility and havoc reigning supreme in a municipality.

At political level<sup>12</sup>, only Masilonyana LM, Tswelopele LM and Fezile Dabi District municipalities have achieved the satisfactory stability levels. Since establishment, Masilonyana LM has had only 2 mayors, with the founding mayor leaving office midway into the term. Although Masilonyana LM retained the same mayor and speaker from 2006 until 2014 (basically 2016 until the end of term), it was still placed under administration in 2009 due to collapse of governance and service delivery. Based on this alone (excluding other contextual factors, e.g. economic influence), one can conclude that municipal political stability does not necessarily result in the achievement of developmental outcomes. In addition, if political leadership is accepted as the cornerstone of good governance, the continued leadership of a leader whose stewardship led the municipality being placed under administration is quite curious.

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<sup>12</sup> The position of the speaker of council is excluded on grounds that it is relatively new in local government and does not really have influence on daily administration of municipalities. Other full time positions like the Council Whip and Members of the Mayoral Committee are also excluded because not all categories of municipalities have these positions. Otherwise there is an argument in the next Chapter which suggests that these positions are dispensable.



Except for the position of the municipal manager, Tswelopele LM has demonstrated stability and institutional memory of administrative leadership with regard to other senior management positions. This could be the reason behind the municipality performing consistently acceptably on audit outcomes, and having received the award of the Cleanest Town in the province from the provincial Cogta. In sharp contrast to Masilonyana LM, there are discernible benefits for stability in administration in this case. Mangaung Metro (formerly a local municipality) and Matjhabeng Municipality were the leading volatile municipalities despite them being the biggest in the province. Both of them had at least 5 municipal managers and someone who acted as the municipal manager for a period exceeding 6 months. This means that the municipal manager in these municipalities stayed for an average of 2.5 years, which is way below the provincial and national averages recorded in 2011 according to the assessment done by the Municipal Demarcation Board (MDB). The study could not prove beyond reasonable doubt any connection between the instability in the two municipalities and the fact that they had the largest concentration of resources, which might have fuelled acts of corruption and infighting within the ANC.

Mangaung was stable on the appointment of the CFOs whereas Matjhabeng was not. . Interestingly, both the municipalities were stuck in disclaimer categories of the audit for a number of successive years despite stark differences in the appointment and subsequent retention of CFOs within each. What is clear though is that the sacking of CFOs in Matjhabeng and the retention of one in Mangaung were not linked to performance. That different sets of institutional conditions produced the same audit outcome might also suggest that performance (reduced here to sound financial management) may have little to do with senior administrators. Be that as it may, the finding about Mangaung confirms the criticism of the Auditor General that there is no consequence management in municipalities in the Free State. Lack of repercussions for non-accountable behaviour undermines the rationale for decentralisation and encourages circumvention of procedures, elite capture, corruption and general lack of service provision (Koeble & Siddle, 2013:345).

Masilonyana, Tswelopele and Nala municipalities are more/less the same in terms of size. The differences on staffing and performance in these municipalities are explained by the quality of ANC politics in each sub-region and the region of Lejweleputswa. Tokologo LM is the extremely rural in all the units of analysis. The assessment which was done by Cogta in 2009 found that it is difficult for small municipalities to attract skill and talent. With other things constant, one would have expected that Tokologo would have performed better on the retention

of senior administrators. Its failure to meet the expected stabilisation level could be explained by factionalisation of the ANC in the region on the one hand or the fact that managers appointed there are not happy to reside in the area for long. The former municipal manager in Tokologo explained that he was removed from office because he was seen to be closer to the faction which had been in power in the region but lost the elections during the 2012 Regional Conference.

All founding mayors finished their terms, except in Masilonyana, Nala and Lejweleputswa. Of those who finished their term, only the mayor of Masilonyana was retained. Others have been swapped, especially between Matjhabeng LM and Lejweleputswa DM.

It is interesting to note that Nala LM managed to achieve the required administrative stability. But that is when one discounts long periods of acting appointments. However, this administrative stability did not result in desired organisational performance like in Tswelopele LM. This derived from the scourge of political infighting in the area inside the ANC, which at some point fractured the relations between the mayor and the speaker. One of the consequences of the political infighting in the municipality was the appointment of a very junior official. The only way to explain how this became possible is to conclude that the municipality did not have systems. It is also easy to conclude that council (political leadership) cared less about good governance. A number of middle management positions remained unfilled for longest periods in the municipality.

Of the two district municipalities, Fezile Dabi had the required stability level except on positions of the municipal manager and the director for Corporate Services. On the one hand, politics reared its ugly head very early in Lejweleputswa region, resulting in volatility of the district municipality as change of political leadership brought with it new managers. The common denominator in all these municipalities, which is consistent with the finding by the MDB that Free State Province had the lowest rate of senior managers with relevant experience, is that very few appointments into municipal managers and senior managers' positions were based on promotions. All these appointments were deployment-driven and the ANC deployment committee hardly considered internal staff for consideration. Vinuela *et al* (2014) argue that institutional memory is essential for continuity of service delivery and ensuring legitimacy even in the face of turmoil. In these municipalities, leaders have created a culture which does not encourage productivity and loyalty because staff members know that there is no recognition for performance and achievements.

## **6.5. Abuse of deployment**

In their assessment of local government capacity in the Southern African Development Community (SADC), Reddy & Kauzya (2015:219) found that service delivery in South Africa is failed by factors such as unstable political governance, irregular or inappropriate appointments and weak institutional arrangements. Appointments are inappropriate when the organisation does not take into account the capacities and skills that one has for consideration of an appointment. Institutionalisation of inappropriate appointments does have negative impact on the functionality of embeddedness. Management of stakeholders is not as easy as it appears and requires certain competencies which transcend formal education. Evans (2014:225) stresses that “embeddedness was never a tension-free symbiosis”. The quality of democratic deliberations is as good or bad as the quality of leadership of a municipality that coordinates sectoral interests. This means that the deployment of incompetent politicians and municipal officials will fail development both as a function and as a goal.

In addition to problems already discussed above, all respondents from the ANC leadership structures at the provincial and regional levels conceded that “loyalty” to the ANC was considered the most important requirement for deployment. These respondents lamented the consequences of this practice, further indicating that it was better in the early days of the new system of local government because there were indirect attempts to test the understanding of the ANC policies. With factionalism taking root in the organisation, even the understanding of the ANC and its policies is no longer a requirement. It was got replaced by sullen quiescence and loyalty to the dominant factional group.

Councils consist of the two sets of councillors. The first group are those who get elected directly by communities at ward level using the first-past-the-post system. In an effort to encourage community involvement, the ANC introduced a system which encourages communities to participate in the nomination of candidates. This new system came into being on the eve of 2011 local government elections with a hope that it would be one of the measures to narrow down the maligned social distance between elected public representatives and communities. However, there is no evidence of community preferences influencing the final lists of candidates. In April 2011, the ANC was forced to appoint a task team to probe irregularities which led to the removal of popular candidates from lists. It was only in few areas where sitting councillors were removed as a result of the outcome of investigation. None of the units of analysis were affected by the investigation.

The second set of councillors are those who get deployed by different parties through the system of proportional representation determined in line with the Municipal Electoral Act (2000). It is important to observe that none of the mayors in the period reviewed came from the direct election by communities as ward candidates. The similar pattern was also observed on the appointment of Members of Mayoral Committees (MMCs) in municipalities. In Matjhabeng, only three ward councillors out of thirty six were appointed as MMCS. This phenomenon in which communities are unable to directly elect the most senior leaders in municipalities has implications for the Capability Approach advanced by Sen (1985). It also has implications for legitimacy and durability of the democratic nature of local government as the two dimensions of institutional success, other than results.

Human capabilities and functionings are important goals to be pursued by individuals (*ibid*). A capability is defined as the ability or freedom to choose to be or do something that a person has a reason to value. Functionings represent the specific goals that individuals choose to become. Because institutions constrain individual freedoms, the system of proportional representation denies community members their inalienable right to choose who their most senior leaders would be. As a consequence, the influence of the most senior leaders in a municipality may, by virtue of their choices, negatively affect the functionings of members in a community. In other words, while functionings are determined by choices of individuals, the inability to choose the mayor of choice becomes an institutional inhibitor to freely exercise one's capability. Sen (1985) refers to these institutional or social factors which preclude full realisation of functionings as the capability set.

Again, it became evident during the interviews conducted that there was genuine commitment to build state capacity through appointment of skilled and competent individuals in the early years of the new system. Mangaung LM at the time was led by an experienced, highly qualified business person as the mayor. Matjhabeng LM was led by the former Member of Parliament (MP) who had also served as a national leader of the union. Some of the mayors in that period were (former) teachers. Many teachers were attracted in the ANC and governance structures in the immediate aftermath of the democratic breakthrough. Understandably, the party did not have majority of its members and cadres educated as a result of politically volatile environment which denied many of its activists the opportunity to learn.

For instance, the founding executive mayor of Lejweleputswa in 2000 could not complete her studies in Vista Bloemfontein campus because of student protests which called for the abolition

of the semester system. In an event where the candidates did not have the requisite qualifications, knowledge and skills, the party acted consciously to deploy members who were senior in the organisation on simplistic assumption that they would stick to the party line. This was executed consistently in Fezile Dabi DM. Founding mayors of Masilonyana LM and Tokologo LM were also teachers by profession. Qualifications and skills of the founding mayor of Nala LM could not be established. The incumbent was the ex Umkhonto we Sizwe combatant and ANC PEC Deputy Secretary in the first few years of post-apartheid South Africa.

While the ANC arguably tried its best in the first term of a new system of local government to appoint fairly qualified and skilled members as mayors and speakers, the same logic was not extended to the selection and appointment of other councillors. This placed a huge burden on mayors to singlehandedly represent the interest of the party within councils. This situation frustrated those who were mayors at the time. One of lamented: “Your hands as the mayor are tied if you cannot rely on your team. The ANC wants us to work as a collective. What is the point of consulting with colleagues when you already know that they do not have the foggiest idea of the business of council? At times, our organisation does not think on behalf of those it deploys as mayors. We are somewhat being set up for failure”. All the respondents agreed unanimously that political expediency influenced appointments and this resulted in municipalities which only existed merely in name. Another respondent said that mayors and speakers had it tough from the DA councillors because the party deployed its members based on merit than expediency.

From 2006 onwards, the basis for consideration of deployment shifted from organisational loyalty to factional loyalty of the dominant group. One had to display indications of subservience to the clique that deployed him/her to government. One of the respondents was very livid on how factionalism was tearing the organisation apart and compromising service delivery in municipalities: “With us, people are abusing it [deployment]. It has fallen into the wrong hands and we are affected. We are destroying what we have built in the last few years”. This view was also shared by another respondent who said that proximity to a sitting leadership replaced an understanding of the ANC policies and challenges facing the country as the basis for deployment. It is noteworthy to mention that a significant number of respondents linked the institutionalisation of appointment of incompetent people with the outcomes of the 2007 national conference of the ANC.

One respondent pointed out that there are broader contextual issues which incentivise the perpetuation of emergence and appointment of inappropriate individuals as leaders in municipalities. These factors can again be interpreted within the notion of the capability set mentioned earlier.

“Municipalities used to have real leaders during the period of Transitional Local Councils (TLCs). This was in the immediate years of the new order. Then political parties made a mistake of sending all the leaders to the National Assembly and provincial legislatures. This resulted in followers seeing themselves as leaders at a local space. That is the first problem. The second problem is about making the work of a councillor a paying job. During the TLC, local leadership attracted individual leaders of integrity revered for their standing in their communities. These were mainly former professionals. They lived off their pensions and were dedicated to serving communities. The introduction of salaries for councillors brought with it multiple problems. People now see municipalities as employment agencies because of high levels of unemployment.

Somebody without even the basic education can run for office and win. It will then take them 3-4 years trying to understand local government laws, which are admittedly cumbersome. By that time they are already thinking about survival in the next election. On the other side, those outside the system spend the whole time organising and preparing themselves for the next election. This, in practice, means that political leadership in municipalities will always be incapacitated. The political nature of the space, compounded by institutionalisation of factionalism in political parties, means that every election ejects past leaders. There is no continuity. Mayors, for example, have to be strategic thinkers. The contestation often denies you capable individuals to emerge as mayors. Sadly, one cannot really satisfactorily regulate democracy”.

## **6.6. Juniorisation of local government**

The NDP (Presidency, 2012:46) notes that structural arrangements for IGR and cooperative governance remain largely suitable for intentions of efficiency. However, there is a need to address specific weaknesses in coordination and capacity. As indicated in Chapter 4, structural conditions influence the external context relating to the building and sustenance of capacity in municipalities. One of the weaknesses is that provinces do not have adequate support to carry out their functions of support, monitoring and oversight of municipalities. Further, confusion exists with regard to the roles of each sphere of government in services like housing, water, sanitation, electricity and public transport. Other challenges are rooted in informal factors and include aspects such as attitude of other spheres of government towards local government.

All respondents who had worked in or were still in municipalities at the time of interviews agreed that national and provincial government(s) often treated local government as a “little brother”. According to them, this attitude meant that national and provincial spheres of

government were likely to police rather than engage with municipalities in the context of equal cooperative relations enshrined in the national Constitution. Effectively, local government is treated as a junior member in the hierarchy of intergovernmental relations. A number of respondents gave examples on how this juniorisation manifests itself. Firstly, national and provincial spheres of government got accustomed to imposing unfunded mandates on municipalities. This phenomenon is largely influenced by the fact that departments would not have spent their allocations towards the end of the financial year. In order to avoid punitive action by national treasury if funds are unspent, and because they cannot be rolled-over, departments rush to spend allocations in activities which have little to do with strategic developmental activities. Municipalities were often coerced to participate in these activities. At worst, municipalities are forced to fund activities which were not planned and budgeted for in accordance with the Service Delivery and Budget Implementation Plans (SDBIP) of municipalities.

Secondly, functions of support to and oversight on municipalities require that meetings should be regularly organised. Departments of Treasury and Cogta, as well as the Office of the Premier, work directly with municipalities. Sectoral departments occasionally engage with municipalities. The Department of Economic, Small Business Development, Tourism and Environmental Affairs (DESTEA) occasionally held talks with municipalities to discuss economic initiatives. While Cogta was meant to funnel coordination on behalf of all departments, this has not been the case. Each department engages municipalities on its own. Lack of a single window of coordination often resulted in senior political leaders and managers spending significant amount of time outside their respective municipalities because they are forced to attend these meetings with MECs and HODs. Majority of MECs are senior party leaders, that fact forces municipal leaders to attend meetings they could miss in fear of recriminations.

Thirdly, government departments often did not show genuine commitment to real integrated development processes. Municipalities are required to establish what is called the IDP Representative Forum. This is a stakeholder management forum which draws together stakeholders to discuss and share ideas on local development. The forum also consists of government departments, i.e. education, police, health, etc. This forum is led by the mayor of a municipality. It was found out that departments often did not attend these sessions. In an event of attendance, they sent junior officials merely for the sake of representation, without being empowered to commit departments to actual decisions. The failure of departments to

respect integrated planning was confirmed by one respondent who commented that the provincial government built a clinic when local community needed a school.

The ANC internal hierarchy was found to be reinforcing the juniorisation of local government. In an attempt to avoid what it termed the two centres of power, the ANC customarily deploys senior leaders of the party in the province to provincial government. The same practice applies at national level. Provincial government is therefore always dominated by members of the PEC, at times NEC. This practice has two direct implications. Firstly, through institutionalised performance planning and review Makgotlas, the ANC takes decisions within its structures which must be implemented almost unflinchingly by government structures. Secondly, the internal party discipline mechanism called democratic centralism does not allow lower structures to question decisions of upper structures. By implication, once ANC PEC decisions got transmitted to provincial government for implementation, municipalities had no space at all to question wisdom of those decisions. They had to obey lest local leaders faced sanctions, which could include removal from office.

The juniorisation of local government also meant that the sector had little space to influence allocation of resources. As one respondent pointed out, local government share of national equitable allocation only stood at mere 9% in 2014. This has meant that municipalities like Tokologo cannot leverage funds required for functionality (Reddy & Kauzya, 2015:215). Problems of intergovernmental fiscal relations are observable worldwide because of a couple of factors (Reddy, Nemeč, & de Vries, 2015:172). These range from rent-seeking conduct of national and provincial elites to general public sector financial problems as well as the extent to which the centre is willing to transfer authority and powers to local level. In the contrary, Koeble & Siddle (2013:344) argue that transfers to municipalities in South Africa have been generous. They argue that problems on municipal financial precariousness stemmed from poor debt collection and fruitless expenditure. Compared with countries like Malawi where local government only receives the meagre 5% of the national share, there could be a point about the mooted sufficiency of 9%. That is if one discounts imperatives such as demand for the upgrading and rehabilitation of ageing assets and economic infrastructure.

### **6.7. Institutional cohesiveness and internal efficiency**

In this thesis, the argument is being made consistently that meritocratic, autonomous bureaucracy is not sufficient for the municipal success. Instead, successful municipalities must, amongst other conditions, possess institutional cohesiveness as the prerequisite for internal



efficiency. Institutional cohesiveness is a function of deliberate cooperation between individual key institutions and individuals within a municipality. Institutional cohesiveness extends to matters such as alignment of individual staff competence with the vision and mission of the organisation. In this thesis, there is a recognition that institutional cohesiveness and efficiency are preconditions for successful and effective engagement with external stakeholders.

### **6.7.1. Leadership cooperation versus conflict**

Leadership is important for development. Despite this widely acknowledged fact, the developmental state literature almost paints a picture that insulated bureaucracy is sufficient for developmental outcomes. This is far from the truth. As Nkuna points out (2011:635), leadership has a responsibility to avoid programme fragmentation and to correct pathologies of bureaucracy. This alone indicates that competency, autonomy and insulation of bureaucracy from clientelistic relations are not adequate on their own. Leadership has a responsibility to create a climate conducive for the realisation of developmental goals. As Vinuela *et al* (2014) point out, support from leadership is able to remove spoilers or roadblocks to implementation. For leadership to be the cornerstone of good governance and development, some conditions need to be in place because some leaders can use efficacious states to pursue non-developmental goals (Kohli, 1999:133).

One of the conditions for a successful municipality is the extent to which the key offices like the mayor and the speaker are able to cooperate. According to respondents in the municipal space, there was relative stability from 2000 until 2006 as relations were largely professional between mayors and speakers. Things turned for worse from about 2005 as a result of the serious division between the ANC President and Deputy President, which led to the party being divided in the middle at all levels. ANC divisions affected professional relations between various mayors and speakers in the units of analysis.

Relations between the mayor and the speaker in Lejweleputswa DM deteriorated shortly before and after the 2007 Polokwane National Conference of the ANC because they both belonged to different factions of the ANC. The mayor relied on the support of the municipal manager, who was serving as the Deputy Secretary of the ANC in the province to undermine the office and activities of the speaker as the chairperson of council. In Mangaung LM, the mayor and her mayoral committee suspended and finally fired the municipal manager without the support of the speaker and council because of ANC factions.

The divisions between the mayor and the speaker also took place in Nala, Tswelopele and Masilonyana local municipalities. During the 2009 national general elections, the mayor of Tswelopele LM was accused by some of her colleagues as working for the Congress of the People (COPE) which was formed largely by the group that lost the Polokwane Conference. This led to her removal from office after the 2011 local government elections. It is only in Fezile Dabi DM and Matjhabeng LM where divisions between the two leading offices have not been pronounced. Tokologo LM combines the two offices in one person due to its sheer size. While the mayor and the speaker in Nala LM cooperated on wrong things from 2000 until 2006, the emergence and institutionalisation of personality cults between office bearers have condemned this municipality to perpetual dysfunctionality as successors were always engaged on infighting.

While this thesis shares Chibber's argument that a functioning bureaucracy is not enough for needed capacity (2014:34), it makes a strong point that the basis for "an internally cohesive apparatus" that will be able to coordinate itself around developmental tasks starts with the deliberately cooperative leadership, particularly between mayors and speakers. Once the office bearers are seen to be working together, it will be easier for both of them to cajole other full time and part time councillors into a functional unity of a municipality. On the contrary, their glaring conflict will have dire ramifications for municipalities they lead. Nala LM was a case in point over the years. The removal of the municipal manager in Mangaung by the faction led by the mayor represented the sour results of divided of political elite. Legitimacy of decisions of the institution is questionable once decisions are based on divisions along intra-party factions. The municipal manager in Matjhabeng was also removed in 2014 because of perceptions that he was too loyal to a particular faction within the ANC. On the other hand, the unity of the office bearers in Fezile Dabi DM over the years could be the reason behind the municipality's history of good audit outcomes in successive years. Although audit outcomes do not necessarily represent their entire institutional performance and success, they do shed some light on institutional culture with regard to management and effectiveness of processes and systems.

### **6.7.2. Emasculated and strained bureaucracy**

A highly competent and autonomous bureaucracy is at the centre of developmental states. One would argue that it is perhaps the primary developmental structure given the fact that it is charged with daily detailed activities which are geared towards the realisation of developmental outcomes. It is primarily the bureaucracy that is responsible for performance of developmental

functions within the entire municipal apparatus. This means that bureaucracy is responsible for establishment of legitimacy of a municipality through its performance in relation to stated goals and expectations of a community. Again, one must emphasise that competency and autonomy are not enough on their own for municipal success.

Bureaucracy, particularly top management, is responsible for important organisational processes such as making strategic choices on aspects such as change management, management of staff through performance evaluation and incentives, establishment and improvement of internal communication, mobilisation of resources and building implementation partnerships. However, what senior managers can do or cannot do is dependent on the policy regime (Miles, 2014:1045-1046). Employees can only perform their functions within the framework of legislation and policies. Their productivity is dependent on policies which enhance their capabilities in the workplace. Policies must also not be developed for the sake of compliance. Almost all respondents lamented the fact that Workplace Skills Development Plans (WSDP) were not responsive to the individual staff needs and municipal objectives. As Penderis (2012:10) points out, the quality of policies do affect developmental outcomes.

In the earlier section in this Chapter, I presented the analysis of senior management turnover in the units of analysis from 2000 until 2014. Indication was that managers do not stay for long periods in municipalities, therefore negatively affecting institutional memory at strategic level. What are the factors behind frequent movement of senior managers? Respondents offered different accounts which came down to the bottom line: managers in municipalities are not free to perform their functions in accordance with legislation and their competencies. At least three managers refused to answer the question regarding whether they had enough space to perform their job. Interestingly, all respondents who served as mayors but two claimed that managers were allowed enough space to carry out their duties. According to them, politicians had the right of intervention in municipal administration when management failed to implement council resolutions.

The other two respondents who served as mayors claimed that managers were also not free from outside political pressure from the ruling party. One respondent recalled how his municipal manager used to be called by regional leadership to receive instructions that contradicted decisions of the municipal council. Respondents from the institutions that support local government largely agreed with municipal managers that politicians had a tendency to

act as “demi gods”. As one respondent put it, the easiest way to lose one’s job in a municipality was to insist on following the rules against the whims of politicians. One respondent described a career in local government as a “stop and go” in reference to the unfettered freedom that politicians had to appoint and fire municipal officials. The culture with which senior officials got fired in municipalities required one to be “extraordinarily brave” to work for a municipality, according to the respondent from the institution responsible for promotion of good governance and accountability.

Strong words were used by various respondents to describe the kind of pressure that municipals officials worked under. One respondent bluntly said that senior officials in municipalities were “suffocated”. Another likened a municipality to a “wild animal” that can devour its unsuspecting prey at any point. One respondent who had previously worked as a junior official in the district municipality and joined the provincial government before re-joining the municipality as the municipal manager shared with the interviewer that her stress levels increased acutely since she became the accounting officer. She attributed her stress to the “toxic work environment” she worked under. According to her, politicians did not regard officials as human beings when they talked to them. Municipal environment had therefore been reduced to a “tense and strenuous environment with possible consequences of serious criminality which no right-thinking adult could stand such [avoidable] stress”.

The strenuous environment in which municipal officials operated under required them to learn what one respondent described as a “political management skill” in addition to their formal qualifications. This compelled professionals who respected themselves to jump out of municipalities quickly in order to lessen the risk of disrepute if they stayed longer. All municipal managers interviewed confessed that they would not have worked for municipalities if they had options. This flies in the face of one of the goals of the NDP, which is to make local government a career of choice. One of them almost cried when he described his relationship with his mayor in his municipality. It is clear from the responses given that municipalities are not employers of choice given the stressful conditions that senior officials work under. Inevitably, stress has an impact on performance and developmental outcomes. Weary officials cannot perform regardless their level of experience and qualifications.

The realisation of institutional cohesiveness and internal efficiency in a municipality is dependent not only on the cooperation between different political offices. It is also a function of professional relationship between the entire political leadership and entire administration led

by management. Political leadership has a responsibility to build functionally durable relations with internal stakeholders for delivery of institutional mandate. Part of what is needed to sustain the durability of these relations is the creation of ethical workplace culture which will serve to attract and retain highly skilled individuals. In a stressful workplace, good remuneration and benefits are not enough to retain staff. Problems in these municipalities got exacerbated by the combination of human-induced stress and absence of benefits. One respondent recalled how they had to nag to receive their performance bonuses as managers.

Leadership is closely linked to legitimacy. It cannot be imposed. It has to be earned. In practice, it means that members must voluntarily choose to cooperate with the influential individual (Strodi, 1993:2). Leadership has to inspire. It is accepted that processes that produced councillors in the units of analysis did not have a chance to deliver credible and competent leaders. There is therefore a need for continuous in-house and professional training of councillors for them to be responsive to policy expectations. Local government legislation delegates serious developmental work to council, which is a body of councillors. Functions such as strategic planning, budgeting, translation of plans into programs and engagement with stakeholders, including municipal staff, are bound to fail if councillors are not adequately capacitated, first and foremost, to treat their managers with dignity that they deserve. In this regard, and consistent with the functional paradigm adopted in making sense of functionality of municipalities, it is important for politicians to be empowered on the concept of “structures of living together” because these affect development trajectories of countries (Deneulin, 2008:112).

### **6.8. Qualifications and competencies of senior managers**

Numerous studies in the field of the development literature accentuate the positive relationship between education, skills, institutional capacity and developmental outcomes. Inversely, ineptitude precludes institutions from attaining their organisational objectives and legislative mandate. Penderis (2012:11) stresses that skills are not only useful for building institutional capacity in order to deploy responsibilities more efficiently. Because skills and knowledge bolster institutional performance, they consequently confer legitimacy and credibility to the efforts of the state. In other words, developmental outcomes are dependent on the knowledge and skills set at the disposal of a municipality. Further, legitimacy of a municipality as a developmental institution is dependent on the ability of a municipality to realise its developmental goals.

All respondents interviewed agreed that the right education and skills have influence on the performance of municipalities. Between 2000 and 2006, majority of the units of analysis, particularly smaller municipalities like Tokologo, Nala and Masilonyana, did not have properly qualified municipal managers and Chief Financial Officers (CFOs). While the researcher did not succeed in his efforts to have access to archived documents, one respondent claimed that the first CFO of Masilonyana LM did not have the matric certificate. His appointment was influenced by political expediency than policy considerations.

Problems arising from the pervasive ineptitude in local government were so widespread that National Treasury was forced to introduce the Municipal Regulations on Minimum Competency Levels in June 2007. The regulations were supposed to have taken place from 01 January 2008. All municipalities were given until 01 January 2013 to have institutionalised the regulations through their human provisioning resources of recruitment, training, development and retention. This was not realised as appointments continued to be driven by deployment, thus denying staff members an upward mobility.

In 2014, National Treasury had to extend the deadline as a number of senior officials in municipalities did not meet minimum requirements. One respondent suggested that the continued extensions of the implementation of regulations pointed to the organised resistance of some within local government to professionalise the sector, with support of some powerful provincial and national government leaders. According to this respondent, some people clearly benefit personally from the dysfunctionality of municipalities.

The Minimum Competency Regulations prescribe minimum requirements which must be met by any candidate seeking employment as a senior manager in a municipality. This category includes a municipal manager and all managers directly answerable to the municipal manager in a municipality. The minimum requirements that must be met include (i) higher education qualifications required for specific positions; (ii) work-related experience in accordance with the specific level of management position; (iii) required core management and occupational competencies; (iv) prescribed financial and SCM competencies.

As of 2014, internal reports from the provincial treasury indicated that all senior managers in Mangaung Metro were appropriately qualified except the Head of Corporate Services whose qualifications were not listed. In Fezile Dabi DM, only the Director responsible for Local Economic Development (LED) and Tourism did not have the required National Qualifications Framework (NQF) Level 7. All the certificates the incumbent had were not in the field of

Economics. The phenomenon of ‘dumping’ individuals without requisite qualifications in LED departments was found to be prevalent in municipalities according to two studies done by SALGA in the province and nationally. This study also confirmed the pattern of appointment of anyone in LED responsibility without the requisite background and training in the economy.

Majority of senior managers in Lejweleputswa DM had at least specialised NQF Level 7 qualifications. However, their CFO (a former teacher) had Masters of Business Administration (MBA), which is not necessarily a financial program. The LED Director and Tourism had Honours Degree in Public Administration while the Director for Corporate Services was the least qualified with Postgraduate Diploma in Management. In Masilonyana LM, the Director for Community Services had bachelor of Social Science. The highest qualification in the municipality was Level 8 in the form of B-Tech in Labour Relations and Personnel Management. The municipal managers in Tokologo and Nala local municipalities had teaching diploma and bachelor of education respectively. In Tokologo, only the CFO and director for technical services were appropriately qualified. Two other directors were not.

Directors in Matjhabeng, Tswelepele and Nala local municipalities were appropriately qualified with the exception of few cases. The LED Director in Matjhabeng had Masters’ Degree in general Public Policy and not Economics. Some directors had qualifications in unrelated fields of study but had the advantage of extensive experience because they joined senior management in local government in early years. These findings were found to have been consistent with the earlier study by the MDB.

In 2011, the MDB released the municipal capacity assessment report which noted the following patterns which impacted on institutional capacity of municipalities in the Free State: (i) years of relevant experience was consistently lowest for senior managers in the province; (ii) municipal managers in the province had the lowest average of 5.17 years’ experience, compared to the highest 14.62 years of experience in Western Cape and significantly below the national average of 10.58 years; (iii) CFOs in the Free State had the lowest average of 4.1 years of experience compared to the highest 20 years of experience in Western Cape and again, still significantly way below the national average of 11.24 years; (iv) technical managers in the Free State had the lowest average of 6.6 years of experience compared to the highest in Western Cape at 17 years of experience, and still below the national average of 10.82 years; (v) vacancies of senior managers had been left vacant for more than three months in the Free State, North West and Mpumalanga; (vi) the Free State was found to be the highest when it came to

senior managers leaving municipalities, with almost one in four managers exiting. It is, therefore, not difficult to explain why municipalities in the Western Cape have been identified as the highly performing by the successive reports of the Auditor General. The combination of right qualifications and extensive experience is a source of soaring outcomes. The inverse is true as can be seen through the outcomes of the units of analysis in the study.

### **6.9. Embeddedness of units of analysis in social classes**

The thesis has thus far pointed out that one of the requirements for the prospective twenty first century developmental states is the extent to which planning is truly driven from the bottom. That potential is dependent on the extent to which the state in its entirety demonstrates political will, through allocation of resources, to build and develop capabilities of people to improve their own lives as envisaged by the NDP. Put differently, one would say that one of the aspects of the legitimacy of a municipality is how it relates to its social context through democratic deliberation. Knowledge creation is ultimately a function of municipal favourable institutional framework for the building of dense networks that will promote the flow of information and learning.

Embeddedness refers to formal and informal relationships that a municipality has with stakeholders. According to Freeman (1984:25), a stakeholder is “any group or individual who can affect or is affected by the achievement of the firm’s objectives”. In municipal context, all individuals and groups are stakeholders. Stakeholders or development partners come together because they want to create value (Westermann-Behaylo, Van Buren III & Berman, 2016:535). Value creation happens when value is not appropriated by a privileged partner. This means that members manage their relations in a way that creates cooperative advantage. Creation of cooperative advantage by development partners is dependent on the conflict resolution capability of a municipality. In this section, I present results on the quality of relationships the municipalities investigated had with local business, labour and community and how these affected developmental outcomes.

#### **6.9.1. Relations with labour**

Labour is part of the internal stakeholders. It is essential both for the requisite implementation capacity as well as the achievement of the institutional cohesiveness as part of building organisational internal efficiency. Municipalities, therefore, have a duty to implement human resources policies which encourage professionalism in workplace. Employees need to have a feeling that they belong to an organisation. Their ability to serve communities is influenced by



existing ambiance in an organisation. Systems such as performance management are crucial in attracting and retaining talent through incentives. However, institutionalisation of deployment of inexperienced and sometimes inadequately qualified senior managers affect the morale of staff as many are never promoted to higher positions in municipalities. Vinuela, Barma & Huybens (2014:26) note that middle managers either stymie well-designed reforms or they can be essential in successfully implementing the mandate. It all depends on the quality of relations between the employer and employees.

There were two registered labour unions in all municipalities examined for the period under review, namely, the South African Municipal Workers Union (SAMWU) and the Independent Municipal Allied and Trade Union (IMATU). SAMWU was the majority union in all the municipalities. It has been an affiliate of COSATU throughout the entire period of review, which is in alliance with the ANC as the governing party in all the municipalities investigated. Respondents were asked their views with regard to the role of unions towards the attainment of goals of the developmental local government agenda. All respondents admitted that they had never consciously engaged unions or employees in general on planning processes.

The exclusion of middle management and lower levels employees from planning denied development strategies of potentially rich information as it is this category of employees who tend to have a better understanding of what worked or failed as they are implementers. Miles (2014:1046) suggests that organisations may need to consider policies which encourage co-governance in order to promote democratic decision-making processes. Engagement with unions was reduced to mandatory Local Labour Forum (LLF) which discusses mainly human labour matters. Like with community engagement, none of the municipalities went beyond the provisions of law to build and sustain internal developmental pacts within a municipality, or what Miles (*ibid*) calls “worker management structures”. There was a glaring absence of “stimulating stakeholder reciprocity” in these municipalities. Westermann-Behaylo *et al* (2014) use the concept of stimulating stakeholder reciprocity to mean a situation of fairness towards specific stakeholder groups. The theory postulates that fair treatment or lack thereof is rewarded or punished by the receiving stakeholder. Consistent with this theory, unions reacted to perceptions of fairness or lack thereof by the employers. Both political and administrative respondents viewed unions in terms of formal labour relations requirements.

SAMWU was found to be the stronger union between the two in terms of numbers. Over the years, its legitimacy was being eroded by successive loss of cases. This resulted in some

employees resigning their membership in favour of IMATU. According to some respondents, the proximity of SAMWU shop-stewards to ANC leadership and political leadership in municipalities made union leaders susceptible to being bribed. As one respondent said, some shop-stewards were more prone to put their personal interests ahead of their wellbeing of members. These informal political relations compromised the integrity of processes and structures like the LLF as decisions affecting employer and employees were often effectively taken elsewhere.

Another respondent felt that unions had no role in the administration of a municipality. He suggested that municipalities need to be de-unionised: “The inherent function of unions is to bargain; they do not have a political function. Assume that unions take a form of politics; municipalities will not be stable. As the Municipal Manager, I know that employees need protective clothing for refuse removal. They also know that they can come to the office of the Municipal Manager to report challenges of their protective clothing. Do you really need unions for this or only a healthy communication which is two-way?”

Majority of respondents shared the sentiments above with regard to the role of unions. Largely, they viewed it in a negative light. In their view, unions were almost inherently opposed to the developmental agenda of local government. There were no less than five respondents who differed with this dominant view. One in this category of respondents pointed out management ended up viewing unions in a negative light because of its failure to see the potential of unions as development partners. A happy workforce is a productive one. Once leaders and senior managers could get to a point of understanding the necessity of highly motivated employees in a municipality, they would continuously work on processes and systems which reinforce employee loyalty. These may include interventions such as incentive regimes for high performers. In all the units of analysis, loyalty-reinforcing and motivation-building programs such as employee of the month were non-existent.

### **6.9.2. Relations with business**

There were no deliberately formalised relationships with the business sector in all the municipalities except for in Matjhabeng and Masilonyana local municipalities. The two were different mainly because they had [still have] mining houses within their jurisdiction. The Mineral and Petroleum Resources Development Act of 2002 (MPRDA) enjoins the executing department to develop a Mining Charter, in consultation with the mining houses. Embedded in the Mining Charter is the mandatory development and implementation of the Social and Labour

Plans (SLPs) by mining houses. The mine's SLPs are developed in line with the IDPs of affected municipalities for the MPRDA requires that mining communities must be developed by mining houses and their operations in order to address the legacy of systematic marginalisation of the majority of South Africans.

The Harmony Gold Mine and the Beatrix Gold Mine went out of their way to forge relations with Matjhabeng and Masilonyana local municipalities respectively in order to ensure compliance with the Act. In Matjhabeng, the partnership resulted in the construction of taxi ranks by Harmony Gold Mine in virtually all units of the municipality. Beatrix Gold Mine built additional classrooms and ablution facilities for a primary school in Masilonyana. Harmony Gold Mine also contributed to the bursary fund of Masilonyana LM for a couple of years. The Mine stopped its contributions to the bursary fund as the municipality failed to produce credible reports on how the money was spent.

The relationships that the two municipalities had with the mining houses could be explained by the coincidence of the mining charter. The relationships with the mines were the only business-municipality platform that the two municipalities had. There was no evidence, as was the case with the rest of the units of analysis, that the two acted intentionally to establish strategic partnerships with other sectors other than mining houses. Be that as it may, Masilonyana LM was able to optimise on the its relationship with the mining houses.

To its credit, the municipality signed the Memorandum of Understanding (MOU) with the mining houses in its quest to implement its "*Kasi is Nca*" strategy as an LED vehicle. The strategy was intended to mobilise business and community partnerships to intervene in the problems of the second economy, mainly high unemployment and poverty. It was also hoped that the municipality would mobilise the participation and support of the public sector in order to give effect to the goals of the MOU. This initiative was highly welcome within and outside the shores of the municipality as it was consistent with the characteristics of leading, coordinating and mobilising the involvement of communities in local economic activities.

The regional office of the Small Enterprise Development Agency (SEDA) was engaged and it came on board. Its role was to facilitate the process of registration of Cooperatives and training of members of those Cooperatives once they started to operate. Training focused on aspects such as human resource management, financial management and team building. One of the immediate successes was the registration of over 20 Cooperatives throughout the jurisdiction of the municipality. One of the Cooperatives was in brickmaking and had the potential to

become the reference for success had it been managed successfully. Pursuant to the goals of activation of the township economy, the municipality managed to establish a forum with mining houses for the purpose of implementation of the brickmaking project. Elsewhere (Mohale: 2016), I detail how this great initiative failed due to failure of the municipality to demonstrate commitment and provide leadership.

Three respondents in municipalities did not answer questions about the local economic development. One could deduce that that served to confirm the ad hoc nature with which the municipalities engaged the constitutional mandate of local economic development. Respondents attributed the flippant attitude of municipalities to LED to one factor: municipalities did not see LED as an important developmental function. For them, it is a by-the-issue. This attitude is reflected in the institutionalisation of appointments of inappropriately skilled and qualified politicians and administrators to handle local economic programs and activities. It is also reflected in meagre funds which are allocated to LED programs and activities. According to the respondents, lack of knowledge and skills affected the confidence of those charged with the task hence they deliberately avoided building partnerships.

The combination of lack of technical skills and confidence meant that municipalities did not approach LED function strategically. This was evidenced by the fact that not even a big municipality like Mangaung was able to leverage on its competitive advantage. Respondents from Fezile Dabi region also indicated that their biggest municipality, Metsomaholo LM, was not strategically engaging a big firm like Sasol to see how best economic problems could be dealt with in the region. Municipalities will never be able to solve their big economic problems without the support and participation of the private sector. But the private sector would need the leadership of the municipality to direct prospective investment and destination. That leadership was found to be lacking.

The case of Nala LM is a good example. The fact that Nala municipality did not have a single shop that processes maize into corn flakes, despite it being a maize hub, was a clear demonstration of dysfunctional relations between the municipality and the agricultural sector. Although Matjhabeng LM had identified tourism and agriculture as its growth pillars against the dwindling mining activity, it did not have skilled personnel in these areas. This arose out of the failure to understand that there is a direct relationship between quality education, skills and knowledge on the one hand and the good developmental outcomes on the other hand. The

following quote from the respondent who was the mayor aptly summed up the disastrous outcome of a failure to engage business on planning:

“Building strong relations with the business sector has always been a missing link. That made our planning incoherent; a total fiasco. Let me give an example. When I was the Executive Mayor, we decided to undertake a trade trip to China soon after we got into office. It was in early 2000s. We never talked to local business about what we intended doing. On our arrival in China, we met the company which had interest to assemble motor cars. They asked us a couple of specific questions regarding the potential success of their interests. Some of the questions included the number of motor outlets in Welkom; the number of filling stations; the number of cars sold per month; and the quantity of litres of petrol sold per month. We did not have this information and the company executives felt that we wasted their time. Our intended trade trip became a futile exercise simply because we did not have information which we could have easily gathered from our local businesses had we talked to them. I have left the municipality a few years back. From a perspective of a citizen, I can see that there is no learning that happened from my time. Municipalities continue to think on their own there, leaving businesses and communities behind.”

### **6.9.3. Relations with communities**

The constitution of the democratic state places citizens at the centre of development processes. This was done deliberately to mark the departure from the character of the apartheid state which was based on exclusion and suppression. The democratic developmental state would be defined by inclusion and consultation as key elements of the strategic orientation of the state. To this end, legitimacy of the state is derived not only from the responsive policy performance but also the extent to which communities participate in the co-production and co-authorship of development plans and strategies. This means that “people should be the essence of government” according to one respondent.

While those who came into office in 2000 expressed confidence in their public participation methodologies, the general feeling expressed by respondents in the municipal space, politicians and administrators alike, was that the IDPs did not resonate with the expectations of communities precisely because they were driven through desktop analysis by consultants. Of course, the continual reports released by the Stats SA on a number of households accessing basic services could be used as a pointer of the impact of IDPs. However, the popular response was that the technocratic, consultant driven IDPs constrained the full potential of IDPs as development enablers and often fuelled community unhappiness and subsequent protests. This confirmed the point made earlier in the thesis, in Chapter 4, that consultation with communities is not genuine.

During the first generation of the developmental local government era, Mangaung LM became one of the pioneer municipalities of what is known as the Community Based Planning (CBP) after receiving funding from the United States Agency for International Development (USAID), together with the three other municipalities which were not part of the study. The municipality met with all the sectors within each jurisdiction. In addition, each ward had its own development plan produced by the people themselves. On budgeting, each ward councillor was given the discretionary R50 000 to spend in consultation with the community through the ward committee as a channel.

This methodology promoted participatory democracy and mobilised public ownership of integrated planning. In the same period, Matjhabeng LM also conducted its community planning in more or less the similar fashion. Although the municipality engaged the services of a consultant, it still engaged in consultation with all different stakeholders. During community meetings, all needs and priorities were displayed on a screen. The community was then urged to vote for priorities openly against the constraints of the budget projected within the specific financial year. This approach seems to be closer to the system of decentralised planning used in Kerala as presented earlier in this thesis.

Years later, the approach to engaging the community changed. The quality of engagements regressed owing mainly to three reasons. Firstly, it became evident that the quality of leadership had a direct influence on its conduct and activities, including how it understood and interpreted legislation and policies. The growth of reliance on consultants partly derived from the lower quality of leadership. The costly recourse became the trumping of a wholly political process with pretences of efficiency. According to one respondent, some leaders increasingly preferred consultants because they would also claim their share of a fee paid to consultants. This informed the second problem, which is that of malicious compliance, leading to IDPs not being credible.

Indications that IDPs were developed for malicious compliance included listing projects in the documents without identifying dependable sources of funding as well as leaving those projects listed in the document from as far as the year 2000 without evaluating whether it was completed or still relevant, if it was never implemented. It was pointed out that in Kerala, no project is confirmed in the PPC unless a credible source of funding is identified. Another case of malicious compliance was, according to one respondent, the failure to set different submission timelines for local and district municipalities. Whereas local municipalities' IDPs were

intended to inform the district plan, district plans ended up being thumb-sucked precisely because district municipalities had the same deadline and planning cycle as local municipalities. In practice, it became impossible for district municipalities to live up to their mandate of coordinating district-wide development. The third and last reason was the fact that community was never really educated on their roles and responsibilities towards development planning. This point was made by more than ten respondents. A perfect example given was that the same people who would participate in consultative meetings would be ones leading community protests arguing that they were never consulted when the council determined priorities. Some respondents also pointed that the use of English as the dominant language in public meetings excluded majority of people, who happened to found active in public protests.

The failure to engage community meaningfully did not only result in lack of identification with development plans by the community. One of the former municipal managers, who was also a senior ANC figure for many years, said that IDPs should be held responsible for their perpetuation and normalisation of the two-economy notion. Asked to clarify, he said: “Your traditional township still does not have banks and other services. This is because our IDPs lack radical outlook and are rooted in the maintenance of the status quo. If we are to evaluate them in this context, and ask ourselves a question: have we meaningfully engaged communities, you will realise that our strategies of engagement with the community have fallen short on our task to rebuild communities and foster racial and economic reintegration”.

As indicated earlier, none of respondents gave community involvement in municipal planning processes a straight pass. Respondents were also unanimous that the unquestioned use of consultants for planning had to come to an end in order to restore the credibility of local government. The unintended institutionalisation of the use of consultants made the IDPs unnecessarily too bulky, therefore effectively frustrating whoever took interest in the document. This point was made by majority respondents. True democracy is when communities genuinely influence the content and outcomes of development. That is the only true measure of a well-functioning democracy.

As Sen argues (1999:xii), “development consists of the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency”. The reliance on consultants by the units of analysis left communities with little choice and opportunities to shape their own destinies because consultations were stage-managed for compliance purpose. They were not authentic. Substantive freedom, according to Sen

(1999:74), is about the ability of individuals to choose what they value. Similarly, the question of the language used in meetings for engagement is also crucial if people were to participate meaningfully. Technocratic approaches to development planning, as evidenced in these municipalities, denied communities their birth-right to shape their own development.

### **6.10. Conclusion**

This chapter presented the findings of the data collected through interviews and document analysis. Analysis was done against the dimensions of the comparative institutional approach which are the functionality of a municipal structure, the relations between a municipality and its stakeholders as well as the developmental outcomes. It was found that except in Fezile Dabi, other units of analysis did not have truly coherent and cohesive internal structures. Structures were characterised by tensions between different political institutions and office bearers; between political leadership and senior managers; and lastly, relations between municipalities as employers with unions were not as productive.

The findings confirmed that developmental outcomes are influenced by a combination of municipal internal efficiency and broader contextual issues. The relationship which manifested between municipalities and other spheres government was incongruent with the principle of 'equality' embellished in the constitution. The ANC internal fractures were another influential factor which weakened the performance of municipalities. Interestingly, the case of Masilonyana LM indicated that political leadership stability does not necessarily lead to good performance. On the other hand, stability in administration, as represented by Tswelopele LM, was a good precondition for sustained good performance. Lastly, the success of the municipalities was measured in terms of results, legitimacy and durability. The performance of each municipality varied according to services rendered. Municipalities fared well on the delivery of basic services. However, they had serious challenges with regard to facilitation of economic development and establishment of strategic relations. These roles need to improve.

Legitimacy rests on processes of democracy which produce leaders and the performance. The findings on this score are not conclusive. Processes are largely legitimate because communities participate in the selection of candidates and vote for their preferred ward councillors. However, it was also pointed out that the ANC has a history of manipulating lists and this sometimes produced leaders who were not favoured by communities. The fact that senior political leaders were not coming from the category of ward councillors and mainly resided in wards which the ANC lost cast aspersions on their legitimacy as truly public representatives.



The combination of results and legitimacy, together with contextual issues such as tax base, have implications for future durability of municipalities, particularly small and rural municipalities like Tokologo LM.

# Chapter 7

## Conclusion: Recommended typology

### 7.1. Introduction

This chapter presents a typology of what municipalities studied for this thesis and others in the province can do to achieve developmental outcomes. There is a recognition that this typology is dependent on the influence of external forces which include actions of other spheres of government and political parties as sources of policies and personnel in state institutions. For this reason, limited suggestions are made on what could constitute the corrective behaviour of political parties and the urgent interventions from other spheres of government. It is only if these recommendations are considered for implementation that the clearly ailing municipalities could be salvaged from mere existence in name and assume a developmental character. The recommended typology largely covers structural, institutional and human resource conditions which were briefly discussed in Chapter 4 and found to be lacking in the municipalities in Chapter 6. Essentially, recommendations cover the broader political and legal environment that frames the mandate of municipalities. They also cover the municipal internal developmental structures and developmental roles they should play in order to achieve developmental outcomes.

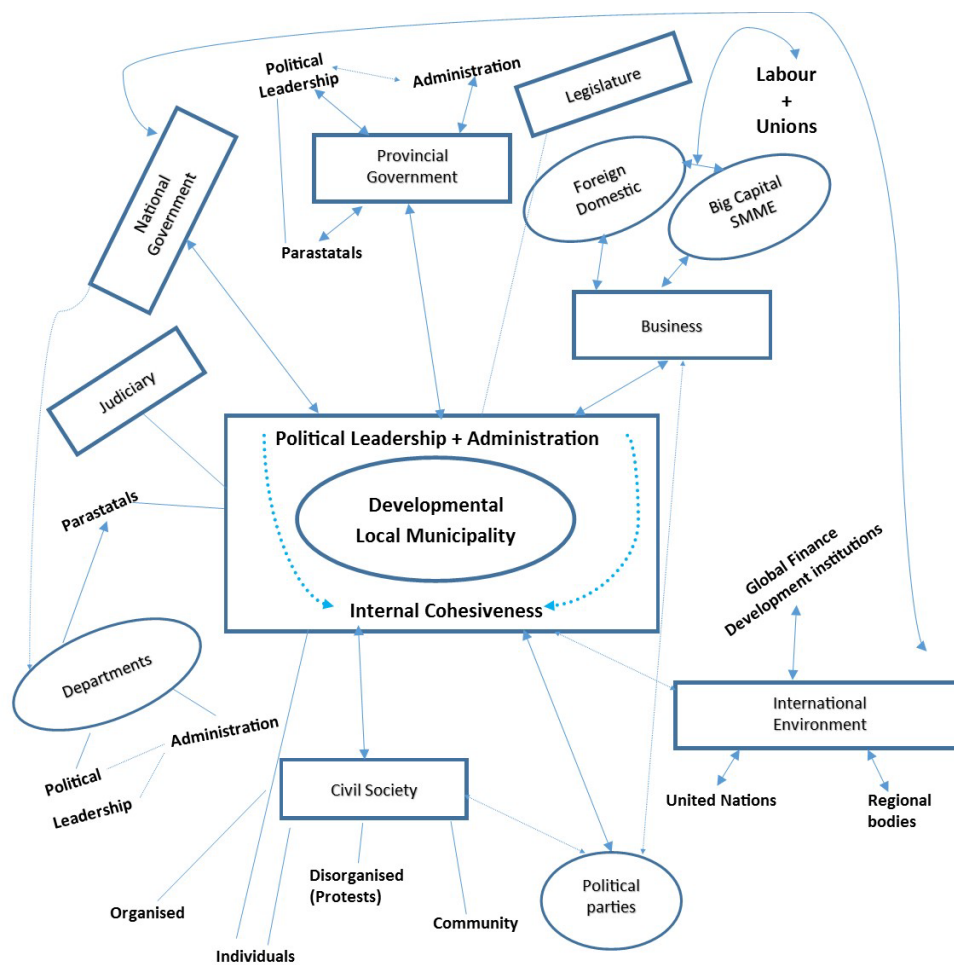
### 7.2. Constraining exogenous factors

Prado *et al* (2016) assert that it is important to avoid throwing the baby with the bath water. In their view, the construction of a democratic developmental state anywhere in the world is not “a ready-made package” (2016:410) that can be implemented without challenges and sometimes grave setbacks. They argue that the concept is useful. However, the success of its realisation is dependent in institutional engineering, which itself is a complex task. While there is an acknowledgement that local government is yet to be fully developmental as envisioned in the national constitution, that alone does not suggest that the decentralisation project should be abandoned in South Africa. As pointed out in this thesis, the theoretical basis for decentralisation, which is its ability to respond more effectively to the needs of local people, remains strong.

The previous chapter indicated that there are a number of constraining exogenous factors which obviously affect the desired performance of municipalities. **Figure 7.1** below gives an illustration of a complex and dynamic external environment which a (developmental) local

municipality needs to interface with on a daily basis. Importantly, the figure captures the notion of a global institution as an expression that while municipalities are expected to give priority to local needs of citizens in terms of the theory of decentralisation, they are not necessarily immune from the influences of the global trajectories. The rise and popularity of regional bodies and multi-lateral international agreements have influences on the operations of national governments. Subsequently, affairs of national governments can have enabling or constraining effects on municipalities arising out commitments made with regional and international bodies.

**Figure 7.1: Illustration of external multiple stakeholders which influence municipalities**



**Source: Own**

The figure confirms that although internal cohesiveness of a municipality is an important building block towards municipal success – measured in terms of results, legitimacy and durability – it is not enough to achieve the desired developmental outcomes. The external environment, or what we called ‘capability set’ for local government in this thesis, has an immense impact on the institutional success of municipalities. External environment largely remains the attribute behind the performance of municipalities because of “new interactions

and contractual relationships between local governments, between small and big private firms, and between providers and producers of services, and communities and nongovernmental organisations” (Yilmaz, Beris & Serrano-Berthet, 2008:1). The external environment does have implications for the typology of municipalities studied.

Below follows a description of what major external stakeholders can do to unleash the full potential of municipalities.

### **7.2.1. Political parties**

Political parties are the major source of institutional repertoire in terms of personnel and policies. It is therefore a given that the character of a ruling political party will have a direct bearing on the functioning of the state and state institutions. Political parties must, therefore, become the foremost developmental structures which pursue developmental policies and programs for the betterment of society. Without being developmental themselves, political parties are disabled from providing efficient directional thrust to the activities of the state.

For political parties to be developmental, few conditions are non-negotiable. Firstly, political parties need to recognise the complex nature of problems which need to be resolved in order to achieve social and economic development. Secondly, the recognition of this complexity must drive political parties to introduce and institutionalise merit-based systems of election of leaders. Merit must encompass qualifications, experience and soft skills (competencies). This process must be implemented for both the election of political leaders within parties and in government. Although it is difficult to satisfactorily and fully regulate democracy because of existence of (innate) rent-seeking conduct, measures need to be put in place to mitigate the risk of emergence of inadequate individuals as leaders. Lastly, political parties need to introduce performance measurement systems for their deployees in municipalities. Performance assessment must take into account the reports of institutions like the auditor general and treasury. To give meaning to democracy, assessments should also be based on public participation. Decisions on the continuity of individuals in government should be based on the evidence of outcomes of a combination of sources, including the party’s own internal performance review mechanisms.

### **7.2.2. National and provincial government**

The current regulatory system of local government is sound in theory. Local government is accorded an equal status as a sphere of government, although one also appreciates that its autonomy does not necessarily mean total independence from the national/central government.

In terms of formal delineation of relations, the system has the potential to work. The challenge, however, remains the tendency of national government to burden municipalities with regulation of apparently mundane activities which should be left to the common thinking sense of local leaders. National government needs to desist from the tendency to over-regulate because it achieves the unintended result of shifting the goal posts. This tendency strangulates genuine decentralisation promoted by the constitution and reduces it to mere nominal devolution. Since 2000, national government has passed a number of legislations which regulate municipalities. The consolidation phase should no longer be characterised by more laws. Instead, focus should shift to the strengthening and empowerment of councillors and officials in municipalities.

Minimal exceptions can be allowed in order to strengthen the quality and efficiency of leadership in municipalities. The first exception must be with regard to the election of key leaders in municipalities. Minimum requirements should be prescribed for the election of portfolios like a mayor, speaker and all full time councillors. No one should occupy these positions based on party-political popularity or power alone. The second exception should actually be a consideration to annul the legalisation of a number of full time positions in municipalities. There is no empirical evidence that the rise in the number of full time councillors produces performance efficiency in municipalities. On the contrary, empirical evidence was presented that deleterious conflict between different office bearers harms the required institutional cohesiveness and effective performance. Provinces need to revisit the roles of MMCs, Council Whips and MPAC chairpersons. If anything, all these serve merely as placebos and stretch the already lean financial resources of municipalities.

It is in the area of informal relationships within the intergovernmental relations where problems are more evident. Majority of councillors tend to serve in lower structures of the ANC. This hierarchical relationship is transferred to government structures. This implies that leaders of municipalities see themselves as juniors and not equals when they engage with their provincial government counterparts. This type of relationship cannot be regulated. It is ultimately a function of conscience and integrity. All leaders need to exercise these values, particularly those in the provincial structures of either the party or the government. However, one must concede that this is primarily dependent on the dynamics within a political party.

### **7.2.3. Relationship between the district and local municipalities**

District municipalities were designed to support local municipalities and coordinate developmental initiatives within their jurisdiction. From the data collected, there was no evidence that they are succeeding in carrying out these functions. One of the problems, as confirmed in the previous chapter, is the fact that their planning cycle is the same as planning cycle for local municipalities. This is one area which must be corrected through regulation. Secondly, municipalities like Matjhabeng LM are more resourceful than its 'parent' district municipality in terms of finances and human capital. The support which a district municipality should give must be deliberately channelled towards needy municipalities like Tokologo LM.

I pointed out earlier that that capability approach focuses on services like health and education has implications for programs and functions of local government. It is very difficult to argue the case of district municipalities in the Free State province since their establishment. The fact that they do not have a revenue base reduces district municipalities in the Free State to employment agencies as their budgets and activities are dependent on national transfers. National and provincial government have an opportunity to consider devolving services like housing, regional hospitals and clinics to district municipalities. Alternatively, district municipalities can take up functions such as libraries and issuing out and renewals of driving licences and permits for motor vehicles. In this way, local government will be contributing directly to the core services of the capability approach.

### **7.3. Internal reforms**

This section proposes specific internal conditions (inputs for success) as requirements for the realisation of developmental outcomes.

#### **7.3.1. Small but effective organogram**

The suggested regulatory interventions with regard to the prescription of minimum requirements for key political institutions and the reduction of the number of full time councillors is the first point of internal reform. As the literature on developmental states repeatedly emphasises, developmental institutions need small, inexpensive but highly meritocratic bureaucracy. The same principle should follow with regard to the design of administrative structures. Middle sized municipalities like Masilonyana, Tswelopele and Nala should not have more than five directors of departments. Bigger municipalities like Matjhabeng should have the maximum of 7 directors, while metros can be allowed the maximum of eight directors.

Municipalities need to shift from tall to flat organisational structures. For instance, the hierarchy in Matjhabeng LM has the municipal manager as the accounting officer, the executive director, the senior manager, the manager, supervisors and lower employees in each of the department. This hierarchy is often characterised by confusion between the role of the senior manager and the manager. The distinction is equally not clear between the responsibilities of the executive director and the senior manager. This confusion creates laxity and conflict in the system and compromises accountability. At best, managers end up doing clerical work. Municipalities need to move towards flat organisations where it would be easier to evaluate performance of employees based on control, authority and resources. This is one of the strategic choices which municipalities in the study and elsewhere need to consider.

### **7.3.2. Regularise incentive regimes**

Besides the guaranteed thirteenth cheque for all other employees except for the municipal manager and managers appointed in terms of Section 56 of the Municipal Systems Act (2002), municipalities do not incentivise their employees. From 2008, the only other discernible incentive for municipal employees was their participation in the mandatory Minimum Competency Requirements short program. Otherwise there were no visible incentive regimes in municipalities. I have already argued the case for merit-based appointments.

However, the success of organisations is also dependent on retention, training and rewards of staff members. It is the task of leadership and senior management to ensure that municipalities allocate sufficient resources for appropriate continuous training of employees. This must be tied to the practice and culture of promotions, which is also lacking in municipalities. Staff members tend to be demotivated because of routine tasks for a number of years. Promotions and performance incentives (long service recognition, innovation recognition, employee of the month/year award, etc) can build and boost employee enthusiasm, motivation, loyalty and productivity.

### **7.3.3. Scale down on consultants and out-sourcing**

The deliberate investment in recruitment of skilled personnel and consistent incentive regime can result in the reduction of outsourcing of functions. Most of the functions outsourced to consultants can be performed by internal staff members. Money paid out to consultants can then be used to fund other critical services and programs of a municipality.

#### **7.3.4. Engage workers in development planning**

It was found that planning in municipalities is reduced to symbolic consultation with communities and selected departments of government. Workers are excluded from crucial municipal decision making process. Successful municipalities in the twenty-first century will be the ones which will deliberately engage with their workers on strategic choices facing municipalities. These include choices on policies, strategies and programs. Consultations with workers must be rooted in functional paradigm or the notion of the ‘structures of living together’ explained in the previous chapter. This recognises that the body (municipality) requires all its organs (leadership, management, workers, polices, programs) to function interdependently to achieve institutional cohesiveness and developmental outcomes. Both political leadership and management have a duty to create the culture of democratic deliberation in a municipality. That culture must depart from the dominant practice that curtails worker participation in municipal decision-making practice. Put differently, engagements with workers must not be reduced to formalistic LLF discussions. That misses the spirit and essence of democracy. Consultations with workers can enhance the culture of learning and use of evidence-based decisions.

#### **7.4. Programs and functions**

This sections discusses what municipalities need to do (outputs of internal reforms) in order to achieve developmental outcomes.

##### **7.4.1. Prioritise facilitation of small scale economic activities**

It was pointed out in earlier chapters of this thesis that developmental states in the twenty first century do not have the luxury of focusing on a single goal. That requires some sophistication on the part of states. That municipalities have to provide, maintain and sustain basic services is a given. However, municipalities need to link the mandate of provision of basic services to the economic value. The focus on the attraction of investment will determine which activities will receive more allocation when budgeting is done. Municipalities need to constantly allocate more resources for maintenance of existing infrastructure in order to lure investment in the midst of recorded financial precariousness. Maintenance of existing infrastructure can also minimise the phenomenon of social unrest in many communities.

Municipalities must develop and implement policies which promote procurement within their jurisdiction in a progressive manner. The progressiveness of their policies will be determined by the extent to which they support historically disadvantaged and vulnerable groups to



participate in sourcing of services. This means that opportunities for participation in the local economy through procurement as a vehicle must support youth and women companies. Support in this regard does not mean the continuation of the current pattern where black companies merely act as conduits between established white companies and municipalities. This can address the finding that IDPs have not been used strategically to transform the ownership patterns of the economy and spatial inequality.

Inevitably, municipalities must increase their funding for local economic development activities and programs. Here is the concrete example. Municipalities need fuel and paper on a regular basis. However, they have not done anything to change the ownership of these industries. Municipalities can easily set up companies which will supply paper to them and the broader public sector. Similarly, they can set up companies which repair motor vehicles, while buying the franchise of fuel stations for historically vulnerable groups. These businesses can be sustainable simply because municipalities already fleet. A district municipality can facilitate the MOU between various government departments and local municipalities for maintenance of their fleet at lower rates compared to what they would pay at private service providers. District development agencies can source funding for operational costs to augment minimal funding from municipalities and offer these as soft loans, while simultaneously collaborating with institutions like universities and business support organisations to provide training on business management aspects.

#### **7.4.2. Find new revenue sources**

Municipalities are primarily dependent on national transfers. They also impose levies and taxes on properties and charge for services. They have not demonstrated any capacity to mobilise external and additional finances outside these traditional sources of income. There is an opportunity for municipalities to establish strategic networks with private companies, donor agencies and nongovernmental organisations. This depends on the innovative capacity that may generate cutting-edge programs which may attract funding. Further, municipalities are not collecting revenue on servitudes mostly because they are not aware of existing infrastructure within their jurisdiction which can generate additional income. This is one of the exceptional areas in which a municipality can engage consultants on a risk basis.

#### **7.4.3. Build developmental networks**

Municipalities need to deliberately build functional and developmental networks with different stakeholders. The word deliberate is used to emphasise that building relations with stakeholders

must not be done for mere compliance because that is what legislation requires. It must be borne out of the total realisation and appreciation that a municipality needs the experience, skills, information and knowledge of all stakeholders to make it truly developmental.

Municipalities must establish research and learning network with universities and Technical and Vocational Education and Training (TVET) colleges. On their part, the MOUs must be designed in such a way that these institutions continually take councillors and employees as students to be taught on various aspects of governance and management. The partnership can also mean that municipalities have 'in-house' research capacity to undertake various research projects. Universities and TVET colleges can, on the other hand, send their students to municipalities for experiential training as a number of academic programs currently require this exposure as a graduation requirement. Municipalities will then be enabled to contribute to post-matric education as the crucial capability for the twenty first century. The relationship will be mutually beneficial.

Every mayor must establish the Planning and Local Economy Forum (PLEF). The forum must bring together the representatives of established and small businesses in the area, professional nongovernmental organisations and national and provincial government key departments. The forum can meet every semester to discuss and monitor the implementation of decisions taken in furtherance of interests of local planning and economic growth. The main focus must be the discussion on plugging the leaks in the local economy. This is one area that municipalities neglect. Local procurement may not assist if the money spent locally flows beyond the borders if synergy is not created in terms of value chain of supply and demand of different services and products between different industries and companies in a locality. The notions of incentives and implementation partnerships will again play a critical role in this platform.

Developmental networks must also include the coming together of adjoining and other municipalities for shared learning and sharing of working practices. Although a mention was made of various IGR platforms in the early chapters in this thesis, there was no evidence that they are used deliberately for purposes of learning from one another in giving effect to the objective of the success of the entirety of government. Learning platforms must include all other public sector institutions which have stakes and interest in the local government sector.

#### **7.4.4. Educate and empower community for democratic deliberation**

Confluence of factors influence confusion in the communities with regard to government work. Many a times when there are community protests, it becomes evident that protestors do not

understand that different spheres of government have different powers and functions. Municipalities often suffer the wrath of communities because of their physical proximity even on matters which fall outside their scope. But communities cannot be blamed for this lack of clarity because there is lack of educational civic campaigns programs.

A developmental municipality is therefore the one which will invest in ongoing civic education campaigns as part of building capabilities of citizens. The campaigns of this nature will also go a long way in enriching the quality of engagement during planning consultative meetings with communities as they will be empowered on how the entire government functions. It is also possible that improved understanding on the work of a municipality and government will also translate into improved quality and sincerity of relations between a municipality and its community.

Consequentially, the integrity of consultations on development strategies and programs must improve. The process of continually educating and empowering communities must get IDP planning process closer to Kerala's PPC. One of the milestones in this regard will be the reduction of unnecessarily bulky documents produced for public consumption. Another important element of education and empowerment is language accessibility. Many a times, communities are effectively excluded from participation because political leaders and staff members in municipalities speak English without making efforts to translate to indigenous languages understood by members of a community. Language is therefore an important factor in development processes. It enhances inclusion and enhances the realisation of capabilities needed for democratic participation.

## **7.5. Final conclusion**

In this chapter, I attempted to provide a typology of what the municipalities studied and others in the Free State Province can do in order to improve their functionality. As a starting point, it was stated that problems associated with municipalities must only inspire scholars and practitioners to look for more creative solutions. It is impossible to wish away local government simply because it is dogged with back-to-back problems. Admittedly, local government cannot be fully autonomous, particularly from policy and finance perspectives. However, political will can enable local government to optimise its performance within the given inherent constraints.

A number of to-do actions were listed which municipalities can do by themselves to improve their functionality and facilitate the realisation of municipal success measured in terms of results, legitimacy and durability. These include institutionalisation of merit-based

appointments, introduction and institutionalisation of incentive regimes, reduction of use of consultants and improved and meaningful engagements with workers. With regard to the program of municipalities, it is strongly suggested that municipalities need to pay attention to transforming the dynamics of their local economy through the policy power they wield. It is also strongly suggested that success of municipalities in their quest to contribute towards the realisation of the democratic developmental state is dependent on their ability to forge productive networks of mutual benefit with different stakeholders.

With regard to community engagement as the basis for genuine democratic deliberation, it is argued that municipalities must seriously design and implement civic education campaigns in order to build capabilities of citizens. Municipalities also need to work on language barriers in order to achieve truly people-drive and people-centred developmental local government can stands a chance to user in the realisation of a democratic developmental state in South Africa.

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# Annexures

## Annexure 1

Mr. Kopung Radinkontsane

Director General: Office of the Premier

P.O. Box 517

Bloemfontein

9300

20 February 2015

### **REQUEST FOR PARTICIPATION AND ACCESS TO GOVERNMENT INFORMATION FOR PURPOSES OF ACADEMIC STUDIES**

My name is David Mohale. I am a doctoral candidate at the University of South Africa, pursuing a doctoral degree in the Department of Development Studies with student number **42953502**. The research topic was approved by the university's Higher Degrees Committee and is as follows: *The role of local government in the construction of a democratic developmental state: a case of selected municipalities in the Free State*. The selected municipalities are Mangaung Metropolitan, Lejweleputswa and Fezile Dabi District Municipalities and Matjhabeng, Nala, Masilonyana, Tswelopele and Tokologo Local Municipalities.

The study proposal identified your institution as one of the relevant sources of information for the stated objectives of the study. I therefore request your participation in the study as a respondent and secondly with regard to availing pertinent information as I may request from time to time during the duration of the study, which runs from 2014-2015. Should there be a delay that may justify request for information beyond this period, I will accordingly notify you. The study is gathering performance information of the selected municipalities from 2000 until 2014. Appreciating the directional thrust of Chapter 3 of the Constitution and subsequent various intergovernmental relations instruments, as well as various Chapter 9 institutions entrusted with the protection and promotion of democracy, other policy actors with influence on local government will be interviewed. In total, it is envisaged that a total of 53 respondents

will be interviewed across all three spheres of government, government agencies, experts of long term planning, the private sector and civil society.

Your participation in the study is voluntary and permission for access to information of your institution is sought in terms of the applicable legislation (Promotion of Access to Information Act, No 2 of 2000) regulating such processes. And I need to state it categorically that, in line with the Ethical Clearance from the University, any information gathered will be used solely for purposes of this research project. I am therefore fully aware that I will be acting unethically should I use the information for any purpose other than the intended goal.

I will highly appreciate your cooperation and support in this project, whose successful completion will not only benefit me as an individual. It is hoped that it will make a contribution both on scholarly development as well as within government with regard to its project of building a developmental state.

Please see the attached Ethical Clearance from the University. My reference number is **2014\_DEVSTUD\_Student\_016**.

Kind regards,

**David Mohale**

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## Annexure 2

# CONSENT FORM

**Department:** Development Studies      **Head of Department :** Prof Du Plessis

**Project Title:** *The role of local government in the construction of a democratic developmental state*

**Supervisor :** Prof Vusi. Gumede      **Lecturer:** Prof: Vusi. Gumede

**Title of the Project** : The role of local government in the construction of a democratic developmental state.

**Name of the Researcher** : David Mohale.

**Purpose of the Study** : The purpose of this research study is to find out if the actual policy outcomes of the developmental local government system catalyses or impedes the realisation of the prospect of a South African developmental state.

**Procedures to be followed** : It is a semi-structured interview in which I will be administering the questionnaire. The probing technique will be used to solicit clarity on responses which I may not fully understand as the researcher. The interview will be conducted in English and it will be preferably recorded. As the respondent, you have a right to refuse recording, which will mean I that I will then write your responses, with the risk of prolonging the interview.

**Duration** : 30 – 45 minutes

**Statement of Confidentiality** : Your participation in this research is confidential. The data will be stored at the Department of Development Studies at the University of South Africa as a departmental file and record. The data collections methods do not ask for any information that would identify who the responses belong to. The University and the Department of Development Studies may review records related to this research study. In the event of any publication or presentation resulting from the research, no personally identifiable information will be shared because your name is in no way linked to your responses.

**Voluntary Participation** : Your decision to be in this research is voluntary. You can stop at any time. You do not have to answer any questions you do not want to answer.

You must be 18 years of age or older to take part in this research study. If you agree to take part in this research study and

### **Annexure 3**

#### **Questionnaire for institutions that support local government**

1. What institutions are in place to support the efficiency of local government?
2. In your view, are these institutions responsive to their mandate based on the state of municipalities in the province?
3. What kind of support does your institution give to municipalities and how frequent?
4. What is the relationship between education and performance of a municipality?
5. In your view, would you say that local government legislation support development over compliance or compliance over legislation?
6. Do administrators have enough space to do their work without political interference?
7. What influences the high turnover of senior managers in municipalities?
8. Would you say that political leadership is well capacitated to drive developmental agenda and reconcile varying interests in the community?
9. What is your institution's understanding of the concept developmental local government?
10. What is the single thing you would like changed, which will strengthen local government contribution to a democratic developmental state.
11. What is the relationship between intra-party politics and municipal governance in the Free State?



## **Annexure 4**

### **Questionnaire for officials with work experience in municipalities**

1. What constitutes capacity of a municipality?
2. In your experience, would you say the current functions of municipalities, as mandated by the constitution, are consistent with the required capacity? Please explain.
3. In your view, would you say that the local government legislation support development over compliance or compliance over development?
4. Would you say that political leadership is well capacitated to drive developmental agenda and reconcile varying interests in the community?
5. What is the impact of Integrated Development Planning (IDP) as a planning tool?
6. In your experience, would you say that the IDP facilitates expected levels of deliberative capacity?
7. To what extent would you say that the IDP resonates with the expectations of residents?  
Or, to what extent would you say that residents identify with the IDP?
8. Is the institutional structure supportive of the IDP?
9. What is the relationship between education and performance of a municipality?
10. Does bureaucracy have enough space to do their work without political interference?
11. What influences the high turnover of senior management in the municipality?
12. How is the municipality performing on local economic development?
13. What form of LED is the municipality using?
14. What process is followed in developing the organogram?
15. What would you say was the greatest challenge at the beginning of the developmental local government era?
16. What is the relationship between intra-party politics and municipal governance?
17. What is the role of unions in driving the development agenda of a municipality?
18. What is the single thing you would like changed, which will strengthen local government contribution to a democratic developmental state?

## **Annexure 5**

### **Questionnaire for political parties**

1. What is the role of the governing party in appointing bureaucrats and who, within the party, decides on who gets deployed?
2. What factors influence the deployment of bureaucrats?
3. What influences the high turnover of senior managers in municipalities?
4. What is the role of political leadership in a municipality towards the realisation of organisational objectives?
5. Would you say that political leadership is well capacitated to drive developmental agenda and reconcile varying interests in the community?
6. What is the relationship education with the performance of a municipality?
7. What is the relationship between intra-party politics and municipal governance?
8. What is the role of unions of driving the development agenda of a municipality?
9. What is the single thing you would like changed, which will strengthen local government contribution to a democratic developmental state?
10. In your view, would you say that local government legislation support development over compliance or compliance over development?