

AFRICANUS

Vol 29 No 2 1999

Journal of Development Administration

AFRICANUS is an annual journal published for the Department of Development Administration by the University of South Africa. It seeks to publish articles, research reports, book reviews and bibliographies on subjects relating to developmental problems and strategies in the Third World.

The attention of contributors is drawn to the *Note to contributors* printed on page 2.

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Set, printed and published by the University of South Africa, 1999.

INDEXED IN: SOCIAL SCIENCES INDEX; ULRICH'S INTERNATIONAL PERIODICALS DIRECTORY; AFRICAN URBAN & REGIONAL SCIENCE INDEX.

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STATEMENT BY THE DEPARTMENT OF DEVELOPMENT ADMINISTRATION

The values underlying our teaching of our subject are as follows:

- We are dedicated to upholding human rights, an open society and social justice.
- We want to move our subject to a relevant position abreast of the contemporary sociopolitical situation in South Africa and the rest of the Third World.
- We affirm a pragmatic and human view of development administration and we reject a technicist approach to development.
- We want to direct attention to the sociopolitical climate for change and the rules of the game within which development at the local level takes place.
- We affirm that development occurs when social forces are generated at the bottom of society.
- We see development as a popular process not under the control of external structures.
- We want to engage with the popular development process in the larger society and, within that framework, with administration-related topics.

With the above values, we wish to approach our subject of development administration primarily through the study of the dynamics of society in its sociopolitical context.

Africanus

Vol 29 No 2 1999 ISSN 0304-615X

Journal of Development Administration

SPECIAL ISSUE ON ADMINISTRATIVE CULTURE

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NOTE TO CONTRIBUTORS

Contributions to *AFRICANUS* are welcomed and should be submitted in English. The length of an average *article* is 4 000 words, *research notes* 2 000 words, and *book reviews* 500 words, but in exceptional cases longer contributions could be accepted.

Africanus aims to be a conduit between the academic debate on, and the practice of, development. Therefore, contributions should reflect

- practice (case studies dealing with practical aspects of development)
- theory (debate and reflection on development theory in respect of the Third World in general but Southern Africa in particular) – in other words, the application and interpretation of theory in the Third World and particularly in the Southern African context.

Contributions are subjected to peer evaluation. The manuscript should be typed in one-and-a-half or double spacing. One hard copy and one electronic copy of the manuscript, preferably in WordPerfect 6.1, should be submitted.

This journal uses the Harvard reference technique. This technique involves inserting, in the text, the author's surname, the year of publication of the source and the page number(s) on which the information appears. An alphabetical list of sources consulted should be provided at the end of the article, containing *all* the relevant information such as the author's surname and initials, date of publication, full title of the book or article, place of publication, and publisher. Contributors are requested to follow the format indicated below.

Direct quotes from books, edited contributions and periodical articles used in the manuscript:

“Ignorant of the law, without legal advice, competing for employment and services with others in a similar condition, the household is an easy victim of predation by the powerful” (Chambers 1983:110).

Paraphrasing or indirect references:

Chambers (1983:110) points out that poor households are powerless and vulnerable.

Example of a list of sources consulted:

Chambers, R 1983. *Rural development: putting the last first*. London: Longman.

Griffen, K 1986. Communal land tenure systems and their role in rural development, in *Theory and reality in development: essays in honour of Paul Streeten*, edited by S Lall and F Stewart, London: Macmillan.

Rogerson, C M 1992. Feeding Africa's cities: the role and potential of urban agriculture. *Africa Insight* 22 (4).

Contributors of articles, research notes and book reviews accepted for publication will receive two copies of the number.

All contributions, books for review and other editorial correspondence should be addressed to the Editor, *AFRICANUS*, Department of Development Administration, University of South Africa, PO Box 392, Unisa, 0003, Republic of South Africa.

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EDITORIAL INTRODUCTION

In 1994 the process began of “normalising” and “democratising” society and government in South Africa after the ravages of apartheid. At the time it was not clear exactly what the scope of change would necessitate, and what the main constraints to transformation to a twenty-first century African state would be. After five years, more clarity has now emerged about the parameters of change and the constraints facing reformers in the process of reconstruction and development of this society.

Although the regime change in 1994 in South Africa was a constitutional transfer of power, it is increasingly becoming clear that it cannot be fully compared to democratic regime changes in other parts of the world. The total monopoly on power possessed by the apartheid government for more than half a century precluded the incoming regime from maintaining the continuity and stability which are needed for stable democratic transition to a new status quo. Deliberate breaks with the past became accepted government policy in many sectors, and a new governing elite who have never participated in or controlled aspects of government are steadily being recruited. They have to formulate and implement totally new policies in many cases. The new government’s capacity to do what its electorate mandated it to do is being eroded from day to day as experienced incumbents of the old order depart, and the scope and complexity of governance become too big to be dealt with effectively by the new cadres, despite the assistance of advisers and consultants. This situation has a negative effect on sustainable public service delivery and good governance.

This issue of *Africanus* focuses on the theme of *capacity for sustainable governance*. It brings together summaries of selected recent trends in the theory and practice of sustainable governance in different contexts across the globe, with analyses and assessments of some current dilemmas which we face in South Africa.

This issue is also an attempt to promote the integration and rationalisation of two applied disciplines which have traditionally been structurally separated in the past in South Africa, and have been moving closer together only since 1992. They are the fields of public administration/management,

and development administration. The trend to start fusing these scholarly areas of interest is becoming stronger. It is the intention in this issue to illustrate the benefits of this change in focus. I trust that it will be useful.

The contributors are all eminent and authoritative specialists in their fields who have succeeded in combining scholarship with high-level practical involvement in their areas of interest. This is illustrated by the following brief summaries of their professional backgrounds and current activities, in the order in which their contributions appear. (Their e-mail addresses are given in brackets.)

Fanie Cloete (*gsc@maties.sun.ac.za*) is currently the director of, and professor of public policy analysis at the School of Public Management at the University of Stellenbosch. He has extensive experience in the South African public service and in academia. He is the former chairperson of the Western Cape Local Government Demarcation Board, and also recently served on the Presidential Review Commission on the Transformation of the South African Public Service.

As guest editor of this edition of *Africanus*, Fanie Cloete introduces the theme by conceptualising capacity for sustainable governance. He summarises the main views on the respective concepts and indicates how they will be used in the other contributions. He emphasises the essential but intricate linkages and relationships among the public, private and voluntary sectors in society, and indicates how a mutual and responsive dependency relationship among these sectors of society is essential to build capacity for sustainable governance. He also identifies various sectoral dimensions of sustainability and indicates how a holistic open networking systems approach is needed to understand these processes in their correct contexts.

Mark Swilling (*mswilling@icon.ac.za*) is currently a co-director of the Spier Leadership Institute outside Stellenbosch. He is the former director of the School of Public and Development Management at the University of the Witwatersrand, and is still a visiting professor there. He is also a visiting professor at the School of Public Management at the University of Stellenbosch. Over the years he has been intimately involved in various public sector transformation initiatives, most notably in the founding of Planact and the establishment of the Witwatersrand Metropolitan Chamber.

His article assesses the changing models of governance in practice across the world. He comes to the conclusion that we are currently experiencing a

fundamental global rethink of the nature of the state, from the original conception of the classical state, through an interventionist phase, a neo-liberal phase, and now back to an interventionist, neo-Keynesian state which he calls the strategic governance model, similar to Mintzberg's normative control model. He assesses the characteristics and implications of each of these models.

Derrick Swartz (*fhigcode@iafrica.com*) is currently professor in and the director of the Institute of Government at the University of Fort Hare in Bisho. He has also been closely involved in an advisory and consulting capacity in various public sector transformation initiatives, most notably in the planning and drafting of Transformation White Papers of the Department of Public Service and Administration.

Susan Parnell (*parnell@enviro.uct.ac.za*) is currently an associate professor in the Department of Environmental and Geographical Sciences at the University of Cape Town. She is also a research associate of the Isandla Institute. She is continuously involved in policy-related interventions, and has recently worked with the Department of Constitutional Development, the Urban Sector Network and the Cape Metropolitan Council on the inclusion of gender and poverty reduction issues in urban planning frameworks.

Edgar Pieterse (*edgar97@icon.co.za*) is the director of the Isandla Institute. He is also a former director of the Foundation for Contemporary Research (FCR) in Cape Town. He is actively involved in development-related research and policy interventions, including in the Local Government Network Programme (Logon).

Susan Parnell and Edgar Pieterse focus on the developmental role of local government in the process of reconstructing urban areas after the demise of apartheid. They point to the enduring legacies of spatial apartheid at local community level, and how intractable those legacies are in practice. They then identify the recent global trend towards integrated development at local government level, and conclude with an analysis of the main issues affecting the operationalisation of a developmental framework for local government, against the background of South African realities.

In his capacity as editor, Fanie Cloete attempts in the final contribution to draw the wide-ranging perspectives in this issue together, through an assessment of the potential for achieving capacity for sustainable governance in South Africa. Drawing on some preliminary results of a recent

comparative research project on this broad theme in South-East Asia, he identifies the main requirements to achieve these objectives. He concludes by summarising some basic principles which could form the foundation for success.

I trust that readers of *Africanus* will find these articles as intellectually stimulating and as contextually relevant as I did in the compilation of the issue. I refer in particular to my attempt to summarise recent theoretical trends and integrate traditional public administration and development administration issues in a relatively systematic and coherent way in the restricted space at my disposal. I trust that the perspectives set out here make at least a small contribution to the existing body of knowledge on this complex and multi-dimensional theme, and that they also present the reader with some tools to promote the practice of capacity-building for sustainable governance. If any one of these expectations has been substantially met, I will be satisfied.

Fanie Cloete
(Guest Editor)

Conceptualising capacity for sustainable governance

Fanie Cloete

The key concepts which form the focus of this volume will be briefly conceptualised and contextualised in this introductory contribution. The concept of governance will be addressed first, followed by an analysis of the attribute of sustainability, an analysis of what is meant by capacity, and ending with a summary of what a policy focus on governance entails.

GOVERNANCE

The concept of governance refers to the role of the state in society. Like other social sciences concepts, it can and has at different times been used either descriptively or in a prescriptive way (Frischtak 1994). It is a relatively new concept which has evolved only over the past few years out of the traditional public administration concept of governing.

It developed out of the descriptive, positivist public management school of thought which originally sought to give new meaning to the traditional role of government in society by focusing on the effectiveness and efficiency of the outputs and outcomes of governmental decisions and actions. The public management approach developed as a reaction against the focus of the traditional public administration discipline on the input-related structures and functions of government (Kettl 1996: 5), or from a constitutional and institutional level to a function level (Toonen 1998: 234).

As a result of the perceived inefficiencies of the traditional public management system that were highlighted by the public management approach, this descriptive approach was in turn expanded into the more prescriptive new public management (NPM) school of thought, which then coined the phrase governance to describe what they regarded as a new way of governing in order to be more effective (Toonen 1998: 233). The NPM transplanted generic and liberal free-market-oriented business management principles to the public sector, and created the idea of the minimalist state in

different guises as an attempt to improve the outputs and outcomes of governments.

In New Zealand, for example, extreme attempts are in progress to privatise many core functions of government (see the next contribution by Swilling). This approach blurs the distinction between public and private sectors. NPM scholars disagree about the ideal new boundaries between public and private sectors in society. Some NPM proponents allow for a bigger role by the state in the provision of services to society (Rhodes 1997: 47). It has even been alleged that the NPM approach has extended the role of the state in society rather than restricted it, because of its gaining control and use of profitmaking and voluntary agencies as proxies to achieve its objectives (Durant 1998: 212, Smith 1998: 51).

Recent deductive and inductive studies of the application of NPM principles in various developing and industrial contexts across the world – as diverse as Canada and Ghana, and New Zealand and the United States – have identified clear trends towards general improvements in public service delivery results. These improved results, however, are dependent on certain conditions, namely that the application of NPM principles was done in a pragmatic way and not taken to ideological extremes which would exceed certain boundary conditions. Analyses of various NPM case studies indicate that the likelihood of successful implementation of the NPM model diminishes

- the more heterogeneous the social value systems are
- the more ideological the political system
- the more unsophisticated the democratic political culture
- the more centralised the political culture
- the more direct state intervention there is in society
- the stronger the economy
- the less government is under threat
- the more inequitable/skewed the allocation of resources in society
- the weaker the private sector capacity
- the weaker the human resources capacities
- the weaker the support systems capacity
- the weaker the strategic management capacity of the policy system
- the more fragmented and the less committed to the implementation of reform the dominant governing elite in the system.

The potential application of the NPM model in less developed states is

restricted as a result of these conditions which are prevalent throughout the developing world. It is more difficult to implement the NPM model in those countries where resource constraints are much more intractable than in more developed countries where there is normally a more sophisticated private sector capacity (World Bank 1997: 87).

The World Bank openly supports the NPM model. It defines governance descriptively as “the manner in which power is exercised in the management of a country’s economic and social resources for development” (World Bank 1994: vii). It distinguishes between political and economic dimensions of the concept. The World Bank, however, prescriptively assumes that good governance implies liberal free-market-oriented democracy (World Bank 1994, Leftwich 1993 & 1994, Williams & Young 1994: 87). Although the World Bank places a strong emphasis on the development of a free-market economy, it sees the political elements of good governance as predictable, open, transparent policy-making processes, a professional bureaucracy, an accountable executive, a strong, participative civil society and a culture of acceptance of the rule of law. The World Bank regards these attributes as positive influences on sustainable socio-economic development to reduce poverty globally (World Bank 1994: vii).

Since its creation, the use of the term governance has therefore started to change over time. In an attempt to supplement the defects of the liberal, free market-based NPM approach, some scholars started to propagate the importance of enhancing the capacity not only of the public and private sectors, but also of the increasingly important voluntary sector, or civil society. This change in focus led to the conceptualisation of self-organising networks providing services by any permutation of government, the private and voluntary sectors (Rhodes 1997: 53). This quickly led to a more refined prescriptive focus on facilitating the complex interaction between these sectors rather than on what each of them should be responsible for. This was the birth of the latest emerging paradigmatic phases, that is, cybernetic systems analysis and network analysis of governance (Toonen 1998, Rhodes 1997: 46). These developments are logical outcomes of the new information society’s focus on information-based services, which has already started to replace the industrial society’s focus on production and consumption of goods, and ushered in the age of globalisation (Peters 1998: 306, Savitch 1998, Smith 1998: 54).

Kooiman defines governance as “the patterns that emerge from governing activities of social, political and administrative actors” (1993: 2). According

to him these patterns form the emerging outcomes which constitute a more abstract framework at a higher level, for day-to-day governing activities. Governing is defined as “those purposeful activities of social, political and administrative actors aimed at guiding, steering, controlling or managing aspects or facets of society”. Inherent in Kooiman’s definition of governance is the idea of public-private interactions within a network of relationships aimed at achieving desired objectives for society (see also Smith 1998: 59). Strategies like intergovernmental management (IGM) in different forms are increasingly needed to manage these complex relationships (Rhodes 1997: 56, Peters 1998, Durant 1998: 233), while various new theories of complexity, including chaos and quantum theories, are increasingly relied on to explain various aspects of these interactions (Overman 1996: 487).

The cybernetic and network models of governance both see the task of government as the establishment of effective interactions between government, business and civil society in catering for social needs. “Governance is the result of interactive socio-political forms of governing” (Rhodes 1997: 51). Where the NPM’S conception of governance blurs the distinction between public and private sectors, this conception of governance blurs the distinction between state and civil society (Rhodes 1997: 57). Self-organising networks have been criticised as biased towards the status quo and the protection of vested interests, and running the risk of creating autonomous, organisational entities independent of government: “governing without Government” (Rhodes 1997: 59). Supporters defend them as instruments to develop society and empower its citizens, that is as instruments of good governance because they also empower civil society rather than only big business. Savitch declares that “complex society is informally and increasingly run by public authorities, community-based organisations (CBOs), public-private partnerships, the privatization of public services and inter-local agreements” (1998: 261).

The World Bank has started to acknowledge this important change in focus, as is evident in its 1997 development report: “Improving the delivery of public and collective services will require closer partnerships with the private sector and civil society. Such partnerships should be encouraged, especially when the links between the state and civil society are undeveloped” (World Bank 1997: 162). “There is no unique model for change, and reforms will often come slowly, because they involve fundamental alterations in the roles of institutions and in the interactions between citizens and government” (World Bank 1997: 167).

Good governance assumes that public service delivery is the implementation of public policies aimed at providing concrete services to the citizens. Good governance also requires good citizenship. This entails citizens who are

- informed about their needs, resources, objectives, procedures and those of others
- participants in governmental processes
- experienced in governmental matters
- dedicated to national interests
- responsive to state and communities
- pro-active and enforce rights
- disciplined and accept and execute duties responsibly
- realistic in expectations and demands
- tolerant of different views
- entrepreneurial with a productive work ethic
- honest.

Good governance is prescriptively conceptualised here as the achievement by a democratic government of the most appropriate developmental policy objectives to sustainably develop its society, by mobilising, applying and coordinating all available resources in the public, private and voluntary sectors, domestically and internationally, in the most effective, efficient and democratic way.

This focus on governance is a reflection of the current academic state of public administration/management. Scholars are attempting to integrate holistically from a systems perspective the various levels and foci of analysis which have developed in disparate ways over the past few decades (Toonen 1998, Börzel 1998, Lynn 1996). Although the research referred to above contain early indications that new paradigms of governing are emerging, scholars still disagree about the nature of the changes in public management practice which are being observed (see Börzel 1998). The main question is whether we are observing new practices, or merely re-interpreting existing practices from a new perspective within the context of new knowledge and new theoretical explanatory instruments which have been developed over the last few years (Toonen 1998, Swilling in the next contribution to this volume). This discourse is probably one of the most stimulating academic debates in many years. It has already led to a controversial rejection by eminent contemporary scholars like Rhodes (1997) of the alleged characteristics of the Westminster system of government as a distorted

presentation of government in those systems where it was supposedly applied.

SUSTAINABLE DEVELOPMENT

Developmental policies are public policies which succeed in raising the quality of life of a society's citizens. The objective with sustainable development in this sense is to achieve a self-sustaining improvement in medium- to long-term life quality. This inevitably implies a coherent systemic integration of development initiatives, resulting in a structural, functional and cultural consolidation of a new way of life; in fact, the creation of a development culture in society.

Sustainability is based on the original idea of sustainable use of environmental socio-economic resources immortalised by the Brundtland Commission in 1982 (Samad 1995: 3, Samad, Watanabe & Kim 1995, Ginther, Denters & De Waart 1995), but has an applied, additional meaning here. Sustainability will be used in this article to refer to institutional and functional durability of public policy programmes. Sustainable governance refers to durability of service of a required quantity and at a required level of quality over an extended period. It therefore implies a thorough assessment of all resource implications of service delivery, the incorporation of the results of such assessments into the design of service delivery strategies, and continuous access to the resources needed for sustainable service delivery.

Sustainability in this sense therefore not only means the availability of sufficient finances to provide the services needed, but more comprehensively it refers to the overall capacity of the organisation to deliver such services and adapt to changing circumstances over an extended period of time, maintaining or preferably improving the service concerned. Sustainability therefore also includes the notions of flexibility and resilience in the face of setbacks. The term is also applicable in a political context. Political sustainability refers to dedicated political commitment: continuous support by political decision makers for the programmes concerned, not only through consistent rhetoric, but also backing their words up by consistent actions (Brinkerhoff 1992, Brown 1998).

A balanced and integrated programme of development in all policy sectors is a prerequisite for the sustainability of policy implementation (Blunt 1990, Serageldin & Steer 1994). Skewed development does not contribute to

sustainability. It obstructs it. The negative consequences of high gini coefficients in states like South Africa, India, etc, illustrate the point.

Sustainability should therefore not be interpreted as only of environmental and socio-economic relevance, but should be conceptualised holistically to include political, institutional and managerial dimensions:

- *Political sustainability* refers to durable, effective political commitment and support founded on legitimate, democratic processes.
- *Institutional sustainability* refers to the establishment of durable, effective and efficient institutions which have a good record of achieving strategic policy objectives and of learning from past failures and successes (Brown 1998: 55).
- *Managerial sustainability* refers to strong and committed leadership, clear and unambiguous strategic policy objectives, a broad-based consensus about these objectives, effective strategic and operational policy implementation, co-ordination, monitoring, assessment, review and redesign processes.

CAPACITY FOR SERVICE DELIVERY

In this issue public service delivery is conceptualised as the implementation of public policy aimed at providing services to the public.

The capacity to deliver services in a sustainable way is used here as conceived by Grindle and Hildebrand (1995: 445), namely as “the ability to perform appropriate tasks effectively, efficiently and sustainably. In turn, capacity building refers to improvements in the ability of public sector organisations, either singly or in co-operation with other organizations, to perform appropriate tasks” (see also Cohen 1995: 408).

The World Bank defines the capability of the state as “the ability to undertake and promote collective actions efficiently” (World Bank 1997: 3). Normandin refers to the capacities of states as “their abilities to identify and meet development challenges in a sustainable manner” (1997: 129), while Savitch defines institutional capacity as “the increasing ability of organizations to absorb responsibilities, operate more efficiently, and enhance accountability” (1998: 260).

In the context of this study, the capacity of the public service is conceptualised in general systems terms as the structural, functional and cultural ability to implement the policy objectives of the government, that is,

the ability to deliver those public services aimed at raising the quality of life of citizens which the government has set out to deliver, effectively as planned over time (in a durable way). It obviously refers to the availability of and access to concrete or tangible resources (human, financial, material, technological, logistical, etc). Capacity also includes the intangible requirements of leadership, motivation, commitment, willingness, guts, endurance, and other intangible attributes needed to transform rhetoric into action. The political, administrative, economic, technological, cultural and social environments within which action is taken must also be sympathetic or conducive to successful implementation (Grindle & Hildebrand 1995: 446).

In the context of the new network approach to service delivery, Savitch (1998) regards capacity building as a total (structural, functional and cultural) transformation of government in order to mobilise all available resources to achieve policy objectives. This amounts to a paradigm shift regarding the nature of government.

POLICY FOCUS

These perspectives on governance originated mainly in recent policy sciences literature, where policy communities and networks spanning government, private and voluntary sectors, have been conceived, aspiring to achieve specific policy programme and project goals (Rhodes 1997).

The objectives which a government pursues in its society, its approach to issues, its intentions, plans, strategies and action plans, all constitute the policy or policies of that government. The process of government can in this way be conceptualised as the formulation, implementation and review of public policy. It constitutes a functional perspective on the process of government. Policies of public sector agencies are termed public policies to distinguish them from the policies of private and voluntary sector organisations.

A major policy headache for any government is the policy content focus which it should adopt, that is, the prioritisation of societal issues which need to be addressed. The attributes and levels of development of the various policy sectors in a country normally determine the types of issue which are put on the policy agenda by interest groups or the government itself. The types of issue which compete for a high place on the policy agenda of highly developed nations differ dramatically from those which late or less

developed countries must attend to. The needs of the elderly, a shrinking population and labour force, and the upgrading or replacement of well-established infrastructural services and facilities, or of outdated manufacturing economies are much more prominent in highly developed nations, in contrast to the frequently exploding populations, lack of even basic infrastructure or public services in many areas, illiteracy and agricultural existential economies in many late developing countries.

Political decisions about the prioritisation of spending items in governmental budgets will therefore contribute prominently to the success or failure of developmental policies. A clear trend in the types of policy which have the greatest success potential to promote balanced and sustainable development in late developing societies has become evident over time (see Weaver, Rock & Kusterer 1997).

The public policy process is further conceptualised as the interaction of decisions and actions of various policy actors (individuals, interest groups or organisations in the public, voluntary and private sectors) which are designed to achieve stated public policy objectives or which unintentionally affect a public policy issue or sector.

The public policy process can be divided into two broad analytically distinct phases. These are a design phase, consisting of policy issue review and awareness, issue structuring and prioritisation, as well as policy agenda setting, option generation and assessment, and culminating in decision making on a preferred policy; and an implementation phase, where the public policy design/blueprint/framework is transformed from unwritten ideas or concepts, or from a written document, into visible consequences in society. These phases cannot be separated from each other in a watertight way, and design does not necessarily precede implementation. In most cases they are parallel processes, because even in the implementation phase, refinements or adaptations need to be made to policy plans as a result of design defects which have not or could not have been foreseen in the design phase.

The failure of development policies in lesser developed states can be attributed to many causes. It can in some cases be the consequence of “bad design”, that is, a defect in policy design. Examples of such policy defects include over-grandiose schemes with wrong prioritisation or little practical application (independence sports stadiums, international airports, etc). The policy design error may also be found in an over-rigid ideological blueprint,

leading to the enforcement of inappropriate policies (apartheid in South Africa, *ujamaa* in Tanzania, etc).

Another possible cause of policy failure is “bad luck”, referring to reasons for failure outside the control of the policy maker, including natural disasters, a weak international economy.

In most cases, however, “bad implementation” is one of the major obstacles to effective progress with development in developing countries (Morah 1996, Thomas & Grindle 1990). This normally refers to a lack of sufficient financial resources to implement policies as envisaged, a lack of sufficient human resources (people, expertise and experience), a lack of sufficient material or technological resources, defective management processes or organisational cultures which obstruct rather than promote successful policy implementation. A combination of these implementation defects normally results in a general lack of policy implementation capacity in the society concerned.

If the resource constraints summarised above also affect policy design, the whole policy system suffers from a serious systemic incapacity to draft policy plans and transform policy rhetoric into visible and durable policy outputs and outcomes (Parsons 1995). This policy pathology can become a vicious spiral of decline in policy capacity which in extreme cases (for example in sub-Saharan Africa) is difficult or even impossible to turn around.

In general, those developing countries which appear to have succeeded recently with most of their development programmes have apparently succeeded with effective and appropriate policy designs. Before the contagious Asian economic flu, countries like Argentina, Chile and the “Pacific Tigers” (including Singapore, Malaysia, Thailand, Indonesia and the Philippines), had seemingly successfully converted their policy plans into effective and sustainable policy action programmes (Montgomery 1995, Page & Campos 1995, Perkins 1994, Ravenhill 1995, Stiglitz 1996). Recent developments in Asia, however, have highlighted the issues of sustainable capacity-building again. (These issues will be addressed again in the last contribution to this volume.)

CONCLUSIONS

In this contribution governance is conceptualised descriptively as the

outcomes of governing activities by utilising all available resources effectively, while good governance is conceptualised prescriptively as a sustainable achievement of the developmental policy objectives of a participatory democratic government. The achievement of policy objectives in turn necessitates the availability of governing capacity. Hogwood & Gunn's argument (1984) about the reasons for policy failure is also adopted: the failure of governments to achieve their policy objectives may be related to defective capacity in policy design, policy implementation, plain bad luck or a combination of the above.

The achievement of capacity for sustainable governance will be dealt with in the last contribution in this volume.

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Changing conceptions of governance

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INTRODUCTION

Not since the formation of nation-states in the 1700s in the West has there been such a fundamental rethink about the nature of “the state”, that strange agglomeration of institutions that society has granted the exclusive right to govern society (Held 1992). The World Bank’s recent World Development Report, for example, is called *The state in a changing world*, reflecting that institution’s concern to defend its neo-liberal position within the context of a debate where the trend is in the opposite direction. Mainstream think-tanks around the world are being requested by governments to come up with new ways of thinking about the role of the state and how it should be organised. And social movements from every corner of society are mobilising against neo-liberal orthodoxies and various kinds of authoritarian oppression and calling for new decentralised modes of democratic governance that foster community formation and resource mobilisation (Mander & Goldsmith 1996).

CONTEXT

The reasons for the rethink of the role of the state lie largely in the massive changes taking place in the distribution of power at the global, regional and local levels. The following developments indicate the extent of these shifts:

- the collapse of “communist states” and the end of the Cold War;
- the globalisation of economic relationships via the massive rise in the absolute volumes of international trade and the creation of globally constituted governance structures such as the World Trade Organisation;
- the rise of new economic power blocs (EU, Nafta, Asia-Pacific Rim and China in and of itself);
- the reconfiguration of local power relations as local political economies get reconstituted by changing local and non-local spatial relationships (Swyngedouw 1989);
- the impact of the information technology revolution on virtually every

aspect of industrial and urban life in a way that simultaneously brings millions of people under the auspices of centralised information regimes and languages, and decentralises them into increasingly autonomous organised networks that no-one controls directly (Castells 1996);

- massive increases in inequalities within developing and developed countries and between developed and developing countries (especially in Africa) (Castells 1996);
- the increasingly devastating consequences of the ecological crisis, in particular for women and children (Cobb 1992);
- the rising power of organised crime across the world, with some countries in Latin America, Africa and Eastern Europe now governed almost entirely by crime syndicates; and
- the rising significance of associational forms of organisation in civil society in developed and developing countries – a phenomenon that is partly due to the absence of state and market mechanisms for sustaining livelihoods, welfare, security and cultural expression (Castells 1996).

Taken together, these power shifts that operate simultaneously on a global, regional and local scale are only mildly affected – at best – by the capacity and authority of the average nation-state. Ironically, globalisation pushes nation-states into regional pacts (EU, SADC, Nafta) and global institutions (WTO, World Bank, UN, etc), and it also fragments national economies into increasingly isolated local economies presided over by local governments. This explains the massive rise in significance over the past years of local governance (Stren & Bell 1995; McCarney 1996; Swilling 1997). Local governments, regional pacts and global governance institutions have become the arenas of power politics. It is not surprising, therefore, that in this context governance is being rethought.

CHANGING PARADIGMS

When it comes to thinking about the changing nature of governance, two questions are worth asking.

- *What* is the role of the state in the economy and society?
- *How* are state institutions organised?

These questions are useful because they help to define appropriate answers to the right questions. Too often in contemporary South African debates problems are blamed on what is perceived to be an incorrect definition of the role of the state when in fact the real problem may be an inappropriate

organisational arrangement of state institutions. For example, the slow pace of development is blamed on the minimalist role played by the state. The solution, it follows, is to spend more money. However, spending more money via inappropriate organisational structures and processes will not necessarily make any difference. Conversely, more could be done with less by changing the way things are done. It follows, therefore, that by narrowing down the debate about the state to its role obliterates space for generating more creative solutions.

It is possible to divide the way the role of the state has been defined and how it has been organised into four broad phases. This is a crude set of generalisations that set up a series of pictures for thinking through the challenges that face us today.

THE CLASSICAL STATE

Role of the classical state

The classical state existed in various forms from about the 1700s right up until the start of the twentieth century. Initially merely a small committee of revolutionaries that monopolised power after overthrowing the colonialists (in the Americas) or the feudal lords and church (in Europe), these committees rapidly mushroomed into sophisticated instruments of state power. In some developing countries, the independent secular nation-state was only created in the twentieth century following decolonisation or territorial consolidation (Held 1986).

The role of the state in classical political economy (expressed most clearly by the classical liberal economists) was defined in minimalist terms. Minimalism was accepted largely uncritically by the political theorists who defined the state's role as limited to providing a social contract that defined the rules of the political game for citizens, political parties and the application of the rule of law. This was seen as providing the necessary framework for the operation of the market wherein private individuals entered into contracts for the purpose of mutual gain. It was almost unthinkable for most of the founding political theorists that the classical state would play a direct economic or social role.

Organisation of the classical state

The organisation of the classical state was structured by those who had

access to its offices. Initially, this was the educated aristocracy (or the new professionals) whose access to state positions was due to their social standing. Later, the basis for access shifted to wealth. The result in both cases was an intimate and close relationship between the new capitalists and the people who controlled the instruments of government. These links were established by kinship, educational background, social club and business relations. The organisational structures that flowed from this were ad hoc and arbitrary, uncodified in law and tightly controlled by powerful power brokers located in key positions in the political executive, the legislature and the bureaucracy (Raadschelders & Rutgers 1996).

The European nation-state owes much of its origins to the city state. Not only did Plato's Republic set up the imagery of the governance of Athens as the classical model, but many of the revolutions against feudal power were largely city revolutions that became the basis for the construction of secular nation-states later on as wide territories came under the aegis of city-centred regimes. Colonial power was also largely rooted in a single colonial city with dispersed decentralised controls manipulated from the centre. This did not change substantially after decolonisation, except in very large countries like India where federalisation built on and (re-)created a multiplicity of cities within which the national and regional state systems were located. The point, however, is that the early classical state was effectively a city state that came to incorporate a nationally defined territory. It is therefore difficult to refer to a specific theory of local governance in the classical writings distinct from non-local forms of governance, nor is it possible to refer to a systematic body of law and knowledge about how best to organise local governance within a multi-tier system because where this existed the debate was largely about how to organise the meso level (federal states/provinces/regions) within Federations like the United States, Australia or Nigeria. Nevertheless, it is fair to say that village-, town- and city-level governance has persisted across all societies in various forms for thousands of years. This tradition helps explain the tenacity of this level of government in the face of repeated threats, in particular as nationally constituted political elites decided to constitute national policies during the founding decades (and in some cases centuries) of the classical state.

THE INTERVENTIONIST STATE

Role of the interventionist state

The interventionist state has taken basically three forms. First, there is the

welfarist state that was driven mainly by popular demands for increased state intervention in the provision of social welfare. This is the mode of intervention that was common in Western Europe, the Scandinavian countries and North America. Second, there were the Asian NICs where popular pressure from below was weak or suppressed, and therefore state intervention was not about expanding social welfare, but about intervening to build an indigenous industrial economic base in countries where capital formation was at a low level and the national bourgeoisie were relatively weak. Third, there was the mode of state intervention that characterised “actually existing socialist states”. Although these states shared the Asian NIC goal of accelerated industrialisation, it was assumed that this could best be achieved via state ownership of the means of production. The discussion below refers primarily to the first mode of intervention, but with the second mode in mind.

In the developed world, it was popular direct action by poor and working people and the rise of the middle classes that resulted in a rethink of the classical state. After winning universal franchise, the former became the social base for socialist and social democratic demands that the state intervene in the society and economy to secure the general welfare of the majority. In the name of the “neutral state” and “puritanism”, the middle classes mobilised against the exclusive access to political and bureaucratic power that the old elites enjoyed. The result was the rise of two movements: social democracy expressed most clearly in the economic theory of John Maynard Keynes; and socialism expressed in movements inspired by Marxism.

Keynesians and Marxists both accepted that the state needed to be seen as the primary and central instrument for improving the general welfare of the population. The mechanisms were state intervention in the economy to secure full employment and state provision of social services to secure an adequate level of welfare (health, education, social welfare, etc). The only real difference was that for Marxists this could only be achieved if the state also owned the means of production – a step that the Keynesians were expressly trying to avoid by marrying welfarism with capitalism. Nevertheless, this general conception of the state was the underlying theory of political economy that inspired the general conception of the state was the underlying theory of political economy that inspired the generation of people that built the social democracies and socialist states after World War II. They occupied the moral and political high ground for over thirty years.

The rise of self-determination and independence of the developing world from at least the Chinese Revolution and Indian Independence onwards was premised on an unquestioned assumption that the state was the most powerful and central instrument in the hands of the new governors for securing the general welfare of the population and promoting economic growth and development (Helmsing 1995). However, these two objectives of intervention were never given equal weight. Although this is a massive generalisation, it is possible to say that whereas for the Asian NICs state intervention was primarily about growing the industrial base, in Africa this goal was often seen by African governments as subordinate to securing expanded social welfare via education and health provision. Nevertheless, the shared assumption that state intervention was the most important condition for accelerated development dominated political and economic thought and practice right up until the late 1970s, and in South Africa and the Czech Republic into the 1990s (Hopkins & Wallerstein 1996). As Thomas and Grindle put it, development management during the post-World War II decades up to the 1980s was largely about extending the role of the state, and it was only from the 1980s onwards that the opposite trend was evident (Grindle & Grindle 1991). After all, it was a Republican president, Richard Nixon, who said in 1972: “We are all Keynesians now.” Not even a Democratic president could say that today.

Organisation of the interventionist state

The organisational concepts that informed the way states were organised in social democracies, regime-driven industrialising states (Asian NICs) and socialist states were remarkably similar. All accepted a general wisdom that had its roots in the writings of Max Weber and Frederick Taylor, namely that hierarchically structured bureaucratic organisations were the generic norm (Morgan 1986). Both assumed that increasing complexity must be complemented by increasing bureaucratisation and specialisation for the purposes of coordination. The centrality of the legal profession in the propagation of this norm was unsurprising, given that it was this profession that best expressed the moralistic and rationalist values of the rising middle classes (Young 1958, 1965). By the 1920s, but escalating rapidly after World War II, it was generally accepted that the best way to organise states was on the basis of vertically integrated multi-layered centralised bureaucracies held together by downward-flowing paper-based directives and upward-flowing paper-based reports. The result was large mechanistically designed pyramidal bureaucracies presided over at the apex by the new professionals created by the internationalised university movement. They were schooled in

the basic principles of classical public administration: the public servant is neutral and reports upward to the government of the day (the Westminster principle), and his/her role is to administer downwards the implementation of policy set by the political decision makers (the Woodrow Wilson doctrine) (Fasler & Kettl 1991). (For critical reviews see the contributions to Fitzgerald, McLennan and Munslow 1995 and in Moharir 1995.)

Given the role assigned to the state by Keynesian economic theory and the underlying Weberian assumptions about organisation and management that became accepted general wisdom from the early decades of the twentieth century onwards, it is unsurprising that the expanded role of the state in economic and welfare functions was organised via vertically integrated bureaucracies with specialist functions. As the tax base expanded in many developing countries after World War II, so these bureaucracies were able to grow incrementally in size and extend their socio-economic roles. They generally defined the needs they were meeting in generalist universal terms and their services were uniform mass-produced service units (national health, mass housing, mass transit, etc). The professional ethos inculcated the view that only the professionals had the knowledge and tools to comprehend the complex needs of urbanised and industrialised societies and therefore an arms-length relationship from the service user was perfectly justifiable. (For a historic review of the intentions of educational socialisation of public servants, see Bourdieu 1989, 1996. For a critique from two different value perspectives see Osborne and Gaebler 1993 and Plume and Moore 1995.) Translated into a developing world context, this approach and ethos resulted in the notion that all this could be achieved by investing heavily in the production of professionals (trained mainly at Western universities) and by setting up centralised bureaucracies for them to run. As Helmsing pointed out, this was the statist rationale that paved the way for centralised service delivery systems without the resource or capacity base to make it happen (Helmsing 1995).

THE NEO-LIBERAL STATE

Role of the Neo-Liberal State

By the early 1970s, the longwave post-World War II economic boom had begun to come to an end. Triggered by the oil crisis, the economic slowdown put pressure on tax revenues which, in turn, diminished the pool of resources that centralised service departments were able to draw on. For the first time since the 1950s an entire generation of public managers and

politicians had to face up to the prospect of limited – and even zero or negative growth – increases in public expenditure. That government was no longer just about doing tomorrow what was done yesterday plus inflation was a painful realisation.

The first mainstream response in state institutions to the fiscal crisis of the state was not to rethink the role of the state (which only came quite a bit later from outside the mainstream), but rather to rethink how it was organised. The rising popularity of the private sector “scientific management” movement, expressed most clearly in the virtual mass production of the “MBA” graduate, began to influence public sector perceptions of organisational design and development. The result was the entry into the public sector of a new generation of generalist managers who began to replace the old specialist professionals. The first objective of generalist managers was to replace rule-based accountability with financial accountability and in the process the accounting profession replaced the law profession as the dominant group in many public sector organisations. For the new generalist managers and their accountants, effectiveness achieved via results-oriented planning and reporting against budget lines was seen as the best way of “cutting the costs” of service provision. Theirs was the language of strategic planning, management-by-objective, market positioning, and the managerial ethos of the powerful chief executive. In other words, the first response to the fiscal crisis was to assume that without changing the role of the state or jettisoning its responsibilities, it would be possible to do much of what had been done in the past, but in a very different way. This, however, did not last very long, but it did last long enough to allow private sector management to dislodge the dominance of classical public administration in state institutions (Ranson & Stewart 1994; Murray & Bennington 1992; Swilling & Wooldridge 1997). And this, in turn, prepared the ground for the neo-liberal revolution.

By the late 1970s neo-classical economists had succeeded in their primary objective, namely to discredit the Keynesian definition of the role of the state in favour of a return to the minimalist state. The argument was quite simple: whereas the Keynesian virtuous circle rested on the assumption that expanded service delivery would increase productivity which, in turn, would stimulate growth, which would then create the tax base for financing expanded service delivery via the state, the neo-liberal argument reversed this circle and started from the assumption that economic growth could only be realised by shrinking the tax base. This, however, could only be achieved by withdrawing the state from its role in the economy and in social service

delivery. In other words, the Keynesian connection between human development supported by state-provided service delivery was removed as a condition for economic growth. Instead, and this is where public choice theory has had such a massive impact, it was assumed that services are best provided by a multiplicity of private sector organisations operating in accordance with market principles. Public choice theory argued that if it is accepted that citizens “voted with their feet”, it follows that maximising choice will increase effectiveness and efficiency and that this could only be achieved by smashing state monopolies. The result would be the achievement of the public choice ideal of “voice, exit and choice” expressed by individuals via the market. (For a review of the rise and fall of the “new public management” see Minogue, M, Polidano, C and Hume, D 1998.)

Ironically, the conservative political parties that won the key general elections in the late 1970s and early 1980s in the developed world succeeded by mobilising popular grievances against the way the old state bureaucracies and their reformed scientifically managed successors were organised. The cold, unresponsive, unfriendly, grey and expensive bureaucrat who provides services that we do not need in return for taxes we don’t want to pay became public enemy number one, as these neo-liberal political agendas tried to mobilise political support for a neo-liberal macro-economic policy. In other words, they exploited the problems with the *way* the state was organised in order to build a popular mandate for redefining the *role* of the state. (For a similar argument see Ranson & Stewart 1994.) This ideological sleight of hand was so successful in places like the UK, USA, New Zealand and some European countries that it enjoyed nearly 20 years of uninterrupted hegemony. It was, however, an incomplete project.

The impact in the developing world of the demise of the welfare state and eventually of the socialist alternative has been devastating. By the early 1980s many developing countries (especially in Africa) were reeling from the consequences of low growth and debt. The origins of this go back to the oil crisis which may have triggered a fiscal crisis in the developed world, but for many countries in the developed world, it meant access to the petro-dollars (the huge reserves that the Middle East oil sheiks were building up from their newfound profits) that were piling up in Western banks without outlets. The dumping of petro-dollars into badly managed and often authoritarian developing countries (and rationalised by modernisation theory) never resolved the development problem in these countries, it merely delayed the pain. As the debt defaults began in the early 1980s, the private banks managed via their respective governments to transfer the debts to the

World Bank. The latter agreed, on condition developing countries fundamentally changed their economic policies. When it came to asking what this meant, it was not Keynesian orthodoxy that was recommended, but the new so-called “Washington consensus”, that is, withdraw the state from the economy and social service delivery, shrink the tax base, re-stimulate growth via private investment, and let the market respond to social needs. Neo-liberal economic theory, plus the new bulk lending instruments called structural adjustment that replaced project management instruments in the World Bank, became the framework for forcing many developing countries into accepting policy options that had, in fact, emerged out of the specific political and economic conditions in the developed world.

Organisation of the Neo-Liberal State

But what did the neo-liberal redefinition of the role of the state mean for how the state should be organised? As I will show, the key organisational principles that have been associated with the neo-liberal state derive from public choice theory at the meta-theoretical level, and the so-called “new public management” at the operational level. However, it would be a mistake to reduce the explanation of how the neo-liberal state was organised to how its role was defined. There is no automatic direct linkage between the neo-liberal definition of the appropriate economic role of the state and the new public management. Although they are both premised on a faith in methodological individualism and the efficiency of markets, the new public management and its inspiration in public choice theory has narrowly addressed itself to the operational question of how best to organise public sector institutions on the assumption that there is consensus about the need for a minimalist state. Even where such a consensus did not exist, the “new public management” was used as a body of principle to tackle problems unrelated to the role of the state, for example delegitimation, political realignment, perceived inefficiency, protests from un(der)-served constituencies, or the need to leverage private sector investment into public service provision (Bekke, Perry & Toonen 1996).

We have already seen how private sector management principles had begun to influence public sector approaches from the early 1970s. Scientific management, however, was under threat from public choice theory that was critical of the large corporate cultures that private sector management theories did not undermine. Instead, a far more radical approach emerged in response to rising fiscal pressures and sustained low growth rates. Heavily influenced by public choice theory and the private sector management

strategies that were emerging out of the total quality management movement, the so-called “new public management” of the mid- to late-1980s argued that the challenge was not about how to deliver public services more *effectively* via better management, but rather the objective was *efficiency* via the complete re-organisation of the state in order to get rid of economic responsibilities and jettison the obligation to render social services directly. In practice this meant wholesale privatisation, deregulation and decentralisation. (For an uncritical normative and influential perspective see Kaul 1997.)

The organisational principles of the “new public management” are best captured in the classic text by Boston et al that emerged out of the New Zealand context because this is where the “new public management” has been taken to its logical and almost complete conclusion (Boston, Martin, Pallot & Walsh 1991). The key organisational principles of the “new public management” as drawn from this text are as follows:

- The government should only be involved in those activities that cannot be more efficiently and effectively carried out by non-departmental bodies.
- Any commercial enterprises retained within the public sector should be structured along the lines of private sector companies.
- The goals of governments, departments, [parastatals] and individual public servants should be stated as precisely and clearly as possible.
- Potentially conflicting responsibilities should, wherever possible, be placed in separate institutions.
- There should be a clear separation of the responsibilities of Ministers and department heads.
- Wherever possible, publicly funded services, including the purchase of policy advice, should be made contestable and subject to competitive tendering.
- Institutional arrangements should be designed to minimise the scope of provider capture.
- Preference should be given to governance structures that minimise agency costs and transaction costs.
- In the interests of administrative efficiency and consumer responsiveness, decision-making powers should be located as close as possible to the place of implementation.

These organisational principles stem from a set of values and notions of organisational behaviour that have been inspired by public choice theory. These are, in essence, as follows:

- a belief that, at least from the standpoint of management, there is a great deal of common ground between public and private sectors, hence public and private organisations can, and should, be managed on more or less the same basis;
- a shift in emphasis from process accountability to accountability for results (for example a move away from input controls and bureaucratic procedures, rules and standards to a greater reliance on quantifiable output [or outcome] measures and performance targets);
- a renewed emphasis on developing management skills throughout the public sector, and not just in the service delivery agencies – this applies equally to the policy ministries;
- the devolution of management control coupled with the development of improved reporting, monitoring, and accountability mechanisms;
- the disaggregation of large bureaucratic structures into quasi-autonomous agencies, in particular the separation of commercial from non-commercial functions and policy advice from delivery and regulatory functions;
- a preference for private ownership, contestable provision, and the contracting out of most publicly funded services;
- a shift from relational to classical modes of contracting (i.e. from long-term and generally poorly specified contracts to shorter-term and much more tightly specified contracts);
- the imitation of certain private sector management practices such as the development of strategic plans, performance agreements, and mission statements, the introduction of performance-linked remuneration systems, the development of new management information systems, and a greater concern for corporate image;
- a preference for monetary incentives rather than the non-monetary incentives – power, status etc that have been the hallmark of public service, and
- a stress on cost-cutting, efficiency, and value for taxpayers money.

When implemented as an integrated model backed by a powerful political centre, this body of principle and values has, as in New Zealand, led to a fundamental revolution in the way state institutions are organised and managed.

The Neo-liberal agenda paid extensive lip service to decentralisation, but the outcome has not been the empowerment of local government. This is true for developed countries (Game 1997) and developing countries (Swilling 1997). The reason for this contradiction is that decentralisation to

autonomous local specialist service agencies quite often bypassed local government, or alternatively functions (and even powers) were decentralised without the simultaneous transfer of financial resources to local government. This, in turn, often led to the conclusion that if local government did not have the money to do what it should do, then the function might as well be privatised – a process that further undermined the centrality of local government in urban governance. Part of the reason for the disempowerment of local government by the neo-liberal agenda lies in the fact that local governments tend to get too close to vocal local constituencies with basic unmet needs that encourage fiscal populism rather than restraint. Countering this has often entailed the transfer of functions to non-local government bodies while simultaneously calling for greater decentralisation. (See Helmsing 1995 for a review of these trends in OECD countries and in East and Southern Africa.)

BRINGING THE STATE BACK IN: TOWARDS DEMOCRATIC GOVERNANCE?

The Neo-Keynesian Construction of the Role of the State

The most significant and interesting feature of the current debate about the role of the state in developing and developed countries is that there is growing neo-Keynesian acceptance of the need to “bring the state back in”, but without re-establishing the old vertically integrated public service bureaucracies or modes of direct economic intervention. Not surprisingly, it has been realised that it will only be possible to “manage capitalism” (to use the jargon) without going back to state ownership and/or state provision by rethinking “regulation”, that is legal instruments to reconfigure economic relationships. There is remarkable interest all over the world today in new ways of designing legal regimes that increase the regulatory capacity of the state to realise public policy objectives without increasing the costs of state intervention or reintroducing institutional “inefficiencies” (the euphemism for state ownership). The turn to regulation and a developmental role for law, therefore, reflects the fact that neo-Keynesian constructions of the role of the state are searching for a way of intervening without resurrecting statist ghosts. Unfortunately, although the renewed interest in regulation is positive, this is clearly a different matter to finding a set of organisational principles that must go beyond the “new public management” without returning to a Weberian golden age. This section will briefly reflect the neo-Keynesian redefinition of the role of the state, but will proceed to link this to the emerging discussion of the kinds of organisational principles that will be

required to design and manage the kinds of public sector institutions which will sustain this new role.

It may be worth reflecting on a key popular neo-Keynesian text called *The State We're In* – a text that reflects the aspirations of the Blairite Government in the UK:

Throughout the twentieth century a different account of the behaviour of markets and of wealth creation has been struggling to establish itself. There is a long line of democratic non-free market economists who have insisted that unmanaged capitalism is inherently unstable as a system and that successful enterprise is a social rather than an individualist act. To visualise the firm as an organisational natural savage combining capital and labour in a pitiless competitive struggle, which requires no state intervention, management or regulation to produce the best result, is the legacy of an historic world view justified neither in theory or practice. We have looked at the shortcomings of the theory; but also in practice the twentieth century is littered with great inflations and violent oscillations of economic activity which reinforce the criticisms of free-market economies.

Michael Todaro (1994: 565–593) used almost identical terms to describe the shifts taking place in Latin America when he wrote in his most recent updated textbook:

The difference between this sort of active government presence and old-fashioned statism lies in the fact that what is stressed now is a decentralised, smaller government that opens channels for the private sector and organised labour to participate in the decision-making process. Discussions in Latin America today focus more on decentralised development, social pacts, and concerted action and less on an omnipresent state role or the advocacy of unrestricted free markets.

More radical critiques of the neo-liberal state argue that minimalism allows for the unchallenged hegemony of the international financial institutions and multinational corporations (Leftwich 1993; Schmitz 1995). Leftwich argues that contrary to the expectation that democratisation coupled to the neo-liberal definition of the minimalist role of the state will lead to political stability and increased economic growth, the granting of equal democratic rights to citizens who live in highly unequal societies is a recipe for political conflict and instability. He points to the extent of state intervention in the

Asian NICs and questions whether this would have been possible if these states would have been required to behave democratically or minimalistically. The dilemma that the state in the Philippines faces today is precisely how to marry its commitment to becoming a new Asian NIC, with its adoption of a World Bank structural adjustment programme that prohibits the kind of state intervention that existed for decades in the Asian NICs (Swilling, Cashdan & Schutte 1996).

Suffice it to say that the trend is not towards greater consolidation of the neo-liberal definition of the role of the state, but rather towards greater recognition of the need for state intervention to resolve the great problems that the neo-liberal state was expressly designed not to tackle, namely issues such as increasing inequality and social exclusion, the power of organised crime, the ecological crisis, transnational migration and the impact of information technology. Recent literature that organises itself around the concept of governance has attempted to grasp these new realities (Kooiman 1993). (For the best review of the governance paradigms, see Peters 1996.)

Organising the Neo-Keynesian State

The critique of the new public management emanates from a wide range of sources who are responding to a range of issues and consequences that flow from the implementation of the principles of the new public management.

For Henry Mintzberg (1996), the new public management is premised on three “myths” First, that particular activities can be isolated, from one another and from direct authority. Coming as it does from the private sector, this conception of the divisionalised corporation is inappropriate in the public sector because for it to work the policy-making process would need to be structured around issue-specific policies for implementation by single purpose agencies. Unfortunately, this is not how most political leaders and policy makers think and operate. Second, that performance can be fully and properly evaluated by objective measures. Mintzberg argues that measurement in the public sector has failed and that this failure is attributable to the fact that public services have remained in the public sector precisely because it is very difficult to ascribe a single value to a particular activity and measure it. Third, activities can be entrusted to autonomous professional managers held responsible for performance as stipulated in performance contracts. This has resulted in the deterioration of service delivery as professional managers take over and transform the organisational culture from one rooted in public service to one that is based on the so-called “efficiency of the market”. The end user is no longer

someone with real needs, but a customer who will be serviced if s/he can pay. This may make sense for a private sector manager, but it contradicts a traditional public service value system which stems from the human rights notion that citizens are entitled to certain basic minimum conditions of life that the state must guarantee.

Maureen Macintosh (1977) has argued that the new public management reproduces inequalities by forcing frontline workers to meet performance targets that have been set by management rather than allowing them the space to respond to the actual needs of each local context. She argues this has a particular gender dimension in the health and education services where well-paid largely male managers at the top end up specifying what poorly paid largely female frontline professionals (teachers and nurses) should be doing and not doing. When this practice is placed in its class, gender and racial context, she argues, then it becomes apparent that the new public management has effectively reproduced within the public service the same class, racial and gender divisions that pervade society as a whole.

Dror (1997) has the most devastating critique of the new public management when he argues that it has resulted in the reduction of the role of the public manager to the reactive supplier of services to meet existing needs as specified in narrowly defined performance targets. This, he argues, has been coupled to the demonisation of the state by the neo-liberal perspective which has, in turn, resulted in public managers having no identity separate from their private sector counterparts. Dror argues that this model is incapable of building up a public service that can respond to the great problems of the age, from inequality, to global trade and the ecological crisis. He calls for the building of a new generation of public managers who are proactive, innovative generalists who understand their task as more than just service delivery, but as leaders of fundamental change – or what he calls a new “super professionalism”.

Two alternative models for organising the state have begun to emerge to replace the new public management. The first is what Swilling and Wooldridge (1997) (drawing from Murray and Bennington 1992) call the strategic governance model. This governance approach (Albo 1993) focuses on democratising internal work procedures, devolution of decision-making power, and incorporating civil society bodies into governance. While recognising the need for a strong centre in order to plan strategically, and perform functions such as the auditing of standards, advocates of this approach argue for the creation of participative work processes at every

level of the organisation. Techniques include the establishment of a counterforce to traditional line departments in the form of a strategic centre, shifting power to elected officials, loosening bureaucratic rigidities through establishing task teams for projects consisting of management, unions, end-users and community representatives, participative planning, and increasing the capacity of civil society to participate in decision making.

The governance model creates a strong policy-making and planning group at the centre which facilitates joint work between politicians and administrators. It advocates a strong front-line organisation with devolved decision-making power and decentralised operations. This substantially reduces the size of middle management, and requires the development of more direct communication channels between front-line staff and the strategic centre. The core competency of the strategic centre would be strategic management defined by Mark Moore (1995) as the capacity to manage in a way that meets three criteria:

- effective political validation and legitimation;
- adding substantive public value to society in general;
- administrative and operational feasibility.

The strategic governance model is similar to what Mintzberg (1996: 78–79) calls the “normative control model”. In this model, the key organisational principle is the dedication and public service ethos of the public servants themselves, or to use Mintzberg’s words, it “is not about systems but about soul”. Instead of the buzz words “privatize, contract and negotiate” that capture what the new public management model was about, the keywords for the normative model would be “select, socialise and judge”. The key principles for this model are described best in Mintzberg’s words:

- Selection: People are chosen by values and attitudes rather than just credentials.
- Socialisation: This element ensures a membership dedicated to an integrated social system.
- Guidance: Guidance is by accepted principles rather than by imposed plans, by visions rather than by targets.
- Responsibility. All members share responsibility. They feel trusted and supported by leaders who practise a craft style of management that is rooted in experience. Inspiration thus replaces so-called empowerment.
- Judgement. Performance is judged by experienced people, including

recipients of the service, some of whom sit on representative oversight boards.

He goes on to say: “The agencies [departments] can still be isolated horizontally, but vertical control by the superstructure is normative rather than technocratic. The model allows for radically different micro-structures: more missionary, egalitarian, and energised, less machinelike and less hierarchical” (Mintzberg 1996). This mode of organisation and management may not be familiar to mainstream line managers in national public sector departments, but it is fairly common in small local governments, and the norm in many non-profit organisations, community-based associations and what Charles Handy calls “task oriented” organisations.

The reconstruction of the way state institutions are organised along the lines of the strategic governance and/or normative models may well need to proceed by placing local governance at the centre of this effort. Building upwards from the level of local governments may well be the “way in” to the question of a strategic and normative approach to the organisation of state institutions.

CONCLUSIONS

There needs to be a strong emphasis on strategic governance via an integrated political and managerial centre, where decision-making systems are premised on trust rather than competition between the elected political leadership and senior managers. Operational management systems are required that are based on programme teams, flattened hierarchies, strong interpersonal relationships and information technology. We must be moving towards complex service delivery systems involving a creative mix of public, private and non-profit organisations that are assembled to suit the specific features of each operating context rather than to conform to a predetermined “public-private” formula. We require a leading and learning organisational culture that will be created and nurtured via a concerted commitment to sustained human resource development strategies.

South Africa has a considerable way to go to in establishing a viable and effective state system based on the core principles of social justice, internal democracy and efficiency. It is hoped that the analysis above provides some intellectual beacons for this project. Its purpose, however, should not be misrepresented. Whilst the article sets out to compare various approaches to the role and organisation of the state, it must not be read *merely* to assert

one paradigm against a set of others that preceded it. The arguments are not intended to get the reader to accept uncritically a new vein of modish thinking that has supplanted a number of earlier intellectual traditions. On the contrary, the analysis is explicitly intended to force policy makers to begin to think deeply and critically about their project and the concepts that underpin it. This self-reflectiveness will only bear fruit if it is recognised that paradigms per se should never be totalising, or taken as permanently given. There is not one ideological perspective which neatly orientates both the function and form of the state: in other words, the organisation of government cannot be seamlessly read off from the role designated for it at the policy and structural levels. And, further, the approach taken to any one section of the state is by definition circumstantial and transigent – today’s fervent commitments to a particular paradigm will inevitably (and must necessarily) be rethought tomorrow.

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South Africa in Southern Africa: governance and development challenges

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INTRODUCTION AND BACKGROUND

With the collapse of the apartheid political system, and the transition to democratic rule in South Africa in the first half of the nineties, it became clear to many observers that a major turning point in the post-colonial history of Southern Africa had been reached. For the first time since perhaps the heyday of the great independence movements of the late 1950s, an air of cautious optimism seems to be prevailing in African policy circles about prospects of a long-term revival of the socio-economic and political fortunes of the Southern African Development Community (SADC).

This apparent optimism comes after decades of post-colonial turmoil, marked by chronic failure of many of these countries to establish and guarantee democratic rights for their citizenry, abuse of state power by corrupt elites, a general state of economic decline and economic mismanagement and external dependency. The changes in the region coincided with, and were influenced by, a series of shifts in the international political and economic system from around the early 1980s. On a political level, this was manifest in the end of Cold War divisions, decline of superpower rivalry, increasing dominant role of the US in global politics and expanding demands for democracy in Africa. Economically, Africa's relationship with the outside world was also being dramatically redefined by the impact of significant transformations in the global economy, driven by the logic of globalisation,¹ itself aided by major leaps in technological progress,² rapid integration of national economies, and growing constraints on "nation-state" systems.

These changes in the global political economy have come to present critical challenges to a Southern African "region in transition", particularly, in terms of prospects of democratic revival. One increasingly important issue

with respect to this has been how to define the role of the *state* in the development process. The role of the state has been a central feature of wider discussions on what constitutes “good governance”, and its impact on human development in Africa and, more generally, in developing societies.

The purpose of this article is to trace the changing relationship between governance and human development in South Africa against the backdrop of its attempts to unshackle the legacy of apartheid and, on the basis of this, to explore implications of these changes on South Africa’s relationship within the wider Southern African region. It will focus on the inter-relationship between governance and human development.

The article attempts this in four specific ways: by briefly assessing the meaning of governance linked to broader debates on the role of the state in development; examining the link between governance and human development; assessing current efforts of the South African government to reconstruct the apartheid political and social system on the basis of democratic norms, and its impact on the human development issues and challenges of the country; and exploring tentatively some strategic implications for rethinking policy on the relationship between South Africa and the wider Southern Africa regional community around the imperatives of governance and human development.

Whilst the meaning and import of “governance” involves a whole range of institutional arrangements, its relationship to human development issues (for example education, healthcare) is specifically explored here.

Briefly, it is argued that the relationship between governance and human development is indivisible and mutually conditioning. Without effective governance, the state’s capacity to promote equitable and sustainable human development is weakened. Key to this goal is the need for a capable state, able to stimulate conditions for economic development and the optimal use of human resources – the most important ingredient in development. A strong civil society does not imply a weak state. A weak state may not, in fact, be able to ensure that democratic norms and traditions take root as the dominant organising principle of a new civil society.

As the new economics of “globalisation” widen the gap between rich and poor, the need for capable states has become crucial in mobilising and targeting resources for matching “high-end” growth imperatives with “low-end” social empowerment obligations. If this role is focused and strategic, it

can mobilise critical resources within and beyond the public fiscus for strategic human resource development. If directly linked to economic growth, social redistribution and political empowerment objectives, this role can bring about a meaningful, long-term change in the lives of disadvantaged sectors, especially if coupled with poverty reduction strategies.

1 “GOVERNANCE” IN THE AGE OF GLOBALISATION

Despite its seemingly widespread currency in policy and academic circles, the notion of governance has only recently – perhaps no more than a few years ago – become part of the familiar lexicon of public management and public policy literature. Its introduction to these disciplines flowed from wider public policy changes in many northern countries (in particular the US and Britain), more recently in some “developing” countries.

These policy changes were, in a large measure, a response to a number of significant structural and strategic transformations in the political economies of the industrialised world at the end of the 1970s that, among others, led to a major revision of traditional views on the role of the state. The structural changes were largely economic. Often thought of as a single, seamless movement for change, pressures for rethinking the role of the state came from a number of directions. Because of constraints of space, it is not possible to provide a more detailed summary of its complex and diverse intellectual bases. But an attempt is made in the following section to briefly outline the influence of the critique of the state from two converging vantage points: “economic liberalism” and “political democracy”, both of which shaped contemporary re-definitions of the meaning and boundaries of modern government.

1.1 The “Economic” Critique of the State

Economic liberalism has been the most vocal and better-known current behind the present rethinking of the state. Critics associating with this tradition generally singled out for attack the “model” of state intervention, traditionally associated with the establishment of post-war democracies in Western Europe, North America and, more widely, the “model” of state-led development pursued in post-colonial Africa and Latin America.

These critics questioned macro-economic and industrial approaches which allowed for a high level of government intervention in aspects such as

determination of interests and exchange rates and trade tariffs. State intervention was seen as distorting markets, encouraging rent seeking, and resulting in unproductive use of scarce resources. Instead of “market failure”, they pointed at the problems of “state failure” in the economy.

They also attacked the “welfare state” system as inefficient and unaffordable in the long run. In relation to the public sector, these critics pointed at the inefficiency of the large, unwieldy and outdated bureaucracies and nationalised industries that had developed as a result of state intervention in the postwar years.

By contrast, they strongly favoured a general reduction of the scope of state involvement in the regulation of market economies, particularly in macro-economic management; a shift from “import-based” to “export-oriented” trade policies; commercialisation and/or privatisation of state industries and functions that could otherwise be efficiently provided for by the market; restructuring of the welfare system; reduction in the size and role of the public sector, etc. The state, it was felt, is not fit as “economic doer”, but should act as economic “facilitator” and “enabler” for market forces to generate wealth.

By the mid-eighties, the notion of the minimalist state enjoyed widespread currency in official policy circles in the industrialised world and, increasingly, as policy prescriptions of these countries and international agencies such as the International Monetary Fund (IMF) and World Bank to the “developing” world.

However, towards the beginning of the 1990s the “neo-liberal” perspective itself came under growing attack. Critics pointed at its tendency to portray the role and capacities of state and markets in a set of simplistic either/or oppositions. Second, its failure to concede the positive record of postwar state reconstruction – remarkable achievements in areas such as public healthcare, rebuilding of public infrastructure, education, and steady raising of living standards. In addition, critics of neo-liberalism pointed at its tendency to exaggerate problems of state failure without sufficiently paying attention to patent market failures in, for example, social provision (see for example Wade 1984).

But criticism did not only come from radical opinion. For example, the 1997 World Bank Report on the Role of the State marks an important, though perhaps not altogether radical, departure from earlier held orthodoxy. The “minimalist state”, the report decries, “is at odds with evidence of the

world's development success stories, be it the development of today's industrial economies in the nineteenth century or the postwar growth 'miracles' of East Asia. Far from supporting a minimalist approach to the state, these examples have shown that development requires an effective state, one that plays a catalytic, facilitating role, encouraging and complementing the activities of private businesses and individuals" (ibid; Foreword). In general, the new prevailing mood has been that whilst the traditional "statist" notions of development had serious flaws, an exclusively "market-centred" view of development was equally unsatisfactory, and the "new-liberal" orthodoxy had bent the stick too far in the other direction.

1.2 The "Political" Critique of the State

Arguments against the traditional statist model of development, however, were not only made on economic grounds and from neo-liberalism. A different set of suppositions – "from below" – came from a heterogeneous group of civil society movements, radical political parties, grassroots development agencies, ecological groups, etc, during the same period. These critics pointed at the failure of this model to recognise the political role of civil society. They alluded to the fact that formal democracy did not lead to real or substantive democracy in many countries. They pointed to the growing abuse of human rights in many countries formally committed to democratic government. And they raised the limits of the older state models to take new interests such as women and minority groups into account in political participation.

In respect of social democracies of Western Europe, many critics argued that despite the presence of *formal* democratic systems of political participation in these countries, power tended to circulate among privileged elites entrenched in political institutions. And they pointed to the steady decline in voter participation in postwar years. Furthermore, whilst these regimes often embraced democratic norms such as constitutional democracy, parliamentary government and political pluralism, public institutions tended to respond mainly to formal political parties, often exclusive of other forms of organised power in civil society (see for example, Akin Aina 1996; Kruiter 1996).

Similarly, many African writers pointed out that many post-colonial regimes had a poor track record in aspects such as human rights, ethnic and religious tolerance, and in more than fifty years of post-colonial freedom had made limited breakthroughs in combating poverty, economic growth and

redistribution of wealth. In many cases state power was simply used for the self-enrichment of political elites. Formal rights, such as voting, often have little positive impact on the material conditions of the majority. And despite the emergence of large public sectors, in many countries these institutions had developed into inefficient and unaccountable bureaucracies showing little public responsiveness (see for example Quattara 1997).

At the same time, these writers also expressed scepticism about unqualified belief of neo-liberals in the virtues of the market, and its anti-state dogma. They questioned claims attributing the economic success of the so-called Asian tigers (South Korea, Singapore, Malaysia, etc) in the 1960s and 1970s to limited state intervention (Wade 1984). They argued to the contrary, attributing their phenomenal success to manifestly “dirigiste” policies pursued by these countries during this period. They also pointed out the many important social gains (eg educational attainment, healthcare) made from welfare policy interventions – although many acknowledged (thus agreeing with neo-liberals on) some of its flaws. And they argued that markets, whilst powerful instruments driving the development of modern economies, cannot solve all social problems, and pointed at the growing gap between rich and poor in the nineties (Gamble 1988).

To be sure, many differences (of both substance and emphasis) existed between these two revisionist perspectives on the state. But it has largely seen a move away from earlier either/or terms in which the debate was cast. At a political level, it was also clear that many reforms tended to reflect more complex solutions to the state versus market debates – more often than not incorporating elements such as privatisation, relaxation of capital markets, commercialisation, together with more traditional type protectionist and welfare policies. This is evident in the case of post-apartheid South Africa (cf Marais 1998).

Nonetheless, it would appear as if the last decade or so has seen a relative, albeit uneasy, convergence in thinking on the state – at least insofar as emphasis tended to shift towards the politics of *governance*, and it is to this aspect that we shall now briefly turn.

1.3 The Shift from Government to “Governance”

Despite, and perhaps because of, its largely descriptive use in public policy and popular literature, the notion of governance contains many, often varied imputations. Apart from obvious ambiguities, most writings using

this terminology yield many conflicting assumptions about the state and its role in development. In a sense, its liberal use tended to paper over real differences.

Generally speaking governance is popularly used to refer to an authoritative system where the state draws, in various ways, on the energies and resources of civil society (including private and development sectors) in pursuance of development objectives. It places the onus of action on the relationships and interactions *between* the state and the rest of society (economy, civil society).

But the notion of governance is also used, interchangeably, to define the management of political and administrative relations *within* the state itself – between various spheres of state (local, regional and central), different organs of state authority, or different policy sectors. This is the sense in which the notion of co-operative governance is often used.

Good governance is generally held to refer to forms of public decision making based on the principles of decentralisation, cooperation, participation, accountability, transparency, etc. These broad ideal-type principles have been widely promoted in many public sector management reforms advocated, for example, in Commonwealth countries (see Capam 1996) – although, like the former, not without any ambiguities.

For example, decentralisation may well be an effective means of ensuring government and services are brought closer to the people; but if not properly managed, and without a strong policy centre it may lead to serious fragmentation of government decision making and lack of national cohesion around development goals. Similarly, participation in the policy process can be a powerful means of ensuring greater legitimacy, including a sense of ownership. But if this is not managed effectively, it could make managers reluctant to make and take responsibility for decisions.

One way to deal with this, it would seem, is to distinguish between different modalities in which such principles become manifest (political, administrative, national, local), and setting clear parameters within which they can operate, making possible for example, different levels/types of accountability (direct, indirect) or decentralisation in the context of national norms and standards, participation at various levels of public interaction, and so on.

1.3.1 Governance as Democratic Means

In practical terms, governance can be defined as “the exercise of economic,

political and administrative authority to manage a country's affairs at all levels" and "comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences" (UNDP 1997: 6). This working definition is useful in that it clearly marks out three elements – the political, economic and administrative.

Thus "economic governance" is defined by the UNDP as "decision-making processes that affect a country's economic activities and its relationship with other economies". *Political governance*, as "the process of decision making to formulate policy"; and *administrative governance*, "the system of policy implementation" (UNDP) 1997: 6. To this definition, one could add the centrality of civil society to "development" – thus, to successful governance. For this reason, the notion of *social governance* – the creation of a vibrant, democratic civil society, and its interactions with the state – seems appropriate; thus, broadening the definition of "governance" to a fourfold concept – political, economic, administrative and social dimensions.

Clearly, the locus of state activity is shifted to its interactions with other sub-structures in society. Governance, so defined, does encompass the state, but simultaneously also transcends its boundaries. Using this broad definition, it is then possible, generically, to distinguish different regimes on the basis of how they manage:

- the policy process (eg inclusive/exclusive; consultative; participatory, etc)
- the public service (centralised/decentralised; service oriented; etc)
- the national economy and its links with external economic systems: import-based or export-based growth paths, income distribution strategies; growth and development strategies, etc; and
- conditions in civil society: creation and preservation of human rights, civil freedoms (expression, press, etc).

This "broadening" of the state could have strategic advantages in tackling the challenges of development in the "new world" order. With limited budgets, growing populations and declining levels of foreign aid, many developing countries must find more effective ways of governing. By drawing on a larger network of structural resources, states can broaden their capacity and resource bases for development intervention. It opens the way for mobilising external agents in provision of certain types of services. It also enables greater focus on core responsibilities of governments. This is a key difference from earlier models of "state-led" development.

Governance, so conceived, can clearly foster greater consensus around policy goals. But incorporation of external interests in structures of governance does not necessarily eliminate policy difference; it merely displaces these conflicts at the heart of the state itself. If not properly managed, this could seriously affect the efficacy of public decision making. Also, the articulation of the state within a large state of governance does not imply abdication of the state's primary role in representing public interests.

Indeed, the state, and more narrowly, government, remains a central actor to any effective system of governance. For public policy defines the parameters of these interactions and conditions under which they take place. The state can be an effective instrument in bringing together and directing resources and energies of societal groups who would otherwise act disparately. Provided it is strategic and focused, state intervention can provide powerful incentives for development, and for this reason is crucial to the emergence of democratic governance patterns. Capable *government*, in short, is central to good governance.

What is at issue, it seems, is not so much whether government must intervene; but rather, the *nature and scope* of its intervention. Despite recent assertions to the contrary, states in both developing and industrialised countries continue to play diverse roles. These include, simultaneously, roles alternating as enabler, facilitator, catalyst and, in important areas, provider. The decision of which role-type is appropriate to a particular sector of development is very much pragmatic and strategic, and requires flexible policy systems, enabling decision makers to combine and shuttle between alternate policy roles.

It is not wise perhaps to set a priori rules; instead, a strategic approach is advocated. If governments adopt a flexible, focused and creative approach to policy making, they are usually more effective development agents. Flexibility requires less bureaucratic, rigid rules of engagement; an ability to rapidly adapt institutions and policies to new economic and social circumstances. Strategic focus, distinguishing between those things it is good at (core competencies) – and improving its capacities in these areas – and what it is not good at doing (non-core functions) that can be provided externally. Creativity requires networking, partnership, and ability to effectively draw on the resources and energies of external agencies (civil society, private, development agencies) in development.

The mere existence of formal conditions of “good” governance by no means

guarantees *substantive* equality of participation and outcome. If new political institutions operate in a social structure based on deep-seated inequalities, it may well only be to the benefit of the most powerful and organised groups. For this reason good governance entails more than the virtues of democratic participation.

1.3.2 Governance as Democratic Outcomes

If good governance involves a specific *manner* by which the state interacts with society (eg inclusiveness, participation, accountability), it also involves particular substantive *outcomes*; that is, democratising access of citizens to political and economic institutions such that a meaningful improvement is brought about in their lives. After all, the ultimate value of any institutional arrangement lies in its capacity to generate effective solutions to social problems such as poverty, lack or low levels of education, unemployment, ill health, and so on.

The specific challenge of government, especially, but not only, in developing countries, is to balance strategies for achieving bottom-up development (aimed at uplifting the lives of poor people), with high-growth economic strategies. The imperatives of development and “growth” are often counter-poised, so that advances in one aspect are often seen as undermining progress in the other. Examples of this are the either/or terms of debates in the early 1990s around “growth through redistribution” and “redistribution through growth” in South Africa (see for example Schrire 1993).

In theory, there should be no reason to believe any necessary contradiction or order of logical priority between the dual imperatives of growth and redistribution. In practice, an appropriate mix, and the emphasis placed on each imperative, has proven to be more difficult. Growth without spreading the wealth base to empower the poor is as unsustainable as “growth-less” redistribution strategies.

Balancing these imperatives, however, should *not* be at the expense of the need to focus on bottom-line objectives – fighting poverty and promoting the interests of the poor in all areas of social and economic life. This is especially crucial where the wealth gap is wide, and, as a result of extreme inequalities, where social preconditions (eg skills, education, and living conditions) for effective participation by the poor in the mainstream economy does not exist. In this context, a bottom-up perspective requires:

- long-term investment in public education systems;

- transformation of learning systems and curricula to enable socially relevant and lifelong education and training;
- strong support for an adequate public healthcare system;
- supporting high-growth and employment-intensive industries;
- ensuring spread of technologies to the poor and marginalised;
- creating physical infrastructure for “low-end” economic development;
- support for small- and medium-scale industries focused on poor communities;
- setting and enforcing minimum protection against exploitation in employment.

Of course these are not the only measures possible. But they can significantly contribute to building social capital required for the poor and marginalised to gain a foothold in the mainstream economy. These interventions could make an impact beyond “welfare hand-outs” to building citizen and community self-reliance capabilities. With respect to human development imperatives, the state could ensure, for example:

- facilitating “access” to opportunities (eg flexible educational entry-level standards);
- investing in skills training and skill transfer (particularly in high-growth areas);
- provision of infrastructure (education and training, communication, etc);
- technological diffusion and transfer (especially to rural communities);
- encouraging entrepreneurship and small business ownership, etc.

2 HUMAN DEVELOPMENT AND GOVERNANCE

Human development, in general, involves the process of improving people’s conditions of life by expanding their choices, and the opportunities (means) to make use of such choices in meeting their needs. “Needs” may be social, cultural, economic, political, and spiritual, and can of course also be expressed in infinite ways. It is therefore difficult to make any universalistic assumptions about needs as these vary across space and time – that is to say, our understanding of needs and choices people make is essentially “context-dependent”. Given this difficulty, any statement on human development runs the risk of being too general and therefore empirically immeasurable, or too narrow, but in the process leaving out other, perhaps crucial, considerations.

It is common to adopt a more or less pragmatic approach, however. One way is to simply set a series of baseline needs seen as relevant to a particular

context. The UNPD (1997: 13–14) defines human development as “the process of widening of people’s choices” and “the level of wellbeing they achieve” in respect of three *basic* choices. These choices are essentially, a long and healthy life (longevity), acquisition of knowledge and skills (education) and access to resources (eg income) for a decent life.

In line with this perspective, the UNDP Human Development Index (HDI) has been used as a tool measuring three basic dimensions of development: longevity, knowledge and skill, and a decent standard of living. Based on this, a composite index containing three variables, corresponding with these three dimensions, is used, namely life expectancy, educational attainment (adult literacy, primary, secondary and tertiary education) and real GDP per capit.

The Human Poverty Index (HPI) is another useful tool. The HPI basically inverts what is measured by the HDI, focusing on the relative *level of deprivation* – percentage of people expected to die before the age of forty, the percentage of adult illiteracy, and overall economic provisioning (access to health care, safe water and nutrition). These two measures allow for comparative analyses to be made in relation to progress or otherwise in relation to specific human development indices. Although this may not capture all the range of possible dimensions, or the qualitative issues involved, the HDI and HPI can be useful ways of understanding development needs.

A key issue concerns the question of who, in society, should act as institutional driver(s) of human development imperatives. Today there is little dispute in most circles that the state is a critical player. But the task of doing so is a wider *societal* imperative. Faced with growing populations, shrinking budgets, rising costs and the threats of globalisation, governments have been under severe pressure to find more creative and affordable ways of delivery, in the process relocating the impulse for development to a wider range of creative forces and institutions in civil society.

In response to these challenges, many state strategies in the nineties have been based on a process aimed at simultaneously “broadening” (embedding social delivery within a larger institutional base) and “deepening” (locating core responsibilities) the reach of public resources aimed at human development. But this *dual* strategy can only work well with relatively strong and diverse institutional conditions for “democratic governance” – a strong

civil society, well-developed private and development sectors, and a capable state.

This may imply the state redefining its “core” role and responsibilities (eg free basic education, primary health care) as it also explored various strategies of ensuring its delivery – decentralisation, de-regulation, creating self-contained executive or delivery agencies, and so forth. Alternative delivery vehicles may vary from various types of centralised delivery agencies (departments) to the establishment of arms-length executive agencies responsible for carrying out policy mandates with various degrees of organisational and managerial autonomy – but remaining *within* the public sector (see for example Capam 1996).

But governments may also decide to “disestablish” control or remove themselves from other functions deemed *non-core* responsibilities. The basis for taking decisions on “core” versus “non-core” roles is essentially pragmatic and context-dependent. Insofar as such “non-core” areas are “outsourced”, governments again have various options. One route (much advocated in recent times) is “commercialisation” or “privatisation”. Another may be drawing on “non-profit” foundations and agencies in delivery of services (say, welfare services). Except for outright “privatisation” (as in state industries), governments still maintain policy control, setting targets, norms and standards, but leaving the execution of their mandates to semi-autonomous entities.

The inclusion of non-government sectors (private, community, etc) in management and provisioning in turn requires reforms in management systems to take into account these interests. Increasingly, this recognition is expressed in the development of more or less complex management arrangements, with stakeholders such as providers, employees, and beneficiaries (communities) being critical role players.

This in turn requires a policy environment suitable for establishing collaboration and networking between state agencies and non-state agencies. Good governance implies an ability (of government agencies) to work in more complex managerial environment than old-style public administration. Increasingly, public servants will be required to exercise public mandates in a context where decision making is more complex and co-dependent upon external strategic alliances and partnerships. Skills such as facilitation, networking, partnership, and an institutional environment

providing multiple (“alternative”) delivery networks have become critical ingredients for effective public management.

Of course, as the range of social variables entering into the arena of social governance increases in complexity and diversity, this also exerts more pressure on the quality of public management of those activities. Inevitably, “government” has to become more complex and strategic. If participation is not balanced with managerial prerogatives, then the system stands the risk of logjam. If consultation can be used as an effective tool to ensure services meet required needs and standards, while not undermining the efficiency of service delivery, this could improve outcomes.

3 GOVERNANCE PATTERNS IN A DEMOCRATIC SOUTH AFRICA

South Africa’s new constitution (1996) makes provision for an elaborate system of social, political, administrative and economic governance. Its *political bases* are founded on the provision for a substantial devolution and decentralisation of power to three spheres of government: local, provincial and national. Each of these spheres are seen as distinctive, but inter-dependent. They are “distinctive” entities, to which more or less clear powers are assigned (eg defence: national function; sanitation: local); while at the same time providing for sharing of certain (concurrent) functions (eg education and health-care) between various spheres of decision making. Their structural interdependence imposes a strategic requirement for co-operation for the overall success of the system.

The *social and economic dimensions* of this system of governance are characterised by a species of “corporatism” based on the inclusion of government, business, labour (and interestingly) civil society interests in macro-policy planning and development. This is embodied in the creation of the National Economic Development and Labour Council (Nedlac), a national forum seeking consensus on development objectives in macro-economic management, job creation and empowerment strategies. Similar, regional-based structures have been created in some provinces, such as the Eastern Cape, since 1994.

In the realm of *administrative* governance, the new government has also embarked on an ambitious programme aimed at transforming all public institutions. Apart from reforms in the executive and legislative spheres, a series of transformations have been instituted to create a more representative, accountable, transparent, effective and efficient, “service-oriented” and

“developmental” public service (see for example White Paper on Public Service and Transformation 1995).

There is little doubt that the new political dispensation has been a major transformation of the core machinery of public policy decision making in South Africa. The elaborate system of political and social governance, elements of which have been outlined above, has generated an extraordinary level of transparency and public participation in public policy debate and broad decision making. This has contributed to a remarkable degree of social and political stability since 1994, which, although unlikely to prevail without any future breakdowns, has made the policy process less volatile and unpredictable.

Yet the new public sector reforms are working themselves out in the context of a number of severe political constraints and capacity problems, the most critical of which include:

- a hugely bloated, ethnically fragmented system of public administration, that had to be moulded into a single public service;
- the force of a pre-election agreement (Codesa negotiations) which effectively placed a moratorium on retrenchments; coupled with
- strong resistance by unions opposed to wage restraints and “rightsizing” initiatives;
- severe problems of administrations to absorb the wide range of reforms introduced after 1994;
- capacity problems in policy management and service delivery areas.

These problems have seriously impaired the ability of the new government to recreate the machinery of government decision making and delivery, which is slowing down the pace and scope of social development. Capacity problems have been particularly pronounced at the level of the new local and provincial governments, many of whom are burdened with large, and hugely costly personnel structures inherited from the apartheid order.

Apart from capacity concerns, the broader institutional framework of governance has not been without difficulties. Attempts to transform the old into new public institutions have run into serious difficulties. In its efforts to move away from the old centralised, rules-driven system of public administration, the government introduced a range of reforms after 1994 in areas such as decentralisation, affirmative action, employment equity and service delivery. The introduction of decentralised management has been

particularly significant. Giving substantial powers to departments at national and local government levels, the logic behind these reforms is empowerment of managers and bringing management of services closer to local communities (see for example *Public service regulations* 1998).

One major difficulty, however, has been at the level of strategic application. In decentralisation, for example, this has played itself out numerous ways. First, attempts to treat provinces and national government departments as similar in structure have led to decentralisation being applied uniformly. Second, there has been a failure often to accompany the process of deligation of power with concomitant capacity-building support, especially at local and provincial governments. Third, efforts to impose decentralisation of decision making without simultaneously creating strong managerial centres have tended to create problems of lack of cohesion in policy implementation. Ironically, weak policy centres and managerial system may tempt political leaders towards new forms of *political centralism*, as they struggle to strategic control of and coherence over the policy process.

Furthermore, the financial framework within which the public service is being managed has also been under pressure, largely driven by fiscal targets on public expenditure set by national government. The adoption of a new macro-economic policy framework in 1996 – the Growth, Employment and Redistribution (GEAR) strategy – has limited expenditure ceilings in social policy, especially education, health and welfare. This has generated considerable debate, including whether the new macro-economic framework is compatible with the transformation objectives set out the RDP.

Nonetheless, based on its broad commitment to the RDP, the government has made the “meeting of basic needs” (eg job security, health-care) and “human resource development” as over-riding policy objectives. There is little doubt that since 1994 the state has indeed shifted vast public resources into areas such as public education, primary health-care and welfare services, specifically aimed at the black majority. Nearly 80 per cent of national budget allocated for development has gone into these areas, and the last three years have seen a consistent rise in social expenditure.

But actual expenditure in these areas, especially education, has been hampered by weak administrative capacity in provinces. Yet it would appear that policy makers have seriously underestimated the scale of backlogs inherited from the apartheid system, particularly in the former “homelands” (now consolidated into provinces). With a tight rein on

educational expenditure, coupled with weak administrative capacity and the drain of surplus employees, this sector is currently experiencing severe problems in tackling key development issues such as curriculum development.

In the area of human resource development in general, some important policy advances have been made in the last two years. Basically, its central aim is to develop a modern, highly skilled workforce, particularly in high-growth economic areas (see for example, Skills Development Bill 1998). The new system (based on public/private sector partnership) will focus on rapid, long-term skills development. Within the public service, a broadly similar initiative is under way (see for example White Paper on Public Service Training and Education 1997), the focus being lifelong career development of public servants at all levels of the new public sector institutions.

As this policy framework and institutions are only currently being put into place, it is too early to assess their impact on the human resource profile in the public and private spheres. The issue of “access” has also featured as a central concern. The National Qualifications Framework (1997) establishes, for the first time in this country’s history a flexible, lifelong learning system, based on creating multiple access points (entry levels) to learners (broadly defined). Combining the traditional qualifications-based criteria with recognition of the value of “competency” and “experience”, the NQF seeks to broaden access to the labour market of historically marginalised sectors (blacks, women, etc) and validation of many types of labour (domestic, small business, etc).

As these institutions are being brought into place, initiatives have been underway to put into effect a national anti-poverty strategy – vigorously promoted by civil society-based organisations such as the National NGO Coalition, and directly led by the Office of the Deputy President. It would seem as if policy makers increasingly recognise the huge gap between the poorest sections of the population (particularly urban- and peri-urban-based African communities) and those already embedded in the formal economy. This gap will make it extremely difficult for the most marginalised sectors to come within reach of the new economic opportunities and institutions, as these sectors will directly compete with semi-skilled and skilled occupational classes.

With a limited or “near-zero” skills-base to move from, and without minimum conditions of existence (eg basic housing, food security, literacy),

it is extremely doubtful if these sectors will be able to successfully compete and gain a foothold in the labour market. A national anti-poverty programme, based on strong public and private sector support, but underpinned by a fundamental commitment of the *state* towards “bottom-up” redress, is required. This should be aimed at generating new opportunities for access of the most depressed sectors to adult literacy, skills training, health-care provision, and new job creation (eg public works, housing construction) programmes.

What is clear from discussions on the present crime situation in South Africa is that the new political and economic institutions are only stable to the extent that they are able to provide a place for the most marginalised strata. If they only create access to the currently employed and organised working population, this necessarily drives those excluded from the new dispensation to poverty, despair and often (though not always), crime.

4 STRATEGIC IMPLICATIONS FOR THE SOUTHERN AFRICA REGION

As the process of internal transformation is under way, there have also been pressures and incentives for a major re-definition of South Africa’s relationship with, and its place in, the wider regional and global arena. Pressures for change include the threat of global trade wars, strategic power of new trading blocs (eg Nafta, EU), and threats of new economic isolation of developing economies, particularly Southern Africa. But there are also powerful “incentives” – a vast regional market, the possibilities of new inter-regional infrastructures (eg in technology, transport), development opportunities in investment, trade, industrialisation, agriculture, minerals beneficiation, and a host of other areas of socio-economic development.

Historically, there were a variety of complex, and problematic linkages at both political and economic level between South Africa and its neighbours long before apartheid’s collapse. But these were based largely on the explicit political hegemony and structural dominance of the South African economy in the region, which clearly can not constitute a basis for democratic interregional co-existence and development.

With the emergence of a new democracy in South Africa, the political conditions for a less belligerent and more cooperative form of interregional governance have dramatically improved. Policy makers, at a fairly early stage, have set the tone for a new era of cooperation and development based on partnership and mutual benefit. On a political level, SADC has provided

an institutional framework for building on advances made in the direction of joint decision making, especially in the economic arena. As the range of areas of cooperation and development expand and deepen, one may expect the need for ongoing institutional development of the SADC structures.

The past few years have seen an increasing realisation by the political leadership in the region of these potentialities. What is needed, it seems, is to deepen this understanding in the societies of the region as a whole. In terms of governance, this will require a whole new public sector consciousness – greater understanding among civil servants in the region of the cultures, customs, languages, socio-economic conditions, etc, in each of the member countries. This will facilitate processes of effecting political decisions aimed at cross-border cooperation and development, not only at national government levels, but also between regions, town and cities.

Similarly, civil society cooperation across an infinite range of frontiers (community movements, ecological groups, language and traditional bodies, non-profit foundations, professional organizations, etc) can stimulate the emergence of a new regional “civic culture” (citizenship, human rights, etc) not possible before. Some encouraging signs are already evident (eg in regional media, NGOs).

In the economic arena, the strength of South Africa’s economy, however, may pose problems and prospects. The structural inequalities are particularly manifest in terms of trade imbalances, but can also be seen in investment patterns (especially from outside the region) favouring the South African economy. Any regional integration programme will have to find ways of creating mechanisms for greater equalisation and access on all participating political economies. This will require huge sustained investments in the realm of human development, infrastructure, quality of leadership, and the institutional environment of governance systems within all SADC countries.

In the arena of human development, SADC cooperation can be deepened and focused on a number of levels:

- interregional training and development of professionals, including public and private sector managers in leadership, management and finance;
- establishment of learning and development networks between public sector bodies, non-governmental organisations and private sector bodies;
- mobilising long-term interregional investment in technology development

and diffusion, especially aimed at bringing rural and marginalised communities into the modern economy;

- research co-operation in integration issues, especially in medium- and long-term integration areas (monetary union, regional industrial projects, etc);
- stronger linkages between Southern African universities and other tertiary-level institutions;
- regional health-care improvement programmes, focusing on capacity building and infrastructure for sustainable delivery and development;
- regional educational improvement programmes, focusing on capacity building and infrastructure development;
- regional job creation programmes aimed at exploiting emerging trade, industrial and investment linkages emerging in recent years.

NOTES

- 1 The notion of globalisation, although the subject of much popular disagreement, is generally held to denote far-reaching changes in the world's major trade, industrial, financial and capital markets, based on widespread liberalisation in markets.
- 2 The changes include the far-reaching impact of information and communications technologies on industry, coupled with labour market transformations (flexible specialisation, multi-skilling, etc).

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Developmental local government: the second wave of post-apartheid urban reconstruction

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Developmental local government is local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic, and material needs and improve the quality of their lives (White Paper on Local Government, March 1998).

“Developmental local government” as an official policy objective and broad strategic framework represents the first sign that the second wave of post-apartheid reconstruction is beginning. The first wave was characterised by various attempts that, with hindsight, represent a rather clumsy understanding of how to institutionalise development policy. Initial urban reconstruction goals and strategies were either too vague, or promised too much. Not least of the problems was that policy objectives, like providing houses for all, had to be radically trimmed to match the emerging fiscal orientation and priorities of the Department of Finance. The second phase of urban reconstruction is significantly more grounded in experience: there is now a consciousness of various constraints and the need to avoid duplication. The new vision is explicitly geared to build on what has gone before. A more pragmatic approach will ideally effect synergies between sectors, issues and institutional processes across line ministries, with the intention of maximising impact on local communities. Within this revised schema for building equitable cities the developmental role of local government is central.

Set against the backdrop of a sharpened reconstruction agenda, it is critical that we explore in greater detail what “development local government” (DLG) potentially means for urban areas in concrete terms. Our exploration of the genesis and content of DLG is charged by three practical concerns. How far can one “institutionalise” DLG as a framework for local government as an autonomous sphere in an intergovernmental system? To

what extent is it possible to institutionalise DLG within municipalities, especially given the potentially contradictory forces born of transition, flux, and multiple evolving policy frameworks? Third, how does one conceptually bring together the manifold dimensions of change (institutional, conceptual, methodological, operational and political) and remain sensitive to underlying questions of power?

In dealing with these macro questions we adopt an approach that combines the historical with the contemporary, the global with the local, and the technical with the political. Concretely, the first section demonstrates the historical precedent for designing and institutionalising policy frameworks than fundamentally alter the urban space and its governance. This is crucial, first to ensure that we do not lose sight of the enduring legacies of such frameworks on our cities, and second to remind us of the impact of global discourses on local developmental practice. More profoundly, we need to admit how continuities with the past shape new approaches in as far as they circumscribe what is considered the “norm”. Key examples of normative apartheid frameworks that persist in the functioning of local government include spatial planning and financial management. Historical contextualisation also serves as a powerful reminder that it takes a long time, and systematic effort, to fully entrench new policy frameworks. Reshaping the city is especially difficult, as there is the imperative of actively displacing what has gone before. The first section therefore points out that rebuilding and reconstructing apartheid cities depends on the successful implementation of the promising vision of DLG, which in turn must be grounded in a careful and clear assessment of the challenges imposed by the apartheid legacy.

The next section draws attention to the content of DLG and highlights the global debates pertaining to integrated development that have informed and shaped the second wave of post-apartheid urban policy. Exploring the sources and routes of different development approaches reminds us that the inevitable debates and implementation of DLG will connect with a broader discussion. Clear perspective on these comparative experiences means we can better anticipate what the shortcomings and contradictions of DLG are likely to be. These two inroads – planning history in South Africa and wider debates on integrated development – provide our foundation for investigating the South African notion of DLG and its intended operationalisation. The opportunities and challenges of the new framework of local government form the focus of the remainder of the article, which is structured around the following questions: what is DLG? How do we

implement DLG? And can we anticipate specific challenges arising from the endorsement of DLG? In conclusion, we consider some unresolved and complex issues pertaining to possible futures for the institutionalisation of DLG which should inform further research and debate.

International Planning Discourse and Past South African Urban Praxis

The ideology of planning informs urban practice at all stages. When states reorganise the administrative structures and procedures of governance there is a direct opportunity to redefine the principles and mechanisms of urban management and development. At these moments of bureaucratic transformation the underlying ideals of and assumptions about social organisation and the regulation of urban space are laid bare and the vision of how best to solve the problem is frozen into an institutional procedure. In the twentieth century South Africa has fundamentally reorganised the urban planning framework three times, on each occasion as a result of a major change in government and in response to a pressing urban crisis. In 1910 the Union of South Africa was forged out of four colonial territories and the first national policy for African urbanisation was instituted; in 1948 the National Party took control of the government and introduced apartheid. In 1994 the “new” South Africa was born, with the task of reconstructing the racially divided cities as a primary focus of government action. The post-apartheid blueprint for urban regeneration and integration is set out in a series of policy documents and laws that have been dubbed “DLG” (Chipkin 1997a).

The dates 1910, 1948 and 1994 are not only important in the South African context. They signify, respectively, more general moments that reflect the conceptualisation of urban development associated with the late Victorian rise of the planning profession, modernism and the rise of the welfare state, and the recent push for sustainable democratic urban governance in cities of the south. Recognising the general or international importance of these moments of reconstruction in South Africa’s urban planning history allows us to ask global questions about the values and principles currently being enshrined in the changing legal and institutional structure of urban development in a specific locality (Mabin & Smit 1997).

In South Africa generic urban planning principles (such as land-use zoning, by-law provisions or garden city ideals) and locally peculiar regulations (such as the Group Areas Act, Locations in the Sky regulations or ethnic zoning) were embodied in the country’s framework of urban planning. In

other words, the ruling powers habitually adapted international norms of urban development to local conditions. When the Union of South Africa was forged white supremacy formed the *raison d'être* of government, and it was not therefore possible to distinguish principles of urban planning from the goal of imposing racial segregation. At that time, the newly established state sought to create a national framework of urban management. The Public Health Act of 1919 effectively initiated a dual system of urban standards, thereby encoding unequal conditions for blacks and whites in town (Maylam 1995), while soon afterwards a commission of enquiry into local government resulted in the infamous Natives (Urban Areas) Act of 1923 which excluded Africans from permanent urban settlement rights.

In South Africa, establishing a bureaucratic system for governing towns in the early twentieth century according to principles of modern town planning (including issues of public health, elected municipal government, creating a local fiscal base and institutionalising scientific management) went hand in hand with entrenching urban segregation (Mabin & Parnell 1995). In most instances, moreover, the objectives of the white state of racial control, residential segregation and urban efficiency, were complementary rather than contradictory (c.f. Robinson 1996). Urban order, cleanliness, European-inspired city aesthetics and extraordinarily high standards of built environment were progressively achieved for white South Africans in the period between the two World Wars by systematically ridding the metropolitan boundaries of people of colour and denying black urbanites full access to urban government.

After World War II the contradictions of managing South African cities became more acute. Mass African urbanisation, a dramatically expanded industrial base, and the coming to power of a new government committed to more, rather than less, overtly segregationist ideals meant that the terms of urban management would have to change. Far from breaking with international norms of urban planning, the apartheid government embraced and refined to its own ends the latest in high modernist conceptions of how to manage and reconstruct urban society. The properly planned townships of the 1940s and 1950s drew shamelessly on the plan for the reconstruction of London (Mabin 1996). African township plans, if not modelled on the decentralised community dormitory settlements of Europe, clearly reflected the thinking of new-town planning of postwar Britain. As in many countries, the post-War South African authorities linked state-assisted home ownership to the creation of a stable middle class, significantly excluding the African population from this secure tenure.

Racial strategies of control and regulation cannot be reduced to spatial planning, the regulation of urbanisation, or even unequal spending patterns. Apartheid was effective not just because of the power of the white state, but also because blacks were rigorously excluded from any authentic structures of government. The “decitizenising” of blacks from urban areas was taken to its logical extreme in the 1970s, when internationally fashionable ideas of industrial decentralisation and growth points fed into the broader apartheid vision of separate development and resulted in the fostering of homeland urbanisation over African metropolitan settlement. However, like its predecessors, the apartheid government failed to achieve its objective of racial power through the establishment of racially segregated local government or the racist regulation of urban development. Eventually the whole system of racial rule crumbled and a democratic, non-racial South Africa was finally achieved in 1994.

Set against the experiences of the past, building a post-apartheid society seems to depend on at least four things. First, the total reorientation of the planning apparatus inherited from the segregationist and apartheid states. Second, the physical and economic reconstruction of the racially divided city. Third, the introduction of a transparent and unified system of urban revenue creation. Finally, the social, political and psychological incorporation of all black South Africans into legitimate state structures and the sensitisation of the state to survival systems and social networks that dominate the lives of the majority of poor citizens. Given the disenfranchised past of black South Africans, creating appropriate and accountable urban local government is a key aspect of this democratisation process. The vision of how this urban reconstruction will occur is through integrated DLG. Reflecting the historical pattern, the genesis of the new approach to local government and urban planning can be found in global and local forums.

Global Influences on Developmental Local Government

The challenge in managing South African cities, with their vast poor populations and insufficient resources for direct state intervention, lies in defining a fresh and active role for government in the urban sphere. Government’s task is to set the framework of and define targets for urban development. Government will also have to adjudicate how far it is possible to institutionalise local action and involvement in integrated planning. The South African approach of DLG, which incorporates social, political and environment aspects into the regulation of urban life suggests a mechanism

through which the state can assume a redistributive role that ensures that there is not unchecked escalation in urban inequality. Not since the rise of the welfare state in Europe has such a profound transition been seen in procedures for safeguarding the interests of the poor in cities and towns. Why did this change in thinking about city management occur?

The technical language and standards of urban planning developed in northern contexts do not work in cities where most of the population are too poor to comply with the regulations. Gradually, therefore, planning codes developed for London, Paris or Frankfurt, but applied in Lagos, Brazzaville and Windhoek, are being usurped either by an emphasis on basic needs or by a more critical focus on democracy and community participation. Rather than the traditional focus on physical planning and protection of standards that are affordable and enforceable only for the elite, an alternative urban vision more appropriate to the south is being constructed. These alternative approaches are located in rapidly changing traditions of development thinking and practice.

Changing trends in development thinking and practice

It is important to locate the notion of “development local government” (DLG) within broader cross-currents of ideas and approaches to (urban) development. The 1980s were marked by a profound “realisation”/ acknowledgement (which manifested differently in the academic and policy spheres) that development does not simply equate a neat and staged process of modernisation through rapid industrialisation, irrespective of whether it is driven through inward or outward measures (Booth 1994; Schuurman 1993).

At the macro level this disenchantment with conventional assumptions was fuelled by evidence from various quarters. Most crucially there was dissatisfaction with the results or outcome of “development” talk. Growing inequalities within developing countries, between developing countries, and between regions in the North and in the South fuelled widespread dissatisfaction with development theory. An exception to the pattern of increasing impoverishment involved the newly industrialised countries (NICs) in South-East Asia. Ironically, the economic “success” of these countries has become a critical element in unsettling the comfort of simplistic modernisation approaches of conventional development strategies because NICs departed from the central tenets of mainstream development approaches. They embarked on significant land reform programmes,

facilitated relatively modest differentials in income levels (although this is changing in recent years), established strong and interventionist states that, in certain cases, also championed national affirmative action programmes to engender greater equality across different groups in their societies (World Bank 1997). On the basis of these strategies, rather than only fiscal austerity, creating free markets, and deregulation, the NICs flourished and became vulnerable to the vicissitudes of global capitalism.

Other critical factors that fed into the idea that development thinking and policy were in crisis included the spiralling debt crises that was crippling the economies of most African and various Latin American states. The official remedy, structural adjustment programmes, tended to exacerbate the economic woes, as opposed to correcting them and ensuring a context for sustainable and equitable economic growth. These unsuccessful initiatives were largely manifested in the living conditions and opportunities of the poorest citizens in the South. Thus, poverty and inequality deepened in these societies, serving as a further indictment on the failure of the “development-through-modernisation” promise. Disregard for growing poverty and inequality was circumscribed by a perpetuation of international governance and regulatory systems and forums that blatantly championed the interests of the rich (OECD) nations at the political, cultural and economic expense of most other countries. By its own logic, structural adjustment also served as a useful opportunity for corrupt, undemocratic, abusive regimes and political leaders to remain in political power and make minimum effort to tamper with geopolitical inequalities (Peet & Watts 1993).

To fully appreciate the dimensions of the crises of faith in development, the macro factors must be intertwined with micro dimensions of development practice. The first sphere of micro dynamics is the level of the nation-state and its effort to effect development through national policy frameworks and regulatory instruments and procedures. These national development frameworks and their implementation were often thwarted by contradictions between macro fiscal policy and social development strategies to improve health, education, shelter and security. For example, national health campaigns would be undermined by severe budget constraints and inefficient bureaucracies that retained power through the persistence of red tape and the perpetual need for bureaucratic administrative support for any intervention to happen. These dynamics could often not be corrected because of a lack of political will on the part of weak and often corrupt states, and the absence of democratic space which could serve as a pressure for reform. Thus, the viability of using the nation-state as a primary vehicle

of development became a widespread cause for concern (Burgess et al. 1997).

Concern about the path and agents of development extended beyond the global and national scale to the cutting edge of development practice: the project. At the project level, development interventions were undermined by the developers' failure to reach their targets or goals. The credibility of development was also undermined by agencies' inability to predict or control project outcomes. Poor planning and consultation meant that "recipients" of development support were not always willing project participants. Unintended outcomes included conflict (frequently violent) between communities over scarce resources, the entrenchment of local elites who act as intermediaries for development interventions (c.f. Desai 1996; Bayet 1997). In other instances, development agencies were confronted with an unwillingness on the part of "beneficiary" communities to accept and use inputs. The problem was that these interventions often failed to understand that local contexts are not vacuums. Rather, poor communities are often sustained through complex and "thick" processes of (informal) governance and management, which could be rendered visible or vulnerable if formalised and regulated through a development project. One of the most crucial blind spots in development work has been the inability of strategies and intervention to understand issues difference and power differentials within poor communities. Support measures often assumed a homogeneous context of virtually equal need and altruistic solidarity and tended to reify such communities as uncomplicated development objects (Wolfe 1996).

The combination of these anti-development trends at the macro and micro levels, and the broader global geopolitics that circumscribe national development efforts have necessitated a major review and rethinking of the purpose and nature of development (Nederveen Pieterse 1997; Slater 1993). Over the past 25 years numerous different perspectives have informed a rethinking of development, including the human/people-centred approach, sustainable development thinking, gender and development, alternative development and, of course, more recently the increasingly coherent post-development perspectives (Rahnmee & Bawtree 1997). While apartheid South Africa was uninterested and isolated from the core of development debates during much of the 1970s and 1980s, there is now an active re-engagement with international issues and concerns. South Africa's belated entry into the development debate has occurred at a particularly rich moment of reconceptualisation. In the 1990s the multiple perspective and

critiques on development appear to have been distilled into a broad consensus with the following elements:

- an acknowledgement that the basic model of industrialisation with adequate “trickle-down” is simply not adequate to address the needs of poor citizens and ensure adequate protection of the environment;
- development interventions that fail to substantively involve the proposed beneficiaries and affected communities through deliberate processes of participation are not sustainable and probably inappropriate to the “real” needs of the community and society;
- questions of difference and power relations along class, gender, ethnic, race, etc., lines should not be ignored in development design, facilitation and evaluation, if it is to be appropriate and socially transformatory;
- a critical and useful starting point remains the basic needs of poor citizens, their immediate environments and the broader eco-systems that sustain it;
- effective, democratic and responsive governance is a critical pre-condition for sustained and appropriate interventions;
- strong, well-organised and diverse community-based organisations and associational practices are critical for the survival and potential upliftment of poor and vulnerable communities and serve to complement good governance.

The principles that post-apartheid South African policy makers of the 1990s encountered in their search for alternatives to racial repression reflected a growing international focus on poverty eradication, justice and sustainability. The timing of the democratic transition in South Africa therefore corresponds with a reconceptualisation of development agendas in ways that open up the options for poverty alleviation and redistribution. In the years leading up to and following the 1994 election global forums formalised this convergence of ideas. Agreement was reached on specific focus areas, for example approaches to sustainable development at the Rio Summit (1992), human rights (Vienna ‘94), social security, development and social justice (Copenhagen ‘95), gender equality and women’s health (Beijing ‘95 and Cairo ‘94), food security (Rome ‘96), and sustainable urban development (Istanbul ‘96). All of these forums managed to some degree to bring together government and non-governmental constituencies and socialised them into a new discourse on “participation”, partnerships between civil society and the state, sustainable development, the importance of poverty alleviation and safety-nets and, of course, the continued validity of economic growth through economic liberalisation and increased

unfettered trade. Significantly the South African government is a signatory to most of these conventions. The impact of the global consensus is perhaps most obvious in the urban realm.

Three primary themes have emerged in urban development debates: urban productivity, environmental sustainability and effective governance. These issues are articulated to each other under the banner of creating an “enabling environment” for urban development in cities of the South. Concretely it has meant an emphasis within urban development debates on:

- the primacy of the local as the critical sphere for resolving the contradictory and complex imperatives of sustainable development and democratic governance, reflected in broader debates about “decentralisation” and the “subsidiarity”;
- the imperative of financially sustainable (translates into notions of full cost-recovery) and complementary policies at the urban level to reinforce macro economic policy objectives and build a defence and strategy around the implications of globalisation processes;
- the need for pro-growth urban policies which involve composite investment promotion strategies such as tax and other incentives, supply-side support measures, training and SMME support, etc.;
- the valorisation of “partnerships” as a paradigm for urban management and fostering economic growth, which involves the possibility of privatisation initiatives, and joint actions to ensure service delivery;
- an emphasis on environmentally sustainable policies through the introduction of environmental impact assessments and monitoring systems, although these are usually placed in second order to policy objectives related to the promotion of economic growth and the enhancement of urban productivity, (with superficial attempts to suggest that the two imperatives are complementary);
- a growing focus on explicit anti-poverty frameworks and strategies to deal with concerns around social exclusion and link the different economic activities across the formal and informal boundaries; and lastly,
- the recent growing tendency to cohere these wide-ranging urban development objectives around the imperative of infrastructure development, which can be articulated simultaneously in terms of the need to enhance urban productivity and poverty alleviation.

Despite these consensual trends in urban development discourse, it is important to remember that a substantial gulf persists between policy agreements at this global level and the establishment of operating

frameworks and processes at the local level (national and local) that give meaning to the principles. It is this dynamic that makes the South African experiments post-1994 interesting because a really substantive and uncynical approach marks attempts to translate international debates into local strategies. It is also the local sphere where different stakeholder/actors have to agree and argue about their differing interpretation of such framework, that is the politicisation of policy making, which is an indispensable part of our analysis of development approaches and their genealogies.

Further, in establishing the international influences on South African policy formulation it is important to highlight some of the critical themes that have not been resolved in the rethinking of the development endeavour, in spite of the significant areas of confluence and their institutionalisation through the multitude of global summits in the 1990s. The most fundamental disagreement revolves around the nature of economic development. The continuing polarities in the debate can be traced to the contradictory development in the 1980s, when the development perils of SAPs were acknowledged whilst neo-liberalism as an unquestionable policy mantra grew into virtual omnipotence, especially after the collapse of the socialist bloc. Concretely this has translated into a policy schizophrenia. The negative outcomes (on the poor and the environment) of structural adjustment are recognised by its key proponents such as the World Bank, whereas the broader economic model of liberalised trade and open markets are simultaneously promoted. This contradictory sentiment is one of the most critical aspects of debate between powerful institutional interests and advocates of alternative approaches to development. Moreover, this tension between an acceptance of mainstream economic policy and dealing with its structural consequences infuses policy frameworks, especially as they emanate from official sources and translate into official discourse and practice.

DLG in South Africa is thus born of both the consensus and the conflict apparent in international development thinking. Against this background one can begin to anticipate the issues that will inform debate and contestation about translating policy frameworks into implementable developmental action. Before exploring these issues in the South African context it is worthwhile recalling that the international development debates are mediated by local specificity, notably the spatial and institutional legacy of apartheid segregation.

Local Adaptations (Post) Apartheid Reflections on Development Issues

Within the process associated with the restructuring of apartheid laws there was a critical recognition that South Africa needed new development frameworks. Instead of reinventing fundamental approaches, it was clearly more constructive and efficient to build on existing policy consensus as articulated in various global forums of thinking and policy-making. Hence the very obvious imprint of international agreements in the South African policy documentation. But DLG is not simply a synthesis of global thinking distilled for application at the national scale. There are a number of indigenous factors that moulded (and could stall) the definition and application of DLG in practice.

We must keep in mind the context and objective of reorganising the framework of urban government in South Africa. DLG is not only a fresh, spatially, economically, socially and environmentally integrated approach to planning – it is also the alternative to legal racial segregation. But the transition from the old to the new is neither swift nor smooth.² Overcoming the unequal and unjust urban legacy means confronting the apparatus of apartheid policy and transforming the undemocratic nature of the society that it created. The authors of DLG have not been oblivious to the structures which upheld racial inequality for so long. Imbedded in the Local Government White Paper and the DFA are clear (though perhaps not clear enough) marks of the need to overcome the apartheid relationship between the spatial manipulation of urbanisation, the appropriation of urban revenue away from black sections of the city and the dualistic structure of modern and traditional local government. There is also an unwritten consensus, whereby officials will readily acknowledge that almost half of local government structures lack sufficient capacity to implement developmental government in the short term. Everyone knows, but no one can admit, that there is such extensive disorder (or overlay of different orders) in some sections of urban places that even the best resourced municipalities cannot realistically expect full control of the governance process (Simone 1997; Swilling *et al* 1997). Finally there is the harsh fact that local government was the major focus of anti-apartheid struggle precisely because it was the principle instrument of racial supremacy. As such, local government was not viewed simply an illegitimate institution, it was an institution so tainted by apartheid that it became the focus of black residents' contempt and anger. Each of these rather sobering post-apartheid memories must impact on the thinking and exploration about how to proceed with the implementation of DLG.

What is Developmental Local Government?

Since assuming power in 1994, government has initiated a number of implicit anti-poverty strategies that impact on urban issues and problems. Whereas initially the 1995 Housing Act and subsidy formula formed virtually the sole funded strategy for reconstructing South African cities and delivering basic needs to the poor (Tomlinson 1995a & 1995b), there are now a number of additional aspects of state policy and law that frame the development governance of towns. These changes extend far beyond the deracialisation of the planning dispensation and potentially amount to a fundamentally different system of local governance and urban development.

The objectives of non-racial democracy enshrined in the Constitution of South Africa and the goal of entrenching equal opportunities for all are intended to be defined and operationalised at local level. Despite the virtual demise of a coherent Reconstruction and Development Programme (RDP) agenda (Marais 1997) a number of policy developments have emerged which have direct bearing on urban areas.³ These range from a whole new system of “autonomous” local government to special provisions for bulk infrastructure, economic investment programmes, various subsidy schemes and new spatial development initiatives. These strategies, which together reflect a fundamentally different approach to the management of urban areas, are “DLG”.⁴

The formal process of defining new urban policy in South Africa began with the Draft Urban Development Strategy document (Bond *et al* 1996). The racial integration of cities is the major focus in this vision document, which with its twin, the Rural Development Strategy Document, was among the first attempts to flesh out the application of the post-apartheid manifesto as recorded in the RDP. The major focus of the draft UDS was to outline the principle of spatially integrated planning to overcome the segregated legacy of apartheid. This included initial national thinking about the economic and social integration of historically marginalised urban spaces.⁵ Since then the conceptualisation of how South African cities will be reconstructed has become more nuanced.

The most important addition to the rather spatially determinist thinking of the immediate post-election phase is the current emphasis on the transformation of government itself: on the establishment of democratic municipalities that are in turn structurally dependent on civil society forums for input, vitality and legitimacy. Reoriented spatial planning remains a pillar of the new dispensation,⁶ but notions of integrated urban manage-

ment, democratic municipal government and fiscal accountability now join it. Let us reflect briefly on each of these four dimensions of DLG.

- Changing the Spatial Framework of Apartheid

Responsibility for revising the principles and legislation governing the development of land has taken place largely within the Department of Land Affairs. Although this ministry has generally not given overt attention to urban areas, there is powerful legislation, most notably the Development Facilitation Act (DFA), which promises to transform the spatial legacy of repression. There are three major respects in which the DFA is crucial to the changing urban landscape in South Africa.⁷ First, the overt purpose of the DFA is to provide a mechanism for the rapid delivery of land for historically disadvantaged communities. As such, the law supersedes apartheid regulations pertaining to the registration and development of land. Significantly the DFA does not apply only to the development of land for residential purposes, but to any land developed in accordance with the principles of the DFA. Second, the DFA establishes that all local authorities will establish “land development objectives” (LDOs) which must be overtly committed to redressing apartheid injustices. For example, the DFA stipulates that LDOs must develop the skills and capacities of disadvantaged people (section 3.c.e), promoting the establishment of viable communities (section 3.h.ii), meeting the basic needs of all citizens in an affordable way (section 3.h.iv) and giving further content to the fundamental rights set out in the Constitution (section 3.g.iv). Once agreed to, these LDOs will assume statutory power.

Application of the LDOs will be monitored by the development tribunals. LDOs will be used as the blueprint for development tribunals to approve or amend specific IDP proposals, which is the mechanism that local governments must adopt for planning action, including the eradication of urban poverty. Third, the DFA establishes a planning commission that will review the legislative and institutional framework of planning in South Africa. The terms of reference for the planning commission include establishing the mechanisms against which the acceptability of local governments’ IDPs will be measured. These guidelines will inform the drawing up of LDOs. Crucial to the deliberation of the planning commission is negotiating a workable framework of integrating physical, social, environmental and economic planning. The outcome of the crucial and extensive list of tasks falling to the planning commission will ultimately give substance and texture to the urban planning process and will be a

crucial determinant of the success of DLG. As in spatial planning, which always had a key place in the activities of local government but has now been reconceptualised and expanded to conform to the goals of DLG, so too has the place of local government finance been reinvented.

- Local Government Finance

The increasingly central place given to financial issues in urban reconstruction connects with the state's adoption of the Growth Employment and Redistribution (GEAR) strategy in 1996. The policy is aimed at job creation and economic growth through strict fiscal control and a tough deficit reduction schedule. There is also an explicit commitment to modernise industries, enhance the competitiveness of exports, and encourage technological innovation. GEAR has major implications for urban areas. These include privatisation, the rationalisation of the civil service, the issuing of bonds for municipal investments, and the introduction of principles of budget accountability in local project management. The tension between GEAR and the RDP will be contested at the local level within the context of DLG. Crucially GEAR places higher priority on debt reduction than on social spending. In the urban context this means privatisation and the promotion of the principle of cost recovery which will reflect in inadequate subsidies targeted at the poor. The rationalisation and delineation of a unitary system of local government mean that the geographical and administrative boundaries for these battles were drawn before the 1999 election. In terms of the shift to DLG, the principles of GEAR are institutionalised insofar as all municipal priorities have to be formulated within the context of a budget that cannot be overspent, and in the context of locally generated revenue. What is further at stake is that local councils could lose their political and administrative autonomy if they are deemed to be mismanaging their finances.⁸ In practice the budget will also be the arbitrating mechanism for deciding on municipal priorities, thus forcing inter-sectoral or inter-departmental assessment of local needs for the first time (DCD 1998: 109–127).

- Integrated Local Government Management

In an obvious break with the past, the post-apartheid state has radically transformed and extended the role of local government. Now the municipality becomes the primary development champion, the major conduit for poverty alleviation, the guarantor of social and economic rights,

the enabler of economic growth, the principle agent of spatial or physical planning and the watchdog of environmental justice. Under the rubric of “DLG” the social, environmental, economic and physical challenges and aspirations of urban communities are to be simultaneously confronted in a holistic vision of sustainable development that will be operationalised on the municipal scale. Although accountable to national and provincial government, the local authority assumes enormous responsibility for defining and implementing development priorities. Institutionally, development responses such as the integrated development plans (IDPs) required of all South African local authorities are tools for achieving integrated planning by democratically elected local government structures. The scale of the tasks associated with reorienting the spatial framework of urban settlement, upholding a balanced budget and achieving integrated management has put the spotlight firmly on the fourth pillar of DLG, local autonomy and community-based decision making.

- Democracy and Local Government

Institutionally, transforming the spatial grid of apartheid and introducing financially accountable, integrated development depends on an active, autonomous, but accountable sphere of local government. Although national legislation co-ordinates individual actions of municipalities (for example through the various subsidies or LDOs) the principle is that local community participation and experience would feed back into the revision of legislation and procedure where necessary, thus ensuring the ultimate power of community voices in development. This issue of the autonomy of the local state is thus one of many aspects that set the South African model of developmental urban government apart.⁹

The Institutional Approach to Developmental Local Government

What emerges from the discussion thus far is that local government promises to be the crucial sphere of state action to change the relations of power and wealth. To this end, the Local Government Transitional Act 97 of 1996 and the new Local Government White Paper (March 1998) ushered in a number of fundamental changes to the laws controlling the running of cities: the role of traditional leaders is circumscribed; the number of municipal authorities is reduced, with the aim of containing the costs of local government and professionalising political office; the principle of financial accountability is introduced as local authorities obtain the power

to raise their own funds. Most importantly, the functions of local government are expanded to include eradicating poverty and local economic development. The institutionalised mechanism for local authorities achieving these responsibilities is integrated development planning or an IDP.

Local authorities are required to produce an IDP which conforms to the Provincial LDOs each year. The aim is that, through the IDP mechanism, the post-apartheid objectives of restitution, (re)development and growth will be achieved at local level. Integrated development planning embodies the core purpose of local government and guides all aspects of revenue raising and service delivery activities, interaction with the citizenry and institutional organisation. It is also the primary tool to ensure the integration of local government activities with other tiers of development planning at provincial, national and international levels (for example Agenda 21 requirements). In this sense it serves the basis for communication and interaction between the various tiers of government and spheres of governance. The IDP is thus the gearing mechanism through which national constitutional obligations are matched with the autonomous prioritisation of locally generated development agendas.

An IDP is a process through which a municipality can establish a development plan for the short, medium and long term. It enables a municipality to:

- assess the current reality in the municipal area, including economic, social and environmental trends, available resources, skills and capacities;
- assess the varied needs of the community and different interest groups;
- prioritise these needs in order of urgency, importance, and constitutional and legislative imperatives;
- establish frameworks and set goals to meet these needs;
- devise strategies to achieve the goals within specific timeframes;
- develop and implement projects and programmes to achieve key objectives;
- establish targets and monitoring tools/instruments to measure impact and performance;
- budget effectively with limited resources and meet strategic objectives; and
- regularly monitor and adapt the development programme based on the underlying development framework and development indicators. DLG as enshrined in the White Paper therefore extends way beyond the scope of the UDS and spells out a vision for transforming South African cities that

relies on the latest technical procedures of environmental, economic and physical planning, and democratic political process on a local scale.

Integrated development essentially recognises the complex interrelationship between various aspects of development: political, social, economic, environmental, ethical, infrastructural and spatial. Given their interrelationship, it is impossible to address one dimension only and expect to make an impact on inequality or poverty. In fact, IDPs recognise that any sustainable and successful strategy must address all of these elements in a co-ordinated way, based on an analysis of the underlying structural factors that sustain economic growth, poverty and inequality. In theory at least, the IDP also makes it essential for a local community to identify development needs, and simultaneously to execute agreed-to anti-poverty and growth strategies that emanate from a common vision that spells out how local needs will be reached.

It is difficult to reach agreement about the goals and tasks of local government for at least three reasons: constant disagreement about the existence and severity of problems; fear of addressing structural aspects of developmental problems; and limited frameworks for organising social, economic and environmental spheres alternatively to ensure integrated and sustainable developmental processes. However, IDPs provide a systematic framework to allow various stakeholders who are all critical to integrated development to come together and with local government to prioritise key programmes to address the major problems and ensure social and economic development.

Many of the ideas encapsulated in the IDP process will be familiar to international development professionals. The history of South African governments' racist appropriation of international notions of urban planning makes it unsurprising that the post-apartheid government has also drawn extensively on global trends in urban planning, policy and governance to formulate its agenda. In any reconstruction process governments draw on available and dominant discourses to interpret, package and advance their agendas. Unlike earlier regimes, the new government is committed to justice, participatory democracy, poverty alleviation, the physical development of underprivileged zones of the city and racial redress. As discussed above, casting about for equitable and just solutions to urban problems in the late twentieth century meant very selective fishing in the conventional waters of urban theory, where issues such as global competitiveness overshadow reflection on urbanisation, inner

city revitalisation, environmental sustainability and social exclusion. The model of DLG has also drawn from the literature on democracy and development and is, of course, reflective of the experiences of the anti-apartheid struggle. As an approach to sustainable governance, the new DLG is a dynamic and uneasy fusion of global and local ideas. The utility of the approach to DLG will be tested on the ground rather than in academic or policy forums. In this regard there are major challenges to be faced.

Facing the Challenges of Developmental Local Government

The first task of DLG is to overcome the injustice of the past, to clean the urban slate, and open opportunities for integrated holistic planning. Apartheid created not only racially separate urban spaces, but also racially unequal places. Nowhere is this more obvious than in the highly differentiated environments of the cities and towns. The vast majority of black South Africans in urban areas across the country experienced economic, social, political and personal hardships that were in some way either caused or exacerbated by the segregationist and apartheid governments' attempts to maintain white urban privilege and cultural dominance. State action to uphold the standards of living for whites corresponded with activities that either directly undermined blacks' commercial and residential opportunities, or failed to enhance the conditions of their urban environments. Apartheid was not only about racial categorisation and overtly or explicitly racist laws. Apartheid depended on multiple strategies of urban controls including job reservation, racial residential segregation, the manipulation of African urbanisation, the differential regulation of building codes and land provision, the provision of separate and inferior services such as public transport and of course, outright racist repression in the urban sphere through the removal of land rights, the denial of tenure and the removal of the vote (Parnell 1998).

As a result of the complex web of laws and the extensive network of regulations and tactics invoked to uphold the principle of urban segregation, black people suffered and most are now poor. Rolling back the harm inflicted by apartheid local government means systematically dismantling each of the pillars on which racial power was built. But just rewriting the laws and creating a multifaceted planning approach to urban reconstruction as envisaged in the IDP framework is not sufficient to secure real changes, especially in the smaller towns where there is simply no expertise and no resources to implement a new holistic urban vision without assistance from national or provincial government. A technocrat approach or throwing

money at the poverty problem will also fail to restructure the power relations on which apartheid depended.

There is a certain pragmatism in the administrative hub of DLG at the Departments of Land and Constitutional Development.¹⁰ While the Department of Land is steadily working its way through the morass of contradictory apartheid legislation trying to establish a unified legal code of planning that reflects the principles of developmentalism and redress, Constitutional Development quietly recognises that there is little point in panalising local authorities who are unable to fulfil the letter of the new laws. Instead they are concentrating on developing support structures and guidelines on how municipalities can achieve specific aspects of the new dispensation so that they can incrementally deliver on constitutional obligations (Liebenberg 1995). In other words, the state has sensibly recognised that the transformation from apartheid will take time and that successfully embracing DLG depends on putting sustained effort and resources into capacity building at the level of the local state.¹¹ There are two components to this institutional transformation. The first involves ensuring that there is sufficient technical awareness among councillors and officials to drive the spatial, fiscal and integrated management components of change. The second is to safeguard the political commitment to effective incorporation of the opinions of civil society and to filter their views via the local government to provincial and national structures.

Curiously, while the state is happy to acknowledge that there will be delays in defining policy (and the implementation of DLG in the urban periphery will certainly be imperfect in the short term), it is relatively silent on the problem of reincorporating the ungovernable and informalised spheres of the city. The struggle against apartheid was waged in part around the campaign to make the townships ungovernable through rent boycotts, protests and civil disobedience. In the wake of the collapse of the apartheid state, powerful vested interests emerged around the informal, illegal and often coercive delivery of basic services like water (Simone 1998; Bauman 1998). These individuals and groups survived and flourished on the back of disorder and lack of co-ordinated planning. It is in the interests of these opportunists, just as it is in the interests of the new petty accumulators in unregulated spheres like the drug trade or the taxi industry, to remain beyond the arm of the state.

Incorporating parties who clearly are important urban players, but who have no interest in defining themselves as part of civil society, runs counter

to the notion of participatory democracy that underpins the post-apartheid local government visions. This is important, as DLG is not only about poverty alleviation and restructuring the built environment, it is also about institutionalising democracy and civil rights at the local scale. It is in this regard that the fundamental issues of democracy enshrined in the constitution of South Africa remain unevenly incorporated into the local government framework. The question of how to co-opt uncivil society is one dimension of the South African democratic local government conundrum, defining the position of traditional leaders is another. Thus far, failure to resolve the political issue of the function of traditional leaders has meant the rather ambiguous and awkward formulation of the different types or scales of local government. Including traditional leaders in local authorities (including fairly large urban centres) contradicts the constitutional commitment to democratically elected government. While there is extensive back-room consultation to try to resolve the impasse over traditional leaders and local government, more direct attention is being paid to unravelling the apartheid urban planning machinery.

Having adopted a visionary and innovative approach to urban policy, South Africans now face the prospect of tying up the critical loose ends that will make or break the effort to restructure society, reduce inequality and overcome past inequity. There are political, legal, institutional, human resource and technical challenges at stake. Aside from the not-insubstantial tasks of tying down the post-apartheid technical and legal framework of planning in such a way that the integrationist thinking of DLG is upheld, and ensuring that ongoing community participation informs all municipal planning, it is crucial to level the uneven playing field inherited from the past.

CONCLUSION

The second wave of post-apartheid urban transition follows the well-established South African planning practice of adopting, adapting and incorporating global planning or development discourses for use in particular national or regional contexts. The current framework of urban policy is simultaneously reflective of fresh global discourses and nationally particular constraints. The particular post-apartheid emphasis on urban sustainability is born of South African policy makers casting about in the cross-currents of planning and development theory. What emerges from the post-apartheid transition is a unique institutional approach to the development and government of cities of the south that is located within the

conception of sustainable and equitable cities and the developmental state. From the international experience we have extracted what has meaning for and relevance to the local context, and married global ideas with agendas that arise from the anti-apartheid struggle and the apartheid legacy. “DLG” therefore represents a fusion of local and global visions about how to achieve sustainable democratic urban development.

Translating the conception of DLG into the technical and administrative instruments of planning that are simultaneously capable of achieving the vision of integrated, sustainable and equitable urban management and upholding the principle of local democracy and autonomy is the challenge of the post-apartheid epoch. We have seen that the demands of DLG are huge and include incorporating informality into democratic local government structures. Institutionalising integrated planning procedures that give appropriate weight to social, economic, environmental and physical issues and overcoming the legacy of exclusion and discrimination are enormous. Clearly, reaching the goals of DLG will take some time. In setting out on this arduous journey of reconstruction it is imperative to have a clear vision of the process and goals of post-apartheid urban development.

What is significant about policy developments in South Africa is that, perhaps for the first time, a southern government has assumed responsibility for institutionalising integrated urban development with the alleviation of poverty as a priority. The reorientation of South African urban policy, so that all of the population can benefit, is typical of new development policies being forged elsewhere. It is also a unique reaction to the post-apartheid demand for restitution and reconstruction. More significantly, because of the end of apartheid, South Africa has had the opportunity of reorganising the state bureaucracy to institutionalise the ideals of integrated development and poverty alleviation. DLG is thus potentially a paradigmatically different approach to urban management.

We have suggested that South Africa can be an exemplar of how the justice focus in urban policy is gradually turning to setting viable and appropriate development standards and goals for cities where poverty and political alienation are normative not minority conditions. For this promise to be achieved, the markers of apartheid local government planning, distorted spatial and fiscal controls will have to be inverted to serve the needs of all urban citizens. More than this, the spatial and financial tasks of local government must be incorporated into a more holistic framework of urban

management that prioritises the concerns of citizens who desire integrated urban development and equity.

In the past, the South African hybridisation of international planning norms and indigenous political imperatives was a negative model that was unfortunately exported to other parts of Africa. By contrast, the post-apartheid re-alignment of urban planning and management may offer significant new positive ways for thinking about cities, especially cities of the south.

NOTES

- 1 Assoc. Prof. Susan Parnell is based at the University of Cape Town and is a research associate attached to Isandla Institute. She can be contacted at parnell@enviro.uct.ac.za. Edgar Pieterse is the director of Isandla Institute and can be reached at edgar97@icon.co.za.
- 2 While the prospect of long delays in achieving the post-apartheid vision frustrate activists and ordinary people alike, the apartheid experience suggests that with a clear vision and systematic attention to detail it is possible to shape society. This point is persuasively argued by both Posel (1992) and Hindson (1987).
- 3 A 15-person unit called the "Co-ordination and Implementation Unit" has recently been established in the Deputy President's Office to co-ordinate and evaluate government policy, in a similar vein to that envisaged at one stage for the RDP Office. (*Weekend Argus*, 9 May 1998).
- 4 At the moment the principles of developmental local government are found in legislation and policy emanating from at least two separate government departments (Land and Constitutional Development). The overall principles of DLG are set out by Firoz Kahn (1997: 25–35).
- 5 In fact, more substantial thinking had been taking place on a metro scale, especially in Cape Town where as early as 1991 the City was working on its Metropolitan Spatial Development Framework (CMC 1996; c.f. Beherens & Watson 1996).
- 6 This is true at both national and local scales, c.f. National Urban Development Strategy (SA Government 1997) and the MSDF (CMC 1996) and the Gauteng Provincial government's policy on urban integration (Gauteng Provincial Government 1997).
- 7 Although the DFA has not been adopted by the Western Cape Provincial or KwaZulu-Natal governments, the principles of the Act apply throughout the Republic.
- 8 The now infamous example is of course the intervention initiated in 1997 by the MEC for Gauteng province to sort out the budget deficit of Greater Johannesburg Metropolitan Council through the establishment of the Committee of Ten and its technical team.
- 9 Within the emerging literature on developmental local government, the significance of a separate sphere of local government has received relatively greater attention than the possibilities and demands imposed by integrated management. While, as our text makes clear, it is not really possible to differentiate the various elements of policy, we concentrate rather more on integration or management issues and leave aside the implications of the autonomous nature of local government (Chipkin 1997b; Oldfield 1998).
- 10 There is a recognition among both parties that the IDPs and LDOs need to be rationalised into one process to avoid undue complications and promote proper integration. However, how this will be achieved concretely through new legislation remains an open-ended question and subject to ongoing debate.
- 11 In addition to the internal efforts of government and the South African Local Government Association (SALGA) at in-house staff development there are numerous NGO programmes aimed at training councillors and officials.

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Achieving the capacity for sustainable governance

Fanie Cloete

In the introductory contribution to this volume, the author conceptualised governance descriptively as the outcomes of governing activities undertaken in a specific way, while good governance was conceptualised prescriptively as a sustainable achievement of the developmental policy objectives of a participatory democratic government. The achievement of policy objectives necessitates access to all the resources and the presence of environments conducive to success, while the failure of governments to achieve their policy objectives may be related to bad policy design, bad policy implementation, plain bad luck or a combination of these.

The question is how can one build capacity for sustainable governance during those unfavourable conditions of leadership and resource scarcity which currently prevail in most developing countries, and specifically in South Africa.

OBJECTIVES OF GOOD GOVERNANCE

There is no generally accepted set of objectives for good governance. The ideal attributes of successful public service delivery in a developing democratic society, were formulated recently by an authoritative study of public service reform in South Africa (PRC 1998: 108). Public services are supposed to improve the lives of people in the various policy areas for which a public service organisation or agent is legally responsible. These policy objectives are the following:

- representivity and equity in resource control and allocation
- developmental growth focus
- participatory, responsive, people-centred
- democratic rights, stability, legitimacy and transparency
- political and financial accountability
- professionalism and ethics
- flexible, effective, efficient and affordable processes

- co-ordination, integration and holism of services
- creative, competitive and entrepreneurial practices
- sustainability.

This shopping list of desired attributes of public services is not presented or prescribed here as a closed list of attributes. They could probably be supplemented by other ideal characteristics. They do, however, contain a relatively comprehensive set of ideal characteristics which amount to good governance if they are achieved. These principles for sustainable, democratic public service delivery are also applicable in so-called industrial societies. The need and effort to ensure that services are democratic, transparent, accountable, and so on, will only differ in degree from one to another society or type of society.

The role of the state in society is to protect, regulate, develop, maintain and sustain its citizens. It is an all-encompassing task which is difficult to execute because inevitably insufficient resources will be available to achieve all of these objectives simultaneously. The state therefore has to prioritise its objectives.

Governments across the world find it hard to achieve these objectives in the exercise of their functions (World Bank 1997: iii). The reasons for this differ from country to country. They include historical legacies of colonial exploitation and unsuccessful attempts to implement unworkable ideologies, an absence of different kinds of resources, ravaging wars or natural disasters, and bad management. Developing countries which do not have the established basic infrastructure and service networks which characterise more developed nations find it specially hard to deliver wide ranges of public services to their people, because they normally do not have the implementation capacity, nor in some cases the design capacity to do it (Horowitz 1989).

INTERNATIONAL EXPERIENCE WITH GOOD GOVERNANCE

A variety of recent international experiences with governance reforms suggest that in principle it is possible to improve the quality and quantity of public service delivery and even to establish public services which comply with the principles summarised above through a combination of changes to the way in which the public service is structured and operates. These changes are aimed mainly at utilising private markets and other voluntary agencies (civil society) more pragmatically and therefore more effectively in public

service delivery. This approach recently became known as network analysis, and integrates some principles of the new public management philosophy (NPM), or entrepreneurial government with the concept of the self-organising network (see Börzel 1998, Toonen 1998, Smith 1998, Palmlund & Joy 1997: 97, and my introductory conceptualisation of the capacity for sustainable governance at the start of this volume).

This approach to service delivery necessitates a series of changes in traditional government focus, structure, functioning and organisational culture in the public sector. First, a change from attempting to provide as wide a range of services as possible, irrespective of organisational capacity to do so, to explicitly accepting a limited capacity and reducing and redesigning service delivery programmes to match the existing delivery capacity of the public service (World Bank 1997).

The state need not produce all functions and services itself in order to control those functions or services. There are many so-called alternative service delivery mechanisms which customise and maximise the success of delivery in a given context. The role of the state in many instances should not be that of a producer of services, but a promoter, facilitator, regulator, observer or even only a participant, depending on the capacity of the state and the peculiar circumstances surrounding the specific case. Ideological determinism, either in favour of a general minimalist or maximalist role for the state in service delivery, has proved in the past to have a detrimental effect on the effectiveness and efficiency of service delivery.

A pragmatic approach to this issue is necessary. This implies a change from a system of centralised planning, delivery and control to decentralised planning, delivery and control at lower levels in the public sector (by delegation or devolution of powers and functions). Decentralised government is universally accepted as essential in geographically and ethnically diverse and complex societies.

Where necessary, government should also decide not to produce services itself, but to adopt the role of facilitating, enabling and co-ordinating the delivery of services (from steering to rowing) by organisations in the public service (eg another department or public agency), or the voluntary or private sectors (World Bank 1997: 162). This may be achieved in various ways, depending on what degree of control should be retained or relinquished by state agencies. The Canadians prefer to use the term “alternative service

delivery mechanisms” to describe this approach. Alternative service delivery mechanisms include

- decentralisation
- corporatisation
- outsourcing
- joint ventures
- partnerships and alliances
- regulations
- assistance
- privatisation.

There are objective criteria to match role to capacity, but indicators in the form of the following three questions are frequently helpful:

- can the traditional public service agency concerned, provide the service at the required level (quantity, quality and cost-effectiveness)?
- in the required way (participatory, people-centred)?
- with the required legitimacy and controls?

If not, someone else must do it.

- If yes, can the same or a better service with these attributes be provided by another or more public private and/or voluntary agencies? If not, the traditional agency must do it.
- If yes, the other identified agency or agencies must do it.

The second consequential change is one from big unwieldy public bureaucracies to smaller, more flexible organisations, as selected policy implementation functions are increasingly taken over by organisations outside the public sector. This does not necessarily imply a reduction in the overall size of the public sector labour force. Employees in government departments of public works may for example not be dismissed as a result of full privatisation of the function, but transferred to a new public construction and/or maintenance enterprise which operates in terms of market forces of supply and demand, and may even compete with private sector companies for government contracts, as in New Zealand.

The third change is from frequently separate and isolated policy and financial planning and implementation traditions to integrated and co-ordinated strategic management practices at all organisational levels, but

also a structural separation of strategic policy-making activities from operational implementation activities.

The fourth type of change is from an input, resource-focused administration to an output, results-based management system with performance contracting and promotion, accompanied by a change from rough, superficial, qualitative assessments (or guesstimates) of the outcomes of service delivery to more accurate and precise quantitative measurements of policy outputs and/or outcomes, where possible and feasible.

The fifth is from a closed bureaucratic-dominated work environment in the public service to a more transparent, accountable and participatory public policy process where direct, vertical regulatory, bureaucratic control of service quality is replaced by indirect, horizontal, ex-post-quality control by empowered customers/consumers, citizens or the partners in a policy network.

The sixth and last change is from simple cash budgeting and accounting methods, as well as annual financial planning cycles, to more complex accrual budgeting and accounting practices and multi-year financial planning cycles. These are normally accompanied by a rise in influence of economists, accountants, financial and strategic managers with the appropriate economic, financial and accounting skills in the public policy process.

This network model proposes a combination of traditional management mechanisms and some proven best practices from the “minimalist government” school of thought, with the important difference that it proposes the establishment of collective partnerships with private sector enterprises and voluntary organisations in civil society. Nor does government always withdraw from activities which have been transferred to the voluntary or business sectors, as happens in the minimalist models. In many cases “joint partnerships” between public, voluntary and private sector organisations are proposed to provide more effective services, while in other cases government retains very important macro level policy making, financing, co-ordinating and control functions over services transferred to an agency or network of agencies outside government for implementation.

The model therefore does not propagate a new, minimalist definition of the role of government in society like the NPM school. What it does is identify, consistent with the recent theoretical breakthroughs in governance studies, new delivery mechanisms outside the traditional public bureaucratic

framework to ensure the delivery of a desired quantity and quality of public services, still where desired, under overall supervision of government. In doing this, network analysis takes a totally new perspective on the nature and role of public bureaucracies in society. It improves on the ideas of NPM theorists, not only about how to deliver more effective services to the public, but also what role public bureaucracies should play in this process. Network analysis has contextualised, consolidated and refined the crude NPM paradigm.

The next question is whether it is possible for a public service which does not have the capacity either to deliver services itself, or to manage the delivery of such services on its behalf to be empowered to achieve sustainable service delivery with the attributes summarised above.

CAPACITY FOR SUSTAINABLE GOVERNANCE

An assessment of the experiences of the South-East Asian tiger cubs (Malaysia, Thailand, the Philippines and Indonesia) in creating the capacity for sustainable governance highlighted the following requisites for success (Cloete 1999, Root 1996, Campos & Root 1996, Leipziger 1997):

- committed, strong, competent and honest political and administrative leadership and direction
- existence of and consensus on a clear, national vision and attainable action plans in strategic policy sectors
- the availability of and the optimal creative, pragmatic, co-ordinated use of resources (people, money, supplies and information) in the public, private and voluntary sectors of society
- effective strategic and operational management (design, implementation, monitoring, evaluation and policy review)
- a developmental social and organisational culture with a strong work ethic
- amenable democratic and economic environments
- a substantial measure of good luck!

The answer to the question about the capacity needed to achieve the policy implementation objectives for sustainable public service delivery seems to be the commitment and ability to implement in pragmatic ways those elements of accepted strategic management which are appropriate in a given context.

The potential of policy success will also be maximised if these requirements are present in the sequence above (preferably as close as possible to it). The

departure point is the availability of legitimate, enlightened and competent political leaders who are committed to drive the processes of sustainable governance even against huge odds. That must inevitably be followed by the relevant structural, functional, and behavioural changes, including access to and the appropriate and strategic use of all available resources. The consolidation of sustainable governance necessitates the eventual transformation of mass attitudes and culture into a new mass value system which is more in congruence with the new paradigm.

This perspective on sustainable governance implies that isolated ad hoc policy changes are doomed to failure. Success necessitates a holistic approach to integrated sustainable management and delivery networks and the consolidation of a mass developmental culture and a strong work ethic throughout society to avoid discontinuities. This is easier said than done. From this perspective, sustainable governance depends on the degree of successful achievement of a complicated series of decisions, actions, resources and events involving a multiple of actors which may not always be fully within one's control.

It is clear from this conclusion that, as always, the weakest link in the governance chain sets the standards for outcomes, and inevitably determines the degree of policy success or failure. One weak link in an otherwise strong causal chain of events may cause disaster. This highlights the importance of consistent policy monitoring, assessment and review in order to learn from one's successes and failures.

The last question to be addressed is the implications these conclusions have for sustainable governance in South Africa.

PUBLIC POLICY OUTCOMES IN SOUTH AFRICA

A comprehensive regime change in government took place in South Africa on 27 April 1994 as a result of the first post-apartheid democratic national election. This event resulted in a far-reaching policy paradigm shift from pre-World War II colonial-type apartheid policies to the latest written democratic constitution and Bill of Rights in the world, with totally new policies supporting this new value system (Cloete 1991, Cloete & Mokgoro 1995).

After five years of post-apartheid government, the new regime has produced a mixed bag of results. On the positive side, the birth of the new nation still

proceeds almost miraculously peacefully, and the constitutional democratic foundation of the state is also still firmly in place, with only small indications of deviation (eg the worrying politicisation of institutions such as the Judiciary and the Reserve Bank). South Africa also plays a major leadership role in regional and global affairs, and is increasingly instrumental in peace-making and peace-keeping efforts in Africa. On the service delivery side, the provision of water and electricity to poor communities has increased significantly, while a new system of integrated local government is taking root across the country, admittedly accompanied by major hiccups.

On the negative side, however, the fledgling government has already experienced major public policy failures, and is facing even more potential failures. It has not come close to its goal of reducing the current housing backlog, while crime is soaring, and education and health services are being eroded from day to day. The economy seems to be weakening, despite attempts to shore it up, and it is dragged further down by the current Asian and emerging global depression. The governance capacity of the public service is in a shocking state, and is also still eroding fast (Ncholo 1997, PRC 1998: 26).

At the moment South Africa clearly does not have the capacity for sustainable governance in place. The obvious next step is to identify the main reasons for this state of affairs.

Bad luck does not seem to be an insurmountable obstacle to policy success in South Africa. Despite the contagious negative global effects of the Asian economic flu, the international, political and economic environments of the country are generally more sympathetic and conducive to growth and development in South Africa than in many other developing states. South Africa has not yet taken up any developmental assistance from the World Bank or the International Monetary Fund, despite indications that such assistance will be given without hesitation.

The recent emergence of South Africa from its apartheid time warp, and the martyr image, as well as the charismatic leadership and moral statesmanship of Nelson Mandela, probably contributed significantly to the current international honeymoon effect. Even with a faltering economy, foreign investment trickles in, and South Africa's international creditworthiness is still comparatively high compared with other leading developing countries.

The World Bank still regarded South Africa as a middle-income country in its 1998 report (World Bank 1998).

South Africa has also been fortunate not to have been faced in recent times with any major national disasters which would have forced government to divert scarce resources to disaster management. The drought caused by the El Nino phenomenon did inhibit agricultural production somewhat, but so far it has not had a crippling effect on the economy.

Second, bad policy design may probably be a contributing culprit in some cases, but can be ruled out as a major cause of policy failure. A flood of new policy ideas, Green and White Papers and innovative new legislative instruments approved by Parliament, about (<http://www.gov.za>). Most of those policy programmes are feasible.

However, many state departments cannot spend all the funds available to them each financial year. Senior public officials consistently identify their most crucial problem as human resource and management related. “Even reform-minded leaders cannot translate their goals into reality because the machinery linking policy statements to action has ceased to function. As a result, a vast gap has opened up between what the state says it will do and what it does” (World Bank 1997: 97).

It seems, thirdly that bad policy implementation must take the blame for most of the policy failures of the new regime so far (PRC 1998: 17). This can be illustrated by the closing down of the government’s RDP Office, the spectacular failure to make inroads into the huge housing backlog, the inability of the government to reduce the size of the public sector, etc. Considerations such as plain bad management, dogmatism and organisational cultures which are not conducive to effective transformation of the policy system (resistance to change, a bad work ethic, corruption and nepotism) can be singled out as major causes of this state of affairs.

The long-term political legitimacy of the new South African democracy is dependent on the degree of success of its new regime’s attempted transformation of South African society during its first term of office, which ended in April 1999. In order to maintain and preferably increase its legitimacy, visibly successful policy outputs are imperative (see Emslie 1996).

REQUIREMENTS FOR ACHIEVING SUSTAINABLE GOVERNANCE IN SOUTH AFRICA

The following conclusions can be drawn about the implications of these general requirements for the achievement of sustainable governance in South Africa:

- committed, honest political & administrative leadership

Stronger and more committed political leadership is needed to kickstart the process towards achieving the objectives of sustainable governance in South Africa.

... breakthroughs will rarely happen by accident. At any given time, the forces favoring the status quo are likely to prevail. Reforms only succeed if they are directed by leaders with a clear vision of the way thing could be, and a contagious determination to turn that vision into reality (World Bank 1997: 144).

... almost all successful reform episodes in developing countries have one common feature: they have been crafted by dynamic leaders who have shepherded changes through complicated political terrain. Such leaders seize opportunities as they appear, but they also create them, by identifying and reaching out to potential beneficiaries, reshaping institutions, and articulating a compelling and feasible vision for the future. Political leadership is particularly important in countries that lack trust and cohesion among different social groups (World Bank 1997: 154).

The Mandela government was not very attentive to the details of nation-building. Mandela had a reactive “chairperson of the board” management style. He allowed his Cabinet ministers free range as long as they did not land up in portfolio turf battles with their colleagues. He did not effectively co-ordinate policy implementation. The Presidential Review Commission found a black hole in the centre of government (PRC 1998: 28, 35), and recommended a series of steps aimed at strengthening the strategic management capacity of the central machinery of government in the President’s Office. The incoming Mbeki presidency promises to be more effective. Mbeki has the reputation of being more of a hands-on, pre-emptive manager.

Other increasingly worrying issues are the continuing incidences of

malpractice, corruption and nepotism, which are uncovered each day, and seem to be deep-rooted at many levels in the South African Public Service. One explanation for this trend is the relative inexperience of senior officials who have not been in government long, and who are unable to manage the transition to a post-apartheid government effectively, inter alia as a result of resistance to change by lower-level officials. Cultural, financial and systemic conditions, however, contribute to this spreading moral cancer. “Reforming the civil service, restraining political patronage, and improving civil service pay have also been shown to reduce corruption by giving public officials more incentive to play by the rules” (World Bank 1997: 9).

Research throughout the world (World Bank 1997: 151), particularly in South-East Asia (Cloete 1999) indicates that good governance results are closely correlated with strong and committed driving forces at the top of the Singapore, Malaysian and Indonesian governments. This conclusion ignores for the moment the unsustainability of the authoritarian tendencies in those governments, which have already brought about Soeharto’s downfall and are increasingly haunting his successor, Habibie, in Indonesia and Mahatir in Malaysia. It will inevitably also affect Goh in Singapore in the long term, unless the pace of political deregulation, liberalisation and democratisation in that island state is accelerated. The lower levels of success achieved in Thailand and the Philippines can be attributed partly to an absence of strong, honest, political and administrative leadership in those governments. Estrada has the potential to turn around this trend if he can break the stranglehold of the traditional political aristocracy on political and administrative power in the Philippines.

- agreed national vision and attainable action plans in strategic policy sectors

The PRC found an absence in government of a clear national vision for South Africa, agreed to by all stakeholders in government, and accompanied by well-co-ordinated implementation strategies (PRC 1998: 26). Recent disputes about economic development objectives and strategies for South Africa in the trilateral governing alliance of the ANC, Cosatu and the SACP illustrate this problem well.

The difference of opinion basically centres on the preferred role of the state in South African society. The absence of consensus about this issue leads to contradictory policies, decisions and actions or dithering and delays, both of which have a negative effect on investors’ confidence and ultimately on

economic development. The policy issues which are directly affected, include the following:

- the production of services by the public sector versus the promotion, facilitation and regulation of private and voluntary sectors (see OECD 1995: 89)
- growth versus redistribution (GEAR versus RDP)
- sustainability versus equity (resource conservation versus poverty alleviation)
- capacity versus legitimacy (quality and quantity of results versus representativeness)
- balanced development (strategic new projects versus routine maintenance and upgrading).

These defects also have a detrimental effect on the South African government's policy prioritisation processes. Government still tries to do its best in all policy sectors, and in so doing, exceeds its capacity while refusing to acknowledge it. A case in point is the application of the so-called voluntary severance policy, linked to affirmative action policy in the public service, both of which proceed headlong while it is increasingly clear that experienced staff leave and are either not replaced or are replaced by inexperienced new staff. These outcomes have an extremely negative effect on the levels of public service delivery. This continuous erosion of implementation capacity in the public service dooms otherwise good policy programme designs from the start.

It is significant that those South-East Asian countries which have clear-cut national visions and implementation plans have been the most successful, with good governance results so far. They again include Singapore and Malaysia, to the exclusion of Thailand, Indonesia and the Philippines (Cloete 1999).

There is also a general similarity among most of the successful South-East Asian nations regarding the prioritisation of strategic policy programmes. They have all tended to prioritise highly all levels of education, communication, transport and development infrastructure, basic health services and economic development. These policy foci tend to have positive effects on sustainable development: "Public investments in health, education and infrastructure yield high returns" (World Bank 1997: 52).

- effective strategic and operational management (policy design, implementation, monitoring, evaluation and review)

Mbeki has accepted the recommendations of the PRC for improved strategic management structures and processes in the President's Office. The current absence of this capacity is one of the core problems in the South African government, and leads to a chain reaction of isolated government agencies who are not driven and steered in a coordinated fashion by political leaders. A systematic effort to monitor and evaluate the impacts of government policies and services, and to be responsive to the results of such exercises by systematic policy reviews, is a prerequisite for good governance (PRC 1998: 26).

The positive experiences of Singapore, Malaysia and Thailand again illustrate this point well. Deliberate and systematic attempts were made to manage public policy strategically through various customised mechanisms, in contrast to the negative results in Indonesia and the Philippines, where such attempts were largely unsuccessful for various reasons (Cloete 1999).

- availability and best use of resources (people, money, supplies and information)

“Some transition countries retain inherent capabilities in the form of qualified people and usable equipment, but they are not organized to perform in their new roles” (World Bank 1997: 6).

South Africa still suffers from non-optimal use of its resources. Although a lack of skills in certain sectors remains a serious problem, the most serious of all seems to be wastage and duplication of financial and human resources. This is mainly because of plain bad management (Ncholo 1997). The levels of effectiveness and efficiency of service provision in the public sector can and should be drastically improved (PRC 1998). The principles of the suggested network model of good governance, which were summarised in the introductory contribution to this volume, should be implemented in a pragmatic way. This will mobilise and synchronise resources in the public, private and voluntary sectors more effectively than at present.

The experiences of South-East Asian countries are very instructive and enlightening, again especially in Singapore, Malaysia and Thailand (Cloete 1999). More appropriate management styles and policy priorities for sustainable development in these countries led to better results than in countries where the legacies of dictators such as Marcos in the Philippines

and Soeharto and the military in Indonesia have exploited and exhausted resources over many years, to such an extent that the respective economies have not yet recovered (Cloete 1999).

- organisational culture and work ethic

Low levels of literacy and a general absence of public commitment to growth and productivity in South Africa have led to extremely low levels of international competitiveness in most policy sectors (*Rapport*, 6 December 1998). This has to change before significant improvements in the levels of development in the country will become noticeable. This also implies a stronger emphasis on good citizenship (see my earlier introductory article above).

Very high levels of productivity and a high sense of individual and collective responsibility are some of the outstanding characteristics of those South-East Asian nations which performed well in the area of good governance (notably again Singapore and Malaysia). These characteristics are noticeably absent in mainstream Indonesian and Philippine societies (Cloete 1999).

- a democratic environment and a growing economy

The democratic requirement is not problematical in South Africa. The 1996 Constitution has established a federal-type political framework which is extremely tolerant towards individual freedom and creativity. This democratic tolerance, however, has aggravated the underlying lack of nation-building glue or binding forces, which manifests in the glaring absence of a clearly formulated national vision. The South African economy is also weakening as a result of the international economic downturn precipitated by the Asian financial crises. This is not good news for reform.

Current realities in South Africa are in stark contrast to South-East Asian case studies, which are all based on largely benevolent authoritarian Confucian, Buddhist and Muslim value systems and practices. In all five case studies, over a short period of 10–15 years, strong and experienced political leaders succeeded with short-term well-balanced development programmes in fast-growing domestic and regional economic climates. One of the reasons for their success was the benevolent authoritarian leadership through which they implemented their national visions in the absence of any effective opposition. They achieved fast economic and social development which with the exception of Singapore, was based largely on dubious

business practices which started to become notorious as “crony capitalism” (relatively unfettered economic competition driven by widespread nepotism, corruption and bad financial management practices).

These development programmes increasingly started to unleash forces incompatible with the conservative and stagnating political systems in those countries. From an ex post facto perspective, the results were inevitable: it is unsustainable in the long term to try to combine “free” economic competition and advanced social (especially educational) development within a highly restricted and regulated political system (Leipziger 1997, Cloete 1999). This duality was a significant contributing factor to the expanding economic crises in that region.

The single exception so far is Singapore, where a highly pragmatic, strategically oriented and scrupulously honest regime has succeeded so far in avoiding most of the pitfalls into which its neighbours had fallen. Some unique conditions in the small city state, and well-designed strategic policy management programmes, have resulted in a balanced development outcome which is far more stable and sustainable than in its neighbouring countries (Cloete 1999). Although financial and democratic cracks in the strong Singaporean edifice are starting to appear, they can still be mended through far-sighted strategic changes in direction by the current regime, if they are sufficiently responsive to the changing demands in its highly educated elitist society.

- good luck

Mandela’s martyr image, charismatic personality and leadership attributes brought South Africa a significant and inordinate degree of goodwill during an extended political honeymoon period which lasted for the whole of Mandela’s five-year term of office. These are conditions which few other countries enjoy. This is sure to diminish on his departure from the active political scene, because it is doubtful whether Mbeki will be able to sustain the same levels of support. Nor did the country suffer any major disaster, and the decline in the international economic climate only started to affect it detrimentally in the middle of 1998, when the Asian financial crisis began to have an effect, and prompted international speculator raids on the South African currency.

CONCLUSIONS

This concluding contribution highlighted the requirements to achieving sustainable governance in developing countries in general, and specifically in South Africa. It started with summaries of the general objectives of good governance, followed by the international experience of good governance practices and selected principles for sustainable governance from the South-East Asian region. That was followed by summaries of the nature of public policy outcomes so far in South Africa, and the implications of the selected principles of sustainable governance for similar future practices in this country.

Although South Africa has the strongest economy on the African continent and one of the strongest among developing countries, it still has a long way to go before it has developed sufficient capacity for sustainable governance. It is clear that sustainable governance across the globe requires a chain reaction of events which can be summarised as the effective implementation of the best practices of strategic management within the context of the network analysis model of governance (see my introductory contribution to this volume). The determination of policy priorities should also be done against the background of best practices in developing countries (see Weaver, Rock & Kusterer 1997, Wai & Rice 1991 and Cloete 1999).

Moderate, pragmatic policies after the 1999 election in South Africa will be a prerequisite to maximise a stable transition from an apartheid state to a leading twenty-first-century African state. Success is not guaranteed: as in any other developing country, in determining its policy priorities and governance strategies the government will have to strike a fine balance between more equitable resource redistribution, social and infrastructural development, economic growth and political stability. This is an extremely complex balancing act to execute, especially just before an election.

The short-term miracle which has happened in South Africa since 1994, may still prove to be a mirage in the long term, if the government does not learn from the lessons of sustainable governance in other parts of the world.

Probably one of the most important of those lessons at this stage of our nation's development – the role of honest political leaders in kickstarting and thereafter in driving and monitoring the implementation of strategic policy priorities – cannot be overstated. It seems that, like the first post-apartheid phase of Mandela, the main determinant of success in the second phase will remain the M-factor.

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