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Keynotes

Ivor Chipkin

This conference takes place at the tail-end of an era of state capture in South Africa. With the report of the Zondo Commission concluded, how do we move forward from here? GAPP and the participants in this conference hope to assist with upcoming reforms in South Africa. These efforts are particularly important because, more broadly, this conference occurs amid a crisis of democracy in South Africa. It is clear that authoritarian models have strong popular appeal, closely tied up with a serious ideological challenge to the dominance of liberal democracy. At the same time, the extent of socioeconomic inequality in countries like South Africa puts into question the notion of democracy as, more than a political system of elections, a system founded on a notion of fundamental social equality.

In South Africa, the crisis of democracy is also underpinned by failures of governance, especially infrastructure challenges and failures of service delivery. Indeed, the current crisis of democracy cannot be separated from the crisis of government. In this context, reforms to the architecture of government may not only address the crisis of government, improving service-delivery outcomes, but may also rejuvenate the democratic project in South Africa.

At the same time, it is not clear that South Africa's crisis of democracy can be separated from other, similar crises elsewhere. This crisis might be global in scale. Thus there is extraordinary value in working comparatively and collaboratively with practitioners and intellectuals from other countries, especially in the Global South. Our hope is to overcome a certain South African parochialism, by situating the South African crisis in relation to the global crisis, and to draw on global experience to learn from other models of governance.

Ivor Chipkin is the Director of GAPP. He was the founder and director of the Public Affairs Research Institute at the University of the Witwatersrand and the University of Cape Town for ten years before that. In 2017 Chipkin, with several colleagues, wrote and released the Betrayal of the Promise report, a study of state capture that had a huge political impact in South Africa. Chipkin completed his PhD at the École Normale Supérieure in France, where he also did his DEA. Chipkin was an Oppenheimer Fellow at Oxford University. He is the author of Do South Africans Exist? and Shadow State: The Politics of State Capture with Mark Swilling. His new book, The Shattered Vessel, is due out in 2023.

Pratap Bhanu Mehta

In Black Skin, White Masks, Frantz Fanon writes, "There is no white world, there is no white ethic, any more than there is a white intelligence. There are in every part of the world men who search." Or, we might say at the moment, there are everywhere men who flounder. There are always reasons to hold a

global conversation, but it is particularly appropriate now. Countries around the world face crises of governability. We think of these crises as national in their scope and character, but they occur in a shared global context, have shared characteristics, and probably cannot be solved within existing national architectures of government. To paraphrase Leo Tolstoy, it seems at the moment that all unhappy nations are alike, while each of the few happy nations is happy in its own way.

GAPP and its peers have tended to look at the current crisis of governability as a problem to be solved through technical, institutional change. The heart of this approach is the notion that better outcomes – more accountable and effective governance – can and should be sought through changes to the design of the architecture of government. Partly because of the post-1989 historical setting in which it emerged – at the end of history, as some said at the time – this approach takes certain things for granted. It assumes, if not an ideological consensus, then a shared set of ideological parameters or boundaries; and, closely related, it assumes the presence of certain institutional channels or structures of power – parliament, elections, a constitution – through which incremental changes can affect progress.

This approach, I argue, is not sufficient at this historical juncture. I want to challenge participants at this conference to step back from technical discussion of the institutions that make for accountable and effective governance, and instead look at the crisis of governability in terms of the normative horizons within which we locate those institutions. Among other things, this means thinking about the relationship between government and democracy.

The current crisis must be situated in relation to the main lines of post-World War Two ideological contestation, and in relation to the horizons of normativity which emerged from that contestation. It is common to draw those lines as stark binaries, but in fact there are at least four basic models. These are liberal democracy, as implemented in the established democracies of the West; modern Islamic constitutionalism, as in Pakistan, Nigeria, and Egypt; the party-state model, as in China; and the variations of liberal democracy engineered in countries like India and South Africa. The Indian and South African models are political innovations: in conversation with the normative horizon of liberal democracy, but with their own creative and distinctive variations on that theme. These models were supposed to be embedded settlements, emerging as the historical product of political negotiations, and their execution was entrusted to a distinctive kind of political party. The African National Congress (ANC) in South Africa and the Indian National Congress in India were both dominant parties within pluralistic electoral and party systems; they were both broadly pluralistic and capable of social mediation – of creating broad-based class coalitions and of mediating societal conflicts – and thus neither were entirely parties of interest nor entirely parties of principle. But both parties, in different ways, have collapsed.

The other three normative models, too, are in crisis. Liberal democracy seems to be facing the deepest crisis in precisely those countries which were most deeply normatively committed to it. Meanwhile, the increasing repression required to sustain the Chinese model – notwithstanding its extraordinary economic achievements – suggests that the party-state model, too, is burdened by the weight of its own contradictions: what is the party's identity now that its claim to being the vanguard of revolution and revolutionary nationalism is diminished? Who does the party represent, and is it really a conduit for modernity, representation, and meritocracy?

The current crises have been brewing for a long time. They are essentially internal to the normative models of the societies in which

they have arisen. It may be time to reconsider the goals of each model, and the relationship among those goals: how stable are they related, and are they compatible at all? The classic example – the relationship between capitalism and democracy – remains pertinent, and a new twist focuses on the relationship between capitalism and economic justice, asking whether it is best negotiated by liberal democracies or by one-party states.

Indeed, global capitalism is itself in crisis, with attendant crises of national capitalism. The current crises of governance were exacerbated by the 2009 global financial crisis, which brought to a close an era of global optimism about economic growth. That optimism had led to a policy environment defined by technocratic tinkering and had allowed moderate redistribution and some welfare programmes, carried out with relative political ease. The 2009 financial crisis led to the collapse of our basic normative assumptions and demonstrated the starkest contradictions of our societies. In a way, the 2009 crisis never ended. And current conditions lend themselves to a perfect storm, built on the back of the post-2009 turbulence, bolstered by the economic crisis that is likely soon to break, and inflamed by major geopolitical competition that is calling into question the international legal order itself. We may soon be nostalgic for the day we thought corruption was the biggest problem of our societies.

The important question, for our purposes, is how one is to discuss governance in this context and at this historical moment. What do we do in the absence of the basic normative horizons, the social and political consensus, and the institutional channels which until now we took for granted, and within which institutional reforms make sense? What is the value, in this context, or turning back to questions of institutional design – when institutional design is not responsible for the collapse of those basic normative premises? Indeed, normative horizons, and consensus about their parameters, emerge organically from, and are maintained by, social movements. From one angle, the Sisyphusian challenge facing us is defined by the lack of social movements effective for that task.

At this historical moment, therefore, the question of the architecture of government is not only or primarily a technical question – a question of tinkering with our institutions. If we are serious about governance, we cannot begin by theorising about government alone. We have to return to first principles: the normative horizons in which we're operating, and the creation of social movements which support those normative frameworks. Regenerating our politics will really be about social movements, as much as about institutional design.

As I said, this is a prerequisite for meaningful institutional design, because any institutional design makes sense within a particular set of normative horizons. What are we designing the state for? Insofar as we want effective state institutions, what are those institutions supposed to do? At the most basic level, there are trade-offs to be negotiated: certain institutions, designed in certain ways, are better for some tasks than for others. Every country must ask what they want their institutions to do, and the answer is not necessarily obvious. It is certainly no longer clear that liberal democracy constitutes the normative horizon of our institutional choices.

Humanity's most momentous emancipatory movements – those which drove the French Revolution, for example, or decolonisation – had a particular conception of politics, resting on the capacity of a collective of people to govern themselves: to make and remake the political world according to their needs. In an important sense, this is the core idea of politics: while we are constrained in what we can achieve in the realm of nature, political agency can make and remake the social world. But in the intervening decades, we seem to have gotten it backwards: we are

remaking nature, sometimes apparently without limits, while operating within very strict horizons of political necessity – we cannot think beyond the frame of modern capitalism, or even beyond the nineteenth-century conception of liberal democracy which we have been bequeathed. If these frameworks are restrictive, and are collapsing under the weight of their own internal contradictions, perhaps it is time to return to that more radical definition of politics. Perhaps it is time to imagine what that world would look like, the one which we endeavour collectively to make and remake.

In the current era, it is an open question whether this normative or democratic conversation can take place at the national level alone. As Achille points out, global governance and national democracy are closely intertwined. Yet it seems we are entering a phase of increased geopolitical and territorial conflict, maybe with neo-imperialist undertones, and – as the global response to both Covid-19 and climate change has demonstrated – of deepening withdrawal from the global provision of public goods. Even as we craft political creativity at the national level, the fates of our national democratic projects are likely to depend on the global context. What does this mean for our national democratic imaginations – for whether they will be able to take shape, and for the shape that they will take?

Pratap Bhanu Mehta was previously vice-chancellor of Ashoka University and president of the Centre for Policy Research in Delhi, India. He has previously taught at Harvard University, Ashoka University, and Jawaharlal Nehru University, and has been Global Faculty at NYU Law School. He has published widely in political theory, history of ideas, Indian constitutional law and politics in India. He is also a fellow of the British Academy and SSRC Fellow for 2020. His policy experience includes being convenor of the Prime Minister of India's Knowledge Commission (2005–2007) and member of India's National Security advisory board. He is also editorial consultant to the Indian Express. Mehta studied at Oxford and has a PhD in politics from Princeton.

Achille Mbembe

The drive towards multi-polarisation is fuelling competition among different modes of planetary governance. The competition is no longer between socialist or communist and capitalist regimes, or between free market and command economies. What is at stake now is democracy, understood as the ecological life-futures of the earth itself. Africa is one of the principal theatres for this contestation. Here, in Africa, are tested some of the ultimate limit-conditions of the habitability of the planet. It is here that the old rules of official development assistance have clashed most dramatically with the ecological imperative of maintaining social metabolism within the confines of our planetary limits.

Africa's share in global resources and markets will grow in the 21st century, and international actors understand that their relationship to African countries will be decisive for their own positions. In recent years, we have seen actors like China and the European Union (EU) attempting to develop new strategies for cooperation with Africa. Although the common wisdom holds that these actors differ in their approaches, there are important similarities. For both China and the EU, their strategic goals in Africa do not extend to such imperatives as supporting and financing freedom, democratic innovation, and the rule

of law. Their aim is to secure for themselves advantages in the future.

The Euro-Atlantic model of planetary governance has historically aimed at dismantling state barriers to the movement of global capital. Its premise has been that economic growth and technological innovation will, through the expansion of the free market, bring jobs and prosperity, including to the poor. Yet this model has never truly believed that democracy and capitalism are synonymous – in fact, it has always aimed to insulate capitalism from the threat of democracy. Capitalism has reproduced itself by increasing inequality and fostering political exclusion; and the Euro-Atlantic model seeks to scale up economic governance so that it is no longer subject to revision at the level of the nation state. Indeed, its ultimate goal is to shift economic policy away from the nation state and outside the realm of democratic accountability. Thus it favours the endless expansion of neoliberal financial institutions in every realm of life.

The Chinese model is often viewed as an alternative. China has demonstrated that authoritarian rule can be as technically effective as liberal democracy. Yet the Chinese model, too, relies on the notion that property rights are global and may not be trumped by sovereignty. As an ascending superpower, China, too, has sought to promote institutions which elevate capital rights as global rights. As part of its own neoliberal foreign policy, it lures poor African nations into financing infrastructure projects through unsustainable debt commitments, thus locking those nations into long-term structural dependence.

In 2020, I was approached by Emmanuel Macron to help design France's new Africa policy. My report, produced ahead of the 2021 New Africa Summit, urged France to imagine a new relationship with African states, one based on a dynamic balance between mutual interest and self-interest and drawing on the quest for meaning that is driving current generations. While I argued that the problems we face today are inherently of planetary scale and scope, I also examined the particular state of democracy in Africa. It is worth repeating some of my conclusions insofar as they bear on the themes of the conference.

First, the demand for democracy in Africa is endogenous. In anti-colonial struggles, the quest for autonomy and self-determination went hand-in-hand with aspirations for social and racial equality within the framework of the rule of law. People of that time believed that democracy should be based on equal rights, beginning with the right to self-government,and they believed that the resilience of democracy would depend on the quality and strength of its institutions. Yet once independence had been achieved, tyrannical modes of governance emerged, based on the merger of authoritarianism and nationalism with ethnic forms of mobilisation. In the 1990s, following painful structural adjustment and debt repayment programmes, a second dramatic wave crested in Africa. Amid the shift to market economies, African social movements demanded a recalibration of relations between the state and the society, on the basis of three key principles: participation, representation, and accountability. Indeed, it is during this post-Cold War moment that the paradigm of good governance arrived in Africa, emerging as a technical response to the renewed demand for democracy.

In Africa, the democratisation wave that began in the 1990s has had mediocre results. Despite local variations, several trends are visible, among them the resurgence of military coups, ethnic and religious strife, and low-intensity resource wars; a significant erosion of political and civil freedoms; and the consolidation of an environment of brutality. Important political and constitutional reforms have simply been abandoned, and, in other ways, many regimes have taken a clear step backwards since the introduction of multi-

party politics. Nearly everywhere, dominant party regimes have captured and privatised chunks of the state, and in the process have entrenched policies which trap local communities in endless cycles of vulnerabilities. Far from affirming the legitimacy of regimes in power, elections are often rigged, and in many cases serve to trigger unrest, repression, and constitutional crises.

Ultimately, most Africans do not enjoy any guarantees of their civil and social rights. Moreover, if they were faced with the choice, it is possible that many would choose to trade their political and civic rights for minimum socioeconomic ones. In the ongoing competition between democratic and authoritarian regimes, many wonder whether the latter are not more effective than so-called democratic regimes at reducing poverty, building functioning healthcare and education systems, guaranteeing safety and security, and promoting relatively inclusive socioeconomic growth.

The future of democracy will be decided in Africa: Africa is the laboratory of democracy. And a vast societal transition is underway on the continent, shaped by such dramatic changes as urbanisation and digitisation, demographic shifts, the re-imagination of borders and mobility, and various risks and challenges related to ecological sustainability. In light of this, it is urgent to bridge the gap between the cultural creativity of societies and communities, on the one hand, and the poor quality of political and institutional life, on the other. The emergence among young generations nearly everywhere of new forms of organisation, expression, and mobilisation testifies to the vitality of social movements and to the vigorous innovations underway in the field of creative activity. Access to digital networks, for example, is contributing to an increase in deliberative capacity. In this context, two conditions determine the future of democracy in Africa. The first is how well the resources of social creativity and imagination – as generated by these social and cultural practices – are harnessed to expand forms of self-organisation and to pool the efforts needed to rebuild the continent. The second is the quality of the support that international forces give to the African democratic project.

Our conceptualisation of democracy has changed in the 21st century. The early 2000s were a turning point, marked by technological escalation, financialisation, and planetary competition. Sovereignty, though still linked with territory, has also become tied to flows of finance and information. As a horizon of common life, democracy is now being re-assessed with reference to interdependencies that link us with non-human and more-than-human agents and with broader political, economic, and ecological forces and environments. As a technology of worldwide integration, representative democracy is increasingly seen as an ongoing and dynamic process in which humanity is only one actor, embedded within the complex co-productions of economies and ecologies that constitute the living world. Faced with pandemics and the effects of climate change, many people now recognise the existence of a fundamental continuity between natural environments and the human and animal world. Given the pressure on the living world, and in response to increasing vulnerabilities, democracy, in the future, will increasingly be understood in terms of the capacity to design or re-design infrastructures and institutions that align with our new understandings of life-futures on earth.

These lessons have been consolidated during recent global events. Within weeks, the Covid-19 pandemic turned the entire planet upside down as deep restrictions were imposed, their scale ranging from that of the body to the planet itself. The pandemic made us aware that the present moment is part of a planetary time. It has called for us to begin thinking and acting according to much larger time scales:

time scales encompassing the ecological and geological resources from which we draw. This is a call to expand human temporal sensibilities, which in turn are essential to developing the kind of frameworks, infrastructures, and governing strategies that can act at the deep timescales of our most urgent crisis: the climate crisis. Humans can no longer act with ignorance of the deep time-consequences of their actions. More than ever, governance implies completely transforming our relationship with time, radically expanding our time awareness and intuition, and deeply understanding and taking responsibility for our own involvement not only in the deep past and the deep present, but also in the future of the earth, which we must repair and share as a condition of its durability.

Achille Mbembe was born in Cameroon. He studied history in France from 1982 to 1986, and obtained a PhD from the Panthéon-Sorbonne University in 1989. He then decided to return to Africa, first to Dakar, where he was Executive Secretary at the Council for the Development of Social Science Research in Africa (CODESRIA) from 1996 to 2000, then to Johannesburg, where he has been living and lecturing at Witwatersrand University since 2001. He continues to lecture in the USA as Visiting Professor at Harvard University. In Sortir de la grande nuit, Critique de la raison nègre and Politiques de l'inimitié, he tackles one of the foundations of the Western world: the way in which otherness and difference have been conceived in terms of race, in order to justify the relations of domination and exploitation which culminated with the slave trade, colonization and apartheid.

Historical Legacies and the Architecture of Government

Pali Lehohla

It has become apparent that the neoliberal policy programme has failed in important ways in South Africa, as it has in other African countries. Growth and investment are stagnant; unemployment, and especially youth unemployment, have risen dramatically; and our policies lack coherence even in the targets they set. Some of our institutions are dazzlingly complex but still weak, poorly suited to withstand either global turbulence or domestic political corruption.

Every member of this panel was involved in the post-1994 administration, and none of us is positive about South Africa's current situation and trajectory. If our current problems are due to poor policy choices after 1994, those in turn may partly have been the result of flaws in our understanding or implementation of democracy: where Cyrus the Great advocated diversity in counsel and unity in command, it is not clear that we had unity in command amid all our noisy diversity. At this critical historical juncture in the country, it is important to ask where we are headed and how we can make positive change.

Pali Lehohla is the former Statistician-General of South Africa, a position he held from 2000 until 2017. He has served as co-chair of PARIS21 and the Chair of the United Nations Statistics Commission. He was the founding chair of the Statistics Commission of Africa and chaired the African Symposium for Statistical Development. He was the Vice President of the International Statistics Institute and sponsors the Young African Statistician movement. He served on the twenty-five-member panel on Data Revolution appointed by the UN Secretary General. In 2015, he was recognized by his alma mater, the University of Ghana, for his contribution to the development of statistics. In 2018 he became a Research Associate at Oxford University. He is a member of the Executive of Indlulamithi Scenarios 2030 for South Africa. Dr Lehohla is the co-director of the Economic Modelling Academy, which aims to train society in economic policy formulation based on the principles and laws of motion of economics.

Andrew Donaldson

Over the last three decades, the post-apartheid transition has entailed transforming the state and modernising its institutions. Indeed, this was our response to the institutional legacies of colonialism and apartheid. Although the modernisation programme has disrupted those legacies in some positive ways, it has also brought externalities with unintended consequences.

Most centrally, we have expanded the institutional superstructure of oversight and regulation beyond our capacity to adequate resources or execute those arrangements. As have remained weak and the new arrangements have not yielded the intended benefits. At the same time, they have, in some respects, been profoundly counterproductive. Both in government and in the private sector, they have diverted resources and expertise from implementation and productive activity, and they have raised the cost of doing business legitimately. Among other things, this has retarded national economic growth, and, predictably, has provided incentives for people to rely on illegitimate channels. Overlapping, unclear, and over-burdensome responsibilities have led to conflict and mistrust among agencies and between agencies and regulators, which in turn contributes to policy uncertainty and harms policy coherence.

There are striking examples. Public finance management is one. When we set out to modernise public finance management in the 1990s, Allen Schick warned us against over-ambitious reforms which would demand too much of organs of state – and he was right to. The Public Finance Management Act (PFMA) prescribes extremely challenging administrative procedures and an overload of reporting and planning requirements, themselves tied to a prodigiously complex budget process. These constitute an immense burden on organs of state, and they have become self-defeating in many respects. Public finance management in South Africa also rests on an extensive system of audit and investigation – both internal to departments and through the Auditor-General's office – which itself takes up a great deal of financial management capacity. There are far too many people auditing and overseeing state activity, relative to the number of people involved in implementing state programmes and policies – and the relationships between these two groups are increasingly characterised by mutual mistrust. Stringent procurement a result, many of the institutions have remained weak and the new arrangements have not yielded the intended benefit

A second example is the local government and urban planning environments, where multiple and overlapping modernisation reforms had particularly dysfunctional results. The architecture of local government in South Africa was reconfigured in a way which injected a great deal of complexity into the system: for one example, local municipalities, district municipalities, and sometimes also traditional authorities all share overlapping jurisdictions. The complexity of the divisions of responsibility and revenue among local and district councils has had a visible effect on service delivery and policy coherence. At the same time, we introduced an exceptionally ambitious modernisation of local government's financial and accounting management systems – few other countries have compelled their local governments to apply fully modernised accounting standards. These systems have placed immense burdens on administrations that were weak in the first place, and many of them are still struggling with the transition.

A critical cost of the new system is that it has reinforced colonial legacies in local government, specifically by over-centralising standards and requirements and disempowering local decision-making. When local decision-making is disempowered, local governance goes wrong – and the national government responds to this with further regulatory interventions and intrusions, thus creating a kind of spiral of increasing centralisation and dysfunctionality. In this spiral, we have created an architecture of the state which is destroying itself.

Another critical cost has been the preoccupation with short-term standards, reporting, and accountability, at the expense of long-term planning. More than the other spheres of government, municipalities must

plan for the long-term, including by investing in long-term infrastructure and capacity. Few municipalities are doing so effectively. This reinforces poor service delivery, and it is extremely harmful to economic growth. Among other things, we need better coordination and leadership to regain momentum in investment. The inability of local governments to act entrepreneurially is exacerbated by constraints on access to finance in capital markets, but it doesn't matter how little money is available for infrastructure spending if the limited amount that we do have is not being spent.

Although reformers should be thinking about alternative and decentralised revenue sources, the central problem is not that municipalities have lost their sources of revenue. In fact, municipal revenue has remained quite buoyant in most places. The fiscal problem in local government arises from mismatches and imbalances at various places in the system, such as with households who are unwilling or unable to pay their bills. We should move towards reporting on a cash system, so that the unpaid bills of those households are not written up as municipal revenue. But more extensive changes must be made within the system of local government. We have created a set of incentive-incompatible arrangements around local business, investment, property development, and service delivery.

In the financial sector, the Twin Peaks model of regulation has been expensive. The new regulators are large and costly – as are the Reserve Bank and the Public Investment Corporation. More generally, there is the economic burden of financialisation: growth in the financial sector has outpaced that elsewhere in the economy, and it is not easy to separate productive from unproductive financial activity. There are benefits to reducing financial risk, but, once again, the modernisation of financial regulation has had high costs in diverting resources and expertise from other activities.

There are other examples too, such as the tightening of standards in the criminal justice system, making for an overburdened and dysfunctional system, and the introduction of complex and costly regulatory frameworks in various other sectors. Most of these modernising reforms, taken separately, appear reasonable and attractive. Imposed all at once, they have been too much, and have demanded too much of the state and the economy. So to question the effects of the broad modernisation project is not to suggest that every aspect of it must be abandoned. But the structure and architecture of the South African government, and the reporting and auditing obligations imposed on actors within it, will have to become simpler and more functional.

This should include architectural reforms at the level of local government, to help overcome our current problems of weak planning and weak infrastructure. That, in turn, must involve recognising the considerable diversity of our municipalities. The imposition of stringent and uniform obligations on local governments across the country fails to recognise that administration, and especially the financing and planning of local development, has different requirements and limitations in different areas, especially those on opposite sides of the rural-urban divide. In smaller municipalities, we must address and rectify the absence of important capacities, the high costs of administration, the overlapping responsibilities, and the complicated relationships between governments and traditional authorities. In cities, the circumstances are somewhat different: metropolitan authorities require more space and more independence to build momentum for, and take responsibility for, their own futures and their own infrastructure needs – in such respects as contracting with renewable energy suppliers or building water and sanitation systems. Growing the urban space and the commercial centres, and the

attendant growth in municipal revenues, would be at the top of my own reform agenda.

Andrew Donaldson is an economist and senior research associate of the Southern Africa Labour and Development Research Unit at the University of Cape Town. He is a former head of the Budget Office and the Public Finance divisions of the National Treasury and served as the inaugural head of the Government Technical Advisory Centre. Andrew is a graduate of Stellenbosch University, UNISA and Cambridge University. He has published in the fields of public policy and public finance before joining the Department of Finance in 1993. He contributed to the work of the Katz Commission on tax policy, served on the Committee of Inquiry into a National Health Insurance System, and was a member of the team that drafted the 1996 macroeconomic strategy. He was responsible for the introduction of a medium-term expenditure framework in 1998 and led the subsequent reform of the budget process and restructuring of budget documentation.

Jeff Peires

Governance in the former homelands revolved around a big man with a big bag. The people made submissions to the big man, and he doled out solutions from his big bag. During the transition, we expected from the democratic government that the big bag would get much bigger, and that it would no longer be distributed according to the whims of the big man. For us, the new big bag was intimately tied up with the Reconstruction and Development Programme (RDP). But, for residents of the former homelands, expectations of the post-apartheid state have largely been unmet. The reason for this is not primarily corruption. Corruption creeps in through the cracks in the system, and, in our case, the cracks are inherent in the architecture of government created by the 1996 Constitution. There are two major problems.

First, the government lacks a rational system of budgeting. Budget should be allocated according to the actual needs on the ground – instead of the current system, where we begin with line items and try later to match them with the needs of the people. This is why the RDP was poorly implemented: departments failed to reconfigure their budget allocations to address RDP priorities. The budgeting process in the homelands was actually, in some ways, superior. Every year, a delegation from the Transkei would meet with the foreign ministry in Pretoria to devise the homeland budget, working from a list of services and facilities which was used to negotiate line items. And the Transkei Department of Rural Engineering – responsible for building and maintaining infrastructure – planned and organised the distribution of funds using a large paper map of the homeland. These practices had clear merits, and, with subsequent improvements in data collection and geographical information systems, it should be easier than ever to tabulate needs and priorities, with an eye to using that tabulation as the basis for budgeting.

Second, in governance, there is no clear chain of authority or of command, and coordination is poor. When I worked in the Eastern Cape government, hundreds of people came to Bisho to present their problems to the premier. Many of them went away disappointed, having been told that the provincial government had no control over police, water quality control, or

whatever other function could solve their problem. People did not like the Transkei's big man with the big bag – but at least they understood and could work the system, and that is no longer the case.

Coordination problems have not been resolved by the introduction of Integrated Development Plans – though the latter has been a boon for private consultants – and they are exacerbated by the tiered system of competencies created by the Constitution. The PFMA, moreover, is essentially unworkable. When I was in provincial government, there were more people auditing the work than doing the work, and the auditing and reporting standards constitute what we might call a low fence: not onerous enough to obstruct abuses, but onerous enough to obstruct the daily business of governance.

Some people argue that the provinces should be disempowered or done away with. I disagree. To citizens – especially in a province like the Eastern Cape, where a single party retains a clear majority of support – the provincial government is less distant, and more approachable, than the national government. And provincial government is better placed for long-term planning than local governments are. Local governments in rural areas, like the residents of those areas, are preoccupied with short-term survival. For that reason, I don't believe the answer is to further empower local authorities.

If anything, we should not shy away from taking a more top-down approach to development. After 1994, we liberalised our economy too quickly, and the result was damaging – especially in small rural towns whose industries cannot be globally competitive and whose small businesses cannot compete with global chains. I would support a more protectionist approach, for example in agricultural and industrial subsidies – but, though such subsidies are prevalent even in Western countries, they were considered off-limits by South African policymakers in the 1990s. Small towns are now depleted of economic activity, which, as predicted by central place theory, is increasingly concentrated in urban centres.

Our post-1994 economic policy assumed that people would simply migrate to urban areas. Yet in many cases they have not, for the simple reason that they don't want to. It is cheaper to support those people where they are than to try to force them to move. Indeed, back-migration to rural areas – known in the Eastern Cape as "plough back" – is just as economically important as urbanisation. Young professionals who made careers in the cities have returned to their rural hometowns for the superior quality of life there, and the modest investments they make are driving local development. Policymakers should have an open mind in contemplating local and rural development, and they should rely on the abundant socioeconomic data that is now available.

Jeff Peires was a member of the Transkei Regional Executive of the ANC, 1990–1994, after which he represented Ngcobo in the National Assembly, 1994–1996. Redeployed to the Eastern Cape government, he served in various capacities, including Special Development Programme, Office of the Premier, and Acting HOD in the Department of Economic Affairs, Environment and Tourism. He left government at the end of 2006 to return to academia as Adjunct Professor of History, University of Fort Hare in Alice.

Vusi Gumede

What is the nature of the problem facing the South African government? Is it a problem with the configuration of the government's institutional architecture, or a problem of capacity, or something else entirely?

In 2004, then-President Thabo Mbeki asked a similar question in a note to his cabinet. What followed were institutional reconfigurations aimed at improving the organisation of government, and various initiatives aimed at building state capacity. But South Africa's problems have persisted – and indeed poverty, unemployment, and service-delivery failures have become more pronounced. It must be asked whether attempts to improve the organisation and capacity of government have taken us anywhere closer to building the developmental state that we aspire to build.

Important metrics suggest that there is no serious shortage of capacity in the South African government: comparatively, South Africa has many public servants, and their compensation as a share of total expenditure or GDP is comparatively high. They have been put through training and capacity-building programmes. The number of departments and ministries has multiplied. Monitoring, evaluation, and long-term planning capacities have been introduced, and reorganised – located first in the policy unit, they later migrated to new ministries and departments and to the National Planning Commission.

But are government's abundant planning and coordination functions properly established and effectively implemented? Is the National Planning Commission, for example, properly staffed, and is its relationship with government properly structured?

And do we have the right people in the right places? What matters is not only the sum of state capacity, but that the state has the right capacity at the right levels. This might explain why productivity, in many government departments, has been stagnant or declining: the resources we have are not being put to the right uses. Indeed, comparable countries – like Malaysia, Mauritius, Brazil, Singapore, and others – locate more state resources than South Africa does at the centre of government and in the planning commissions.

We must ensure effective planning, monitoring, evaluation, and coordination; and we must ensure that the right kinds of capacity are located at different levels of government, and particularly that technical capacity is sent to critical areas of governance. South Africa's challenge is thus to reconsider the institutional architecture of its government, in light of these goals, and to innovate. I do not believe that the Constitution imposes significant constraints on the possibilities for reconfiguring the architecture of government.

Vusi Gumede worked for the South African government in various capacities and in different departments for eleven years. He has been an academic for twelve years. He has held various professorships, fellowships and editorships in and outside South Africa. He is currently a Dean for the Faculty of Economics, Development and Business Sciences at the University of Mpumalanga in South Africa. He holds a PhD in Economics, completed in 2003 at the University of Natal. He has published sixteen books, 54 journal articles and book chapters, and guest edited three special editions of journals. He serves in various committees, including the Presidential Economic Advisory Council in South Africa.

Presidential and Semi-Presidential Leadership in Young Democracies

Jelena Vidojević

Chief Justice Raymond Zondo recently concluded his inquiry into state capture in South Africa, and one of his recommendations is that South Africa should introduce the direct election of the president, as a step to preventing state capture in the future. Examples of presidential systems in the post-Soviet countries can provide lessons, and perhaps cautionary tales, about the possible consequences of such a step. They also provide an opportunity to continue our thinking in the previous panel about historical legacies and how they shape institutional and political transitions.

Jelena Vidojević is Programme Head for International, Comparative Policy at GAPP. Before joining GAPP, she was a Professor of social policy at the University of Belgrade. Her current research interests include politics of aid, public policies in the field of social welfare and gender and postcolonial studies in relation to postsocialism in Eastern Europe.

Dušan Spasojević

We often say that Serbia is a little Russia. The two countries have many things in common, though there are also significant differences. One of the similarities is the divergence between the formal institutional framework and its recent political consequences.

The Serbian political system is semi-presidential: the constitution allows for the direct election of a president, but he is generally weaker than the prime minister. A similar division of power obtained under Serbia's first constitution, enacted in 1990 under Slobodan Milošević when Serbia still belonged to Yugoslavia. It was retained after Milošević's departure because it allowed the new ruling coalition to divide power among its key members – that is, semi-presidentialism was viewed as allowing a kind of power-sharing, under which all the key players would get some share of power. In this regard, the electoral system is complementary: Serbia's National Assembly is elected by single-district proportional representation, which allows broad representation.

Thus, at least in theory, the political and electoral system provide instruments for distributing power among key players and for including multiple political parties in government. That is an important function in transitional democracies. In the first ten years

after Serbia's transition, the country was preoccupied with issues of national identity and with the establishment of democratic institutions. In that context, the political system provided important checks and balances against the consolidation of power by any single individual or group, and provided for a pluralistic and relatively stable politics.

The problem, over the last ten or fifteen years, has been the increasing centralisation of power. This began around 2008 under President Boris Tadić, who was both state president and the president of Serbia's strongest party. In the latter position, he had influence over his party's parliamentarians. During this period, Serbia arguably began to resemble a strong presidential system more than a semi-presidential system. The rise of the Serbian Progressive Party (SNS) has not promoted democracy because SNS has itself further centralised power, especially in the presidency of Aleksandar Vučić, who is extremely popular.

What is notable about this period is that the political system has changed dramatically without any changes to the formal institutional rules – unlike in Hungary and Poland, where the consolidation of power by the ruling party has been facilitated by constitutional amendments. Without changing but rather by bending the rules, concentrating power in and through informal mechanisms, Vučić and SNS have generated a system completely different to that envisioned in the constitution – effectively a strong presidential system. Power remains formally dispersed, but a strong and popular president is able to exceed his authority. Serbia's institutions, opposition parties, and civil society have been too weak to challenge him. It is the kind of system which Steven Levitsky and Lucan Way call the "new competitive authoritarianism": its authoritarian mechanisms are softer and less visible than those popular among authoritarian rulers of the 1990s and 2000s. But the result is nevertheless the effective absence of free and fair elections, with no real political choice offered to the people; democracy has suffered. There is a notable degree of state capture, with state funds and resources used to accumulate power and to avert judicial obstacles and institutional oversight. SNS has been able to avoid accountability on the delivery of its electoral promises, including the implementation of anti-corruption reforms.

In my view, without a vocal civil society, a free media, and effective checks and balances, there are no rules, no details of institutional design, which could prevent these kinds of developments and this kind of concentration of power. Precisely the problem is that strong and popular leaders are able to bend the rules.

One of the interesting theoretical questions is the link between the form of political and electoral system and the party system. In Serbia, as elsewhere in Eastern Europe, the most important variable tends to be the distribution of power among different parties, rather than among individuals. However, there has been a clear tendency for the strength of presidential parties to decline dramatically once their candidate is defeated – we expect the same for SNS one day. The electoral system does carry the risk that parties will become both centralised and presidentialised – national party leaders tend to be more powerful than the regional or local branches. Then, with power concentrated in the presidency, the president's party becomes an extremely powerful super-party – only for its support to wane considerably once its candidate is removed from office or it is forced to join a coalition. It will be interesting to see what happens in Montenegro, where long-serving President Milo Đukanović is expected to leave office next year. His party, the Democratic Party of Socialists, has been in government since 1991.

Presidentialism has often been linked to the rise of populist parties and leaders, who have the popular advantage in direct elections –

except where the advantage is moderated by some mechanism, like the second round in the French presidential election. The Serbian case is interesting in this regard, because SNS appeals to a distinct kind of populism: it is a catch-all party on steroids. It lacks a clear ideology, in contrast to populist parties ruling in places like Poland or Hungary, and it incorporates diverse and sometimes contradictory views on such issues as the European Union and LGBT rights.

Dušan Spasojević is associate professor at Faculty of Political Sciences, University of Belgrade. He is a researcher at the Center for Democracy at FPS and works with other research and educational institutions in Serbia and the region. His main fields of interest are political parties, civil society, and post-communist democratization process. He is editor in chief of the Political Perspectives journal, published by FPS Belgrade and FPS Zagreb, and a member of the steering board of the Center for Research, Transparency and Accountability.

Angela Stent

For centuries, Russia has had a problem with political succession. Today – as in Tsarist imperial times, in Soviet times, and afterwards – there is no regularised succession mechanism. The single peaceful transfer of power in the post-Soviet era occurred in 1999 when Boris Yeltsin handed over power to Vladimir Putin. Presidential succession in Russia usually occurs through palace coups, revolutions, or deaths. In 2000, Putin amended the 1993 constitution – ostensibly with the aim of ensuring stability in a newly established country – to allow himself legally to stay in power until 2036. But it is not clear how long he will stay: like the Zimbabwean system, the Russian system could be manipulated to extend his tenure indefinitely.

Russia has a super-presidential system. (We might call it the Putin system, but it may outlast him.) This system provides for the direct election of the president by the people – but under Putin, the people have had little choice over which president they elect. The paradox is that the legitimacy of the system, and of Putin's regime, nonetheless rest on elections: they must be held regularly, and Putin's United Russia party must perform well in them. This is achieved through a measure of electoral fraud and by curtailing opposition politics. Four parties have been allowed to sit in the Duma alongside United Russia. Each receives money from the Kremlin and is essentially controlled by the Kremlin. The Communist Party, for example, occasionally criticises Putin's policies – but all parties know the boundaries of acceptable opposition, and they don't swerve very far from the line. At the local government level, however, and especially in the large cities, there exists a competitive opposition politics of the kind that is not allowed to exist at the national level.

The essence of the Russian super-presidential system is that Russia is run by the people who own it. In Russia, as in several other post-Soviet states, money and political power have fused. Putin and the people around him are extremely wealthy, mostly on account of oil and gas rents. The system depends on nepotism and neopatrimonialism. Putin is the single most powerful individual in the system, but he is not all-powerful: beneath him are different groups, called political clans by Russians and often in competition with each other, who depend on him for patronage and on whose support he depends. None of this is new to Russia: it is how the system worked

hundreds of years ago, too. The formal institutions of this system tell us close to nothing about how it actually functions. That is, it is highly personalistic, involving very few political institutions – indeed, fewer than in the Soviet period (itself highly corrupt, though on a much smaller scale). Under the Soviet Union, the Communist Party and others acted as partial breaks on each other's abuses, and internal contestation within the Communist Party led, for example, to the deposition of Nikita Khrushchev in 1964. Additionally, whereas the Communist Party checked the power of the Soviet intelligence and security services, contemporary Russia is run by officers of the security services.

Another difference from the Soviet era is that the current system lacks a universalistic ideology. The ideology espoused by Putin is supposed to appeal to the Russian world, both inside Russia and elsewhere. The operative idea is that Russia is a unique Eurasian civilisation, the true heir of Christianity, and a conservative Christian bulwark against what Putin describes as the satanic religion and mores of the Western world. We should not underestimate the importance of this ideology in providing a motive for the invasion of Ukraine earlier this year. Russian elites believe that Russia is an exceptional case, among other regards in that it does not have to accept the end of its empire. In this worldview, the collapse of the Soviet Union is – still – regarded as a major geopolitical catastrophe, primarily because so many Russians are now living outside the Russian Federation. Putin's mission is to reverse the consequences of the Soviet Union's collapse, and to re-litigate the post-Soviet settlement which recognised other Soviet states as independent. That is, his goal is imperial: to re-establish a Slavic union consisting, at the least, of Russia, Ukraine, Belarus, and probably northern Kazakhstan. To the extent that Russia is disturbed by NATO expansion, it is because the latter makes it more difficult for Russia to reclaim these territories, to which it still believes it has a legitimate claim.

What has the post-Soviet super-presidential system meant for Russia itself? Despite the lucrative oil and gas industry, the country has not really modernised – either in its political system or in its economy – in the way that it was expected to after the Soviet Union collapsed. There are really two Russias: while most of the country is underdeveloped and very poor, Saint Petersburg and especially Moscow are world-class, cosmopolitan, and globalised cities, whose residents live well. This kind of inequality is symbolic of state capture and its attendant distribution of wealth. Nonetheless, Russia was a part of the global economic system, until recently – war sanctions are leading to increasing de-globalisation. And Russian foreign policy has been very successful, as shown quite clearly in the ambivalent global reaction to the invasion of Ukraine. A significant bloc of countries in the Global South, including all the BRICS countries, have declined to condemn Russia or apply sanctions, and I don't expect them to do so, for a variety of reasons: historical links with the Soviet union; economic reasons; disapproval of American actions in other conflicts; and the conception of Russia as a bulwark against and alternative to China.

There was a period during which Putin's regime seemed to serve the interests of the Russian people. For the first eight years or so, oil prices rose steadily, and people's standard of living improved – they were better off than they had been in the 1990s. The system also helped restore a more capable state, following the chaos of the 1990s. But it is now clear that the system does not serve most of its people. Russians have very few civil freedoms. Unlike under the Soviet Union, they are free to travel, which the Kremlin views as an escape valve for those opposed to the system. In other respects, there is a lot of repression, and freedom of expression and assembly are very severely curtailed. The situation has worsened

during the war, with many critics labelled foreign agents, agents of the West. Civil society is repressed, and is weaker than it was in other phases of Russian history. It is permitted to organise in certain areas – there are groups active on environmental and local issues – but has virtually no influence on high politics. More broadly, the Russian people have very little input into how their political system works and what it does. Direct presidential election has not rectified that, and it certainly has not had any ameliorating effect on state capture.

Although contemporary South Africa and contemporary Russia emerged from very different traditions and systems, both were thought to be in "transition" in the 1990s. After Soviet communism collapsed, the orthodoxy expected – in the post-Soviet states, and probably also in the Balkans – a transition from authoritarianism to democracy, a transition from a state-controlled economy to a market economy, and, in Russia's case, a transition from an imperial to a post-imperial power. This expectation was quite wrong. In Russia, elements of a market economy coexist with increasing state control over the economy. The state is closely linked to key industries, though the economy does incorporate some capitalist elements, it remains authoritarian; and, as the war in Ukraine demonstrates, it still has imperial ambitions. It has been thirty years since the collapse of the Soviet Union – but this is still a very short period of time, compared to the many centuries which produced the established democracies of the West. The current system is closely influenced by historical legacies, including traditions around the nature of corruption and the nature of the relationship between the people and their leadership.

Other post-Soviet states have affected transitions of varying extents and varying outcomes. For example, Ukraine is a much more pluralistic society than Russia, and it protects freedom of expression and assembly. Perhaps the most important distinction is that one could not predict the outcome of a Ukrainian presidential election – elections are certainly competitive. Since the 1990s, Ukraine has vacillated between empowering its president and empowering its parliament. Under the current system, the president is stronger, but, unlike in Russia, parliament is not a rubber stamp institution, and it often pushes back against the presidency. Ukraine has real and independent opposition parties – though they are supported by wealthy oligarchs, just as the latter control the media and some parliamentarians. Money politics has always been a problem in Ukraine, and I think corruption has led the country to forfeit many of the opportunities it had over the last 30 years. It remains a poor country: in 1991, Poland and Ukraine had roughly the same GDP per capita, but Poland's is now five times as large. There is still hope for Ukraine's future, however, depending on the outcome of the war.

Angela Stent is Senior Adviser to Georgetown University's Center for Eurasian, Russian and East European Studies. She is also a Senior Nonresident Fellow at the Brookings Institution. From 2004 to 2006, she served as National Intelligence Officer for Russia and Eurasia at the National Intelligence Council. From 1999 to 2001, she served in the Office of Policy Planning at the U.S. Department of State. Stent's primary research focus is Russian foreign policy, with special emphasis on the triangular U.S–Europe–Russia relationship. Her publications include The Limits of Partnership: US–Russian Relations in the Twenty-First Century and Putin's World: Russia Against the West and With the Rest.

Anthony Butler

In broad terms, a parliamentary system is one in which the executive is chosen by, and accountable to, the legislature. The legislature constitutes the single centre of legitimate authority in the political system, at least at the national level. In its essential features, South Africa has such a system, with the president indirectly elected by the National Assembly and vulnerable to a vote of no confidence in the same body. The South African president thus resembles the prime minister in a typical parliamentary system – though the South African president also, and simultaneously, performs the role of the head of state. A presidential system, on the other hand, imposes a deliberate division of policymaking and other powers between two bodies, the legislature and the executive, which are elected separately. It thus rests on the institutional innovation which Chief Justice Zondo recommends in South Africa: the direct popular election of the president.

But direct presidential election seems to imply – and if its introduction is to constitute a meaningful institutional change, seems to require – changes outside the electoral system: changes to the organisation of the executive and its relationship to other branches of government. Direct presidential election, as a meaningful institutional change, is presumably incompatible with existing institutional arrangements, particularly the selection of most of the cabinet from the legislature and the parliamentary vote of no confidence – presidential systems generally incorporate mechanisms to prevent the removal of a president except under exceptional circumstances. More generally, direct presidential election is incompatible with the existing fusion between the legislature and the executive, as mediated by the governing party or coalition. As Dušan's remarks about Serbia show, systems which incorporate direct presidential election differ in the degree of separation they maintain between the legislature and the executive, and in the relative power of each branch. But they tend to have stronger presidents who act more independently of the legislature.

For many centuries, political scientists have debated the relative merits of presidential and parliamentary systems, of the separation of powers, and of separate elections to different branches of government. This debate has been inconclusive, but the recent comparative literature favours parliamentary executives of the kind South Africa already possesses. An influential empirical analysis by John Gerring finds that parliamentary systems are generally associated with better governance – that is, with better outcomes in economic and human development – and that the association strengthens with the age of the parliamentary system. Political science lacks a coherent theory to explain this relationship, but various mechanisms have been proposed.

One family of possible explanations begins with the claim that directly elected executives have strong policymaking prerogatives, allowing the focus of political activity to shift away from the party system and legislature. Thus presidential systems tend to weaken political parties, sometimes with important costs. The enhanced separation of powers under a presidential system – specifically the separation of the executive and the legislature – may also complicate lines of bureaucratic accountability and coordination. More generally, some argue that presidential systems fragment interest-group organisation. Parliamentarism, on the other hand, appears

to lead to forms of quasi-corporatism, such as that we attempt to maintain in South Africa.

There are at least two further important risks of presidential systems. One is that money politics, already prevalent in South Africa, would become more prominent under a weakened party system. If so, presidentialism might facilitate, rather than hamper, state capture. Another risk is that presidential systems may empower populists with popular mandates. South Africa seems to have fertile ground for populism, but the rise of populist candidates is currently constrained by the complexity of the political system and by the need to form broad alliances within the ruling African National Congress (ANC) – or, conceivably in future years, within a ruling coalition. The parliamentary system has contained the power of individual leaders, especially obstructing attempts to campaign on the basis of ethnic or xenophobic appeals. It has thus far discouraged presidential coalitions based on regional or ethnic coalitions, a prospect which probably worried the engineers of the South African constitution.

Nonetheless, South African presidents have not tended to lack a personal mandate to lead the country, nor to lack the necessary power to effect change. On the contrary, both Thabo Mbeki and Jacob Zuma, and their respective factions, accumulated power in a rather alarming way, especially in their second terms, and both were demonstrably reluctant to reverse this trend as their terms drew to a close. In both cases, it was the governing ANC which dispatched them and their factions, through the implicit threat of a parliamentary vote of no confidence. The recourse to this threat has been a strength of the South African parliamentary system, not a weakness.

None of these suggestions are decisive, and there may be local factors which make presidentialism desirable in South Africa. However, the sum of the broad comparative literature provides no obvious reason for South Africa to reconfigure its executive around a directly elected president – especially when the costs of such a reconfiguration, in a relatively young democracy, are likely to be considerable. South Africa's biggest problems – economic exclusion, the fusion of money and power, and the organisation of political activity around the extraction and distribution of rents – may not be the kind of problems amenable to institutional fixes like direct presidential election.

Moreover, political change is quite achievable within the current system of government and its existing institutions. The complaint of many commentators, and perhaps of Chief Justice Zondo, seems to be that citizens have declined to elect the parties which would bring about such change. As coalition governments are established at different levels over the next few years, that will itself change the dynamics of the presidency and the relationship between the legislature and executive.

Anthony Butler is Professor of Political Studies at the University of Cape Town. He was educated at St Anne's College, Oxford, and King's College, Cambridge. He has been a fellow of Emmanuel College, Cambridge; Director of the Politics and Administration programme at Birkbeck College, University of London; and Chair in Political Studies at Wits. His research has focused on the politics of public policy. He has a special interest in black economic empowerment, energy policy, public health, and state reform. He has also made contributions to the study of South African politics, with a focus on the internal politics of the ANC, party modernisation, and political funding. He is the author of a number of books, including The Idea of the ANC, Contemporary South Africa, and the biography Cyril Ramaphosa. Butler is a regular columnist for Johannesburg's Business Day newspaper.

Parties, States, and Party-States: The Case of China

Alan Hirsch

In 2008, I visited China as a guest of the Communist Party. I was accompanied by Frank Chikane, then the cabinet secretary, and Loyiso Jafta, then a colleague of mine in the policy section of the presidency. We contemplated the things South Africa might learn from China: about driving economic growth; about cultivating leadership in the party and state and fostering regular leadership turnover; about dealing with inequality; and about developing and coordinating policy at the centre, while promoting innovative implementation on the ground. China still offers lessons in all of these areas. Its lessons about the role of the ruling political party in governance are particularly important to South Africa, a country which shares with China a dominant-party system. Above all, we can learn from China, an immensely flexible and fast-changing state, not only what changes should be implemented, but how we make change happen.

Emeritus Professor at the Nelson Mandela School of Public Governance at UCT and founding director 2011–2019, Alan Hirsch was born in Cape Town and educated at UCT, Wits and Columbia. Taught at UCT, joined the SA Department of Trade and Industry in 1995, from 2002 to 2012 he managed economic policy in the South African Presidency. He serves on the Board of the European Centre for Development Policy Management and on President Ramaphosa's Economic Advisory Council. He was visiting scholar at the Harvard Business School, regular visiting professor at Maastricht University, IGC research director in Zambia, OECD Inclusive Growth Advisory Panel-member, on the International Advisory Board of the New Development Bank, Bradlow Fellow at the SA Institute for International Affairs and was a Fellow of the Oxford Martin School, Oxford University. His work includes Season of Hope: Economic Reform under Mandela and Mbeki and The Oxford Companion to South African Economics.

Yang Yao

What explains China's phenomenal economic growth over the last 40 years? Chinese policymakers learn the same economics as policymakers elsewhere in the Global South – indeed, we read the same economics textbooks, often in the classrooms of the West. The Chinese government and Communist Party (CPC) simply did a better job than other governments have in promoting economic growth. There are at least three factors, applicable variously and to varying extents in African countries, which have led the government or CPC to adopt good economic policies.

The first is that the Chinese central government is a disinterested government: an impartial government, able to remain neutral amid social and distributive conflicts, and indeed anti-populist to a fault. Elsewhere, governments are either captured by certain groups or beholden to populist impulse. Neither situation is conducive to the design and implementation of policy geared towards long-term economic growth.

The second factor is decentralisation – which does not always work well everywhere, but which has worked well in China. First, decentralisation provides strong incentives to local officials. In China, both revenue and expenditure are decentralised. Wholly responsible for the budgets of their towns, township governors have to work hard – and promote local economic growth – to increase revenue. Second, decentralisation allows experimentation at the local level. It has not mattered that many local policy experiments fail, since they are of small scale and low cost. The central government picks up the projects that do work and promotes them nationally. This was particularly important during the national economic reforms of the 1980s and 1990s.

The final factor which fosters good policymaking is political meritocracy, a building block of China's constitution. In fact, the CPC's dominance should be understood as implied by the party's constitutional role as the political institution responsible for implementing political meritocracy in China. Entry-level recruitment occurs through an annual civil servants' exam, but more important is the system of promotion. Both in government and in the CPC hierarchy, one's promotion prospects are governed by one's record of performance. This is not just an abstract principle, but is reflected in data on actual promotion outcomes. The organisational department of the CPC also has various programmes to train government officials as they progress through their career.

Political meritocracy provides one, powerful set of positive incentives for good performance within a broader civic culture and public institutional framework which emphasises such positive incentives. Many people in China would say – perhaps unfairly – that incentive systems in Western governments are built around the premise that people, and public servants, are intrinsically bad or self-interested. Accountability, a word for which there is no Chinese equivalent, is the watchword of the West, spurring a system of constraints on the behaviour of government officials. Yet accountability alone is not sufficient. The Chinese tradition emphasises not (or not only) accountability, but responsibility: an obligation to work for the people and for society, and to take proactive measures to promote their interests. Insofar as this notion of responsibility is deeply culturally ingrained and holds deep personal force for officials, it provides another extremely powerful incentive for good performance.

The importance of positive incentives is often underestimated. In developing countries, the presence or extent of corruption sometimes becomes an excuse for low economic growth. Yet corruption seems to be something of a rite of passage in the development process, and one cannot reasonably attempt to eradicate corruption as a precondition to pursuing economic growth. In the Chinese case, rampant corruption was not allowed to prevent tremendous economic growth. The key is not that corruption somehow promotes economic growth: there might be something to the argument that certain forms of corruption grease the wheel of development in the particular sectors and contracts in which it occurs, but it is clearly harmful in the aggregate and over the long-run. Instead, the key is that public servants can be nudged to perform well if they are given the right incentives to do so.

Yang Yao is a Liberal Arts Chair Professor at the China Centre for Economic Research (CCER) and the National School of Development (NSD), Peking University. He currently serves as the director of CCER, the dean of NSD, the executive dean of the ISSCAD, and the editor of CCER's house journal China Economic Quarterly. He serves as the chairman of China Economic Annual Meetings and chairman of the Foundation of Modern Economics. He is also a prolific writer for magazines and newspapers, including the Financial Times and the Project Syndicate. Dr Yao obtained a BS in geography in 1986 and an MS in economics in 1989, both from Peking University, and his PhD in development economics from the Department of Agricultural and Applied Economics at the University of Wisconsin–Madison in 1996.

Li Jing

In China as elsewhere, the interface between policymakers and policy researchers shapes the quality of policymaking, as well as the broader relationship that experts have with the state and with society. To examine this interface, we should look first to the institutional position of policy research organisations. Institutional position determines how the organisation is funded, what relationship it has to political decision-makers and bureaucrats, what the purpose of its research is, and even, to some extent, what kind of research it does. In China, as elsewhere, research organisations are affiliated to the state to different degrees. Some are attached to the state agencies which make policy, including individual ministries, while others operate within the state but without those specific ties to bureaucratic agencies. Others are located outside the state but are chartered and funded by the state, and still others are independent and rely on non-state funding.

The closer an organisation's relationship to the state, the more easily it is captured by government interests: policy research, of course, can be used to legitimise bad ideas. On the other hand, closeness to the state may mean that an organisation is better informed about how the state operates, and more able to influence its policies. And various American examples show that autonomy from the state does not always entail complete autonomy: "independent" think tanks funded by corporations may be mobilised in support of corporate interests.

The contemporary Chinese trajectory has been interesting. Policy research organisations played an important role in generating policy ideas during the economic reforms of the 1980s. Because the bureaucratic machinery of the state had been brought up in the ideology of a planned economy, political elites had reason to look elsewhere for new policies which would promote economic reform. During this period, at least five economic research organisations were set up, within the state but independent of individual bureaucratic agencies. They were therefore relatively autonomous, at least at this early phase. Collectively, they formed a loose policy network, characterised by extensive cooperation and the mobility of individual researchers among different organisations. They tended to engage in a particular kind of research: usually strategic analysis, entailing broad reform ideas and agendas rather than specific policies; and usually based on extensive field work. The research itself was

not always particularly scientific or particularly professional in its quality standards.

But ideas emanating from these organisations were very influential in influencing the course of China's economic reforms. During this phase, researchers acted as political entrepreneurs. They had extensive, rather than particularistic, connections to political elites. Indeed, they were connected to conservative politicians as well as to reformers – meaning that they could sell their ideas to both sides of the debate. Their influence was certainly bolstered by the willingness of elite reformers to listen to new ideas.

The 1990s, however, were marked by the bureaucratisation of policy research in China. The organisations established in the 1980s were absorbed, reconfigured, and bureaucratised under National Development Research Centre, an umbrella research organisation funded – and sometimes underfunded – by the state. During this period, the most influential research organisations were affiliated with operating bureaucratic agencies of the state. Policy research was essentially captured by administrative interests – we might even say that policy researchers themselves operated as bureaucrats. Relationships between policymakers and researchers were particularistic, and the network of policy researchers was itself increasingly fragmented and competitive. However, although they spent less time on field work, the policy researchers of this time tended to do more professional and specialised research than their predecessors.

Bureaucratisation of policy research unfolded further into the 2000s, and policy researchers increasingly relied on extensive patron-client networks. Competition also intensified, extending in some cases to virtual turf wars. At the same time, the configuration of the field of policy research has changed somewhat. The government has incorporated elite universities into its policy research network, seeking to challenge entrenched players in the field. While allowing for variation across different policy areas, we can now generally think of policy-research capacity as arranged around the state in concentric rings: state research institutions in the first layer; social science academies and the CPC school in the second layer; and elite universities in the third. Also, in 2015, the government published its Think-Tank Construction Movement report, which has further encouraged competition among policy research organisations. Since 2015, 25 national organisations have been certified as "advanced think tanks" by the government.

The competitiveness of the field has not lent itself to independent policy thinking, and indeed makes policy researchers vulnerable to capture by political or bureaucratic interests. Even universities now compete fiercely with each other to participate in state policy initiatives and receive state funding. The desire to have their proposals adopted, and their funding granted, provides policy researchers with strong incentives to try to speak the language of bureaucrats, and to try to cater to the needs of state departments and of bureaucrats. Thus, currently, the role of policy research organisations is less to create new ideas than to help bureaucrats to elaborate their ideas and to help build consensus in the public sphere around those ideas.

Li Jing has worked as Associate Professor in the Sociology Department at China's Zhejiang University since 2017. She received her PhD in the Sociology Department of the State University of New York at Albany. She is broadly interested in state theory, historical sociology and sociology of knowledge and profession. She writes about the rise of economists during the neoliberal tide, the policy process of rural reform from 1978 to 1982 and how policy researches are organised in contemporary China, besides her active participation in public debates about intellectuals, public policies and gender.

Hsu Huang

In China, the development of Covid-19 vaccines was politicised and managed by the Chinese party-state. Vaccine development became a personal political priority of very senior individuals in the CPC and state – notably Xi Jinping, Li Keqiang, and Liu He. From the time it started in January 2020, the vaccine development programme was coordinated from the top. At an early date, the government established a special council, which was chaired by public health and biomedicine experts, but which also incorporated various ministerial portfolios. The special council conducted a great deal of top-down planning and coordination.

In particular, the vaccine was declared a "strategic industry" under the pandemic state of emergency. This enabled the conduct of a number of informalities, particularly in the research and development process. Regulators behaved unusually, allowing what is called research-evaluation integration (including pre-emptive regulatory interventions, rolling evaluation of results, and other so-called special procedures). In this, regulators were supported by the Vaccine Control Law of 2019 – China is the only national government in the world to have promulgated such a law, specific to vaccines. Other irregularities included military involvement, undisclosed early use of the vaccines, early trials among children, and widespread distribution of doses before the third-phase trial results had been broadly disclosed. The Chinese government also demonstrated its ability and willingness to incur long-term costs or risks in addressing the pandemic: production was scaled up before the trials had been finalised; and doses were pre-purchased, and overseas marketisation committed to, at an early phase.

What is interesting, however, is that central coordination did not crowd out the extensive involvement of private, market actors. Of the first eight or nine vaccine candidates, only three were developed entirely by state-owned enterprises and affiliated institutes – the others were developed either by private companies or through public-private collaboration. In this regard, China stands in contrast to Russia, where the process was very much state-dominated throughout. But the involvement of private actors was itself enabled, in a sense, by top-down planning. Using its knowledge of the industry and market, the state and special council were able to identify candidate developers among the pool of companies and institutions, and to make assignments to them.

What we saw during the vaccine development process combined three institutional logics, each of which tells us something about the nature of the Chinese state. The first logic is a neo-Leninist one: the Chinese party-state has a propensity to politicise everything, including vaccine development. Second is a logic of post-socialist market building, which holds that the party-state should be an expert on the market and a key force in building the market. Third, and related, is the logic of a developmental state, which has a proactive role in innovation and a good degree of embeddedness among market actors. These latter logics are exemplified in the ability of the state to act early and decisively, and to leverage private-sector expertise.

The behaviour of the Chinese state in driving Covid-19 vaccine development is not at odds with its behaviour in driving past national innovation systems of this kind. From the

development of antimalarial drugs in the 1960s, to the development of H1N1 and Ebola vaccines more recently, these innovation mega-projects have tended to follow more or less the same logic. Crucial in all of these cases have been centralised coordination and planning, as well as the impetus provided by the political support of very senior officials and by the projects' status as national strategic priorities. This is how the Chinese state gets such things done.

My research also looks at China's national Covid-19 vaccine development scheme in comparative perspective. These schemes varied widely across countries: they began at different times, received different amounts of direct cash support, used different technological platforms, and led to different degrees of organisational infighting. All the schemes I considered – China, Russia, Taiwan, and, representative of the broader Western model, the United States – incorporated significant informalities or irregularities in the research and development process. Such informalities were particularly salient, however, in the cases of Russia and especially China.

The result of the Chinese programme was that effective Covid-19 vaccines could be rolled out very quickly. But some features of it were less desirable, especially the prevalence of informalities in the process and the trading of some public health benefits to serve national strategic goals. Notable in the latter regard is the distinctive variant of vaccine nationalism that was present in China: foreign vaccines were blocked, and major propaganda campaigns were launched to slander foreign vaccines. It seems to me that these undesirable features of the Chinese programme are the result of the logic of neo-Leninism overshadowing the logics of post-socialist market building and of a developmental state. There is perhaps a sense in which neo-Leninism easily contradicts the other logics. Neo-Leninism is positive insofar as it enables the state to plan, coordinate, and think ahead – but it can also allow the state to deviate from standard operating procedures, and may encounter certain ethical issues in science and public health.

Thus it would be reasonable for South Africa – in pursuing technological development and responding to public health issues – to turn instead to the Taiwanese model. The Taiwanese vaccine development programme still involved salient informalities or unorthodoxies, but was put under more public watch than in the Chinese case. It also operated with more limited resources and without state-of-the-art technology, and Taiwan itself, a young democracy, might be a closer historical analogue to South Africa than China is.

Hsu Huang is a PhD student in the Department of Sociology at Brown University. His research interests are anchored in comparative-historical sociology, with an emphasis on how modern states, enterprises, and professional communities, especially in non-democratic contexts, interact to promote policymaking and technology development. In general, he follows the political economy within the authoritarian regimes of post-Soviet Eurasia and East Asia. Prior to joining Brown University, he earned his BA in sociology from Renmin University of China and an MSc in political science at King's College London and European University at Saint Petersburg, Russia. He has also been a visiting fellow at Davis Center for Russian and Eurasian Studies at Harvard University, and most recently, a research associate at the Academic–Industry Research Network.

Questions going forward

- How close to the government should policy research organisations be? How can they influence policymakers while remaining independent?
- What is the role of political parties in identifying talent, training it, and nurturing its progression through the public service?
- What relationship should the state (or the governing party) have to private companies, especially in strategically important industries?
- How can public servants be incentivised to perform well? To what extent is this a matter of changing society's culture and norms?
- If corruption cannot be eliminated, how can we minimise its economic impact and impact on service delivery?

Metropolitan Governance in Africa

Isaac Khambule

It is estimated that by 2050, more than two-thirds of the African population will reside in urban areas. Will local governments be able to cater for their needs? In South Africa, there are an array of challenges. There is a great deal of diversity, and inequality, across South African municipalities. Recent experiences in cities like Tshwane, Johannesburg, and Nelson Mandela Bay call into question the sustainability of coalition-led local governments. Many municipalities are dysfunctional, unable either to provide services or to plan for long-term development. And state failures in service delivery have encouraged the emergence of informal institutions, some of which may become destructive forces. In trying to address these challenges, we should look at how metropolitan governance has been undertaken elsewhere in Africa.

Isaac Khambule is a Senior Lecturer and Academic Coordinator in the Department of Development Studies, University of KwaZulu-Natal. He is also a Senior Research Associate in the Department of Politics and International Relations, University of Johannesburg, South Africa. He specialises in the relationship between the state, institutions and development, and the role of the state in economic development. He previously worked for the Human Sciences Council and the South African Local Government Association as a Researcher. Dr Khambule's recent work focuses on the countercyclical role of the state during Covid-19 and power-sharing in metropolitan municipalities.

Taibat Lawanson

One of Africa's largest metropolitan areas, Lagos was born in the 1840s as a shipping and trading hub. It later became the regional capital and then national capital of the British colony, and it was the capital of post-independence Nigeria until 1992. It remains the economic hub of the country, accounting for more than half of Nigeria's GDP. Today, its identity is complex – Lagos is at once a local community, a local government, a metropolis, a state, a mega-city, and a region. This lack of clarity has implications for governance.

In other ways, due to rapid urban growth and peri-urban capture, the jurisdictional boundaries of Lagos are tenuous, and they are constantly in flux. It is clear that Lagos has experienced massive population growth in recent decades – especially over the last five or ten years, as young people seek economic opportunities and others seek security from the insurgency underway in northern Nigeria. This migration has not been properly managed by the government, nor has it been accurately documented. Thus estimates of the size of Lagos's population vary: in 2019, the World Bank estimated a population of 20 million people, while the World Population Review

estimated 17.5 million in 2022. Yet the Lagos State government had estimated 24.6 million years earlier, in 2015. Any of these figures would represent a phenomenal increase from the 9.03 million people counted by the national census of 2006. The lack of accurate, disaggregated data is a critical problem for governance and planning – how can we plan the city's future education system, for example, without knowing how many children live in different areas? Similar issues – a lack of data about the demand for electricity – hinder planning for the development of energy infrastructure.

In Lagos, we see conflicting rationalities of development. There is constant contestation between what the people need – their survival, their quest for better opportunities, and what their daily realities determine as the future of the city – and what the government wants, how it envisions the city's future. While Lagos has local identities with weight for its residents, the government emphasises its global identities, aspiring to be a world-class city, Africa's model mega-city. Thus the government tracks international indicators of liveability that often do not align to local needs: for one example, although most residents of Lagos use cheap Chinese smartphones instead of iPhones, the Smart City Index includes as one indicator the number of Apple stores in the city. Therefore, Lagos ranks low on that index in spite of the high use of mobile devices. There is contestation, therefore, between strategies of governance and residents' everyday strategies of survival. Urban planning does not accommodate people's actual behaviour as regulations in the urban planning, environment and transportation ministries prohibit various forms of informality- the dominant survival strategy. Given this scenario, behaviours like informal street trading and public urination arise even though they are made necessary by the lack of relevant infrastructure.

There is a constant contestation, too, between formal and informal systems of service provisioning. Formal-informal contestations in Lagos are essentially a power-game. Political institutions condone the operations of some powerful informal institutions such as road unions (in the governance of public space), market unions (in the governance of economic activity), and traditional institutions (in the governance of land access and use). In each case, the relationship between political institutions and informal institutions is vulnerable to forms of state capture, which lead to increasing inequalities and to various detrimental or unintended consequences: in the public space, we see urban violence (as road unions fight amongst themselves for power) and an architecture of fear; in land, we see forced evictions, gentrification, and unaffordable rental rates; and, in the economic space, we see a proliferation of illegal street trading and market demolitions.

There have been tensions over the scale of governance in Lagos. The Nigerian Constitution provides for 20 local governments in Lagos. However, in the early 2000s, 37 local development councils were additionally established – the point being to deepen decentralisation and deepen engagement between citizens and systems of local governance. Although local governments are constitutionally autonomous, with their own budgets and statutory responsibilities, that autonomy was virtually eliminated when Lagos State passed the Local Government (Administration) Law of 2003. That act effectively makes local governments subject to the state legislature and executive. The resulting loss of autonomy has essentially paralysed local governments, with the attendant negative consequences for their resources, technical capacity, and service delivery. At this point, local development depends largely on the benevolent interventions of the state government, and on political patronage. Residents of Lagos are

unable to make effective demands on local governments, and the latter have abdicated their responsibilities to the state government.

In this context, the imperative of accessing infrastructure and services – especially those which should be provided by local governments – has fostered the rise of community-led development efforts, or what I call **alternative urbanisms**. These are counter-hegemonic practices and forms of living which restructure and reconfigure economic, social, and technological infrastructures. Urban spaces like Lagos are reconfigured as experimental fields for the development of such practices – primarily implemented, in the case of Lagos, by such players as residents' associations (mainly in high- and middle-income areas), community development groups (mainly in low-income areas and informal settlements), social networks, traditional leadership structures, and sometimes religious groups. Studying alternative urbanisms requires broadening the scope of the intellectual reference points through which we conceptualise and investigate urban practices.

Lagos is full of community-led initiatives which can be used as case studies of the leveraging of alternative urbanisms. Most recently, during the Covid-19 pandemic and especially during the lockdowns, communities built systems to support people – many of them undocumented – who could not access government palliatives. Communities identified vulnerable members, distributed community food support, and ensured the security of streets, often relying on crowdfunding through social media.

We can also see elsewhere the activation of people as infrastructure, a term coined by Abdoumaliq Simone. In Iwaya, an informal slum community, the community has designed its own strategy for environmental sanitation. The community established a decentralised hierarchical structure of self-governance, chiefs appointed on each of the 32 streets. The chiefs are responsible for coordinating environmental sanitation activities, including through regular inspections, and for ensuring the health, safety, and welfare of the residents of their streets. They meet regularly with other community leaders and members.

Community-led initiatives have compensated for some of the failures of the public water service in Lagos State. Less than 20% of the state's population has access to public water, and state-led initiatives to provide mini-waterworks and boreholes often fail. One project, supported by the World Bank, built twelve boreholes in a Lagos community in 2008, only three of which were functional by 2015. Such projects prove unsustainable because they fail to bring the people along: the boreholes were inappropriately placed, because there was no community input into site selection; inter-governmental communication was poor; and the project lacked a sustainability plan. However, in Iwaya, the community has appropriated an abandoned federal water project and revived it through the mobilisation of funds and people power. They asked a local politician to donate a tank, pump, and solar panels; and they themselves pooled funds for taps and flooring, and undertook independent oversight of the facility.

Effective metropolitan governance requires leveraging the successes of these self-provisioning initiatives. Governments can amplify and scale-up successful community-led initiatives, and local governance capacities will be strengthened by partnerships and co-production. Indeed, local action and the community mobilisation of resources should be embedded into the processes of local governance: governance must occur not only for the people, but through the people. This requires mobilising communities: involving them in determining what the problems are and what the solutions should be, and

obtaining their commitment to ensuring the implementation of those solutions.

On the part of government decision-makers, better governance in this vein requires most fundamentally a simple commitment to do better. The system of local government – which must constitute the platform for achieving the Sustainable Development Goals – should be strengthened, and relations with the other levels of government clarified. As I mentioned, even as state governments rush in to perform the constitutional mandates of local governments, they do not do so well – because they are burdened by their own constitutional mandates. And local governments should be staffed by the right people, and those people properly trained, equipped, and resourced – it is for this reason that the University of Lagos established a Master's programme in Urban Management, with the support of DAAD - through the WITS-TUB-UNILAG Urban Lab, specifically targeted at municipal officials. But, most centrally, government decision-makers must realise that they can go further by working with the people. Like some academics, governments assume a posture of superiority, believing that they know better than citizens. Interventions are imposed on citizens from above, and turn out to be at odds with what they can manage or with what they need. Co-production begins with the recognition that the people who live in the relevant communities know better, are already developing and refining survival strategies, and must be seen as partners in governance.

Taibat Lawanson is Professor of Urban Management and Governance at the University of Lagos, Nigeria, where she leads the Pro-poor Development Research cluster and serves as Co-Director at the Centre for Housing and Sustainable Development. She is interested in how formal and informal systems can synthesise in the emerging African city and her research focuses on the interface of social complexities, urban realities and the quest for spatial justice. She is a UN policy expert on Urban Governance, Capacity and Institutional Development and is well known for her inter-sectoral work that engages students, local communities, policy actors and civil society.

Omano Edigheji

What Taibat has said about Lagos holds across many Nigerian cities, and I hope to situate my remarks amid broader reflection about the causes of the current challenges in local government, as well as about innovations that the government is undertaking to address governance challenges in Kaduna State, Nigeria's third largest state and the location of two of Nigeria's largest cities, Kaduna city and Zaria.

Nigeria is a federal state, and its Constitution defines the proper roles and responsibilities of each level of government: federal, state, and local. Nevertheless, the Constitution and other laws allow local governments to be viewed and treated as appendages of the state, their resources and responsibilities are to large extent hijacked by state governments. Because local governments are funded through the State and Local Government Joint Account, their funds are essentially controlled by state governors – some of whom use the account as a source of pocket money, diverting funds from local service delivery. Kaduna State under the administration of Governor Nasir Ahmad El-Rufai is one of few states resisting this arrangement. It has decided instead to guarantee the fiscal

autonomy of local governments, ensuring that they receive their allocations directly. Similarly, in most states, governors appoint administrators to run local governments. Kaduna State, on the other hand, has, over the last few years, conducted elections to local governments based on the understanding that it is important for citizens to elect their own local leaders. The elections were administered by the state electoral body, and used an electronic voting system, the only sub-national governments on the African continent to conduct elections via electronic voting.

Another innovation undertaken in Kaduna State is the establishment of municipal councils in three cities, including Kaduna city, with the primary aim of facilitating rapid integrated development in those cities. Local governments, their budgets dominated by recurrent expenditure, don't usually have sufficient resources to drive development in their areas. Moreover, large cities often comprise multiple local governments – four, in the case of Kaduna city – which proves an obstacle to integrated metropolitan development. Once a municipal council is established, a common development fund can be developed, based on a share of the revenue of each of the constituent local governments, and also including contributions from the state government. The fund is administered by an Administrator/Commissioner, appointed by the state governor. Thanks to these and other reforms, we are seeing that local governments – now also through municipal councils – are able to increase capital expenditure, investing in new projects.

This is important because it indicates a step towards rectifying the problem of self-provisioning – a problem which, amid loadshedding, is becoming increasingly familiar to South Africans. In Nigeria, every middle-class and upper-class person is a local government unto himself. He provides his own water supply and electricity, and maintains his own roads. This is partly why Nigeria is so polluted: because of the increased use of diesel-powered generators. The crisis of governance underlying self-provisioning must be traced back to broad, macro conditions, whose rectification will ensure better governance at the municipal level.

First, the crisis of governance stems from deficiencies in the ideological orientation of political elites. To develop, political elites must possess the ideology of development nationalism. On the basis of this, they should reach elite consensus on the kind of society we want. Governance and development must be anchored on this consensus for national progress and prosperity of citizens. To be sure, for the content of this consensus, I argue for what I call an ideology of development nationalism, which would lead elites to prioritise citizens' needs and enhancement of the productive capacity of each nation. Patriotism on the part of political elites is a bulwark against state capture. Yet I sometimes say that Nigerian politicians see their country only as a cemetery – when they fall ill, they seek treatment in hospitals overseas, and only come back to be buried when they die.

A related concern is the fragmentation and weakness of political parties at the local level. From the top to the bottom, parties must be driven by the pursuit of a well-defined agenda – and an agenda more substantive than merely capturing political power. In both Nigeria and South Africa, we need genuine political parties that are rooted in the people, and who are committed to enhancing the well-being of citizens.

Second, better governance requires development-oriented institutional underpinnings. Both Nigeria and South Africa lack a Weberian bureaucracy. At the local, provincial, and national levels, recruitment into and promotion in the public service must be

based on the basis of merit. Contrary to the common wisdom, the problem in South Africa is not cadre deployment per se – in China, CPC members constitute about 10% of the general population but constitute about 90% of the public servants. The Chinese case has been successful because they recruit the best and brightest, as well as competent people into the public service. In contrast, in both Nigeria and South Africa, the wrong people are deployed into the public service. This has been a major challenge of governance in both countries that have hindered their development. I want to propose that recruitment into the public service in both countries must be qualifications and competence, and that should be the foremost concern of the state in recruiting them – regardless of the applicants' political affiliation, ethnicity, or religion. Promotion should be based on performance evaluation and skills development, not on personal networks. In countries such as China, promotion through the public service is closely tied to training and professional development through the CPC school and other educational institutions, such as the Chinese Academy of Governance. Meanwhile, the ANC's political school has virtually collapsed, while no Nigerian parties have established political schools in the first place. The content of public service training courses in Africa is usually deficient compared to that of courses offered in Malaysia, China, Singapore and so on.

Professionalisation of the public service is another key driver of success. Some professionalisation reforms are still up for debate. I am engaging in a debate with the South African National School of Government about how to professionalise the country's public service. I believe that all applicants should be subjected to an open and competitive entrance examination – such as in China, Brazil and Malaysia, it takes several months of preparation to pass. I am worried about the very low proportion of South African public servants who have university four-year degrees, compared to the proportion in China. I have also proposed to the National School of Government that it should be compulsory for public servants to enter through entry-level posts and rise through the ranks, regardless of their prior experience in other sectors – like in the military, where one is never recruited as a colonel.

Finally, better governance requires careful attention to the capacity of government, and of local government in particular. But capacity-building need not be haphazard. Skills-gap analysis should be undertaken regularly in public institutions, so that every training programme can be targeted at a specific and existing skills gap. More generally, both planning and coordination are critical. In Kaduna State, we have improved coordination by establishing five ministerial policy councils for different sectors, namely Human Capital Development Council, Economic Development Council, Infrastructural Development Council, Procurement Council and Institutional Development Council. These Councils are attended by members of the cabinet and Heads of parastatals. They provide for self-monitoring and peer-review of activities and progress of programmes and projects of the government. I commend the Kaduna State experiences to all levels of governments in both Nigeria and South Africa

Planning has become particularly important in Nigeria because of our rapid population growth over the last decade. Frustratingly, we are usually planning for yesterday, as though under the assumption that our population will not grow any further! South Africa's protracted and highly predictable electricity crisis also provides an excellent example of a major failure of planning – the chickens have come home to roost. Infrastructure is particularly vulnerable to such failures of lack of planning.

And why does planning fail? To some extent, the problem is a lack of visionary foresight and patriotic political elite who fail to develop and

implement coherent National Development Plans (NDPs) for their countries, as well as failure to insulate state technocrats from direct societal pressure. To be sure, poor planning results reduce the capacity of the state to deliver on its development agenda. The last time I visited the National Planning Commission of South Africa, there were about eight staff members – South Africa has outsourced its planning capacity to private actors, who are part-time commissioners. In contrast, the Economic Planning Unit (EPU) of Malaysia had about 360 civil servants, more half of whom have Masters degrees and above as of 2014. Similarly, the National Development and Reform Commission of China (NDRC) had about one thousand full-time staff as in 2014. Most of these have Masters Degrees and above. Both the EPU and NDRC are supported by several government Think-Tanks in carrying out their work. They help to generate the data that aid their planning work. The South African National Planning Commission should be properly staffed by full-time public servants, not part-time commissioners. The Nigerian National Planning Commission, for its part, should be separated from the Ministry of Finance, under which it is currently located.

Attending the capacity of local government additionally entails attending to its revenue. In Kaduna State, we are trying to forge strong relationships with the private sector, and to drive investment. A single-minded focus on the delivery of social programmes can be short-sighted, if it undermines the state's capacity to fund programmes in the long-term. Delivery on social programmes should be undertaken alongside enhancing the capacity of local government to independently generate revenues.

Omano Edigheji is currently Special Adviser (Research and Special Programs) to the Governor of Kaduna State, Nigeria, and Associate Professor of Practice at the University of Johannesburg. . He is also the co-founder of the Centre for Africa's Social Progress (CASP) and the Research Director of the Policy Analysis Unit at the Human Science Research Council. His work is in the political economy of development, and he is the co-editor of Governance in the New South Africa: The Challenges of Globalisation, and author of the book, Nigeria: Democracy Without Development. How To Fix It.

Questions going forward

- What is the proper role of local governments in planning for energy transitions and decarbonisation, and in managing the effects of climate change?
- To what extent is self-provisioning of services by citizens desirable? How can it be leveraged or prevented, as the case may be?
- When a city is growing rapidly, does it make sense to empower the city itself or the wider region?

Fiscal Decentralisation and Local Government Relations

Michael Sachs

South Africa's system of local government was designed based on what was, at the time, international best practice. We hoped it would be developmental, democratic, and people-centred. That system now looks to be afflicted by fiscal crisis, operational crisis, and a crisis of accountability. At the national level, we have been derailed by the extraordinary event of state capture; at the level of local government, the problems seem clearly to be related to the design of the system itself. Many of these problems are related to the failure of our assumptions about how local government was to be financed: instead of finding their own sources of revenue, as we expected and hoped, municipalities have been increasingly dependent on transfers from the centre. This dynamic can sometimes become self-reinforcing, as, once the fiscal pie starts shrinking, actors become increasingly absorbed in competing over the division of the pie, and neglect the question of how to grow it.

There is a sense that we are back at square one and need to reconsider the fiscal framework of local government in its entirety. In my view, that requires reconsidering the fundamental constitution of federal decentralisation in South Africa. For that we should look to cases in the Global South as well as to others in Europe and North America. In the case of this panel, the countries represented – Indonesia, Brazil, and Peru – all acquired constitutional systems of financial decentralisation at around the same time as South Africa, from the late 1980s in Brazil to the early 2000s in Peru.

Michael Sachs is Adjunct Professor at the Southern Centre for Inequality Studies at the University of the Witwatersrand. He leads the centre's Public Economy Project, a research program on fiscal policy and public finance. He teaches at the Wits School of Economics and Finance and serves as Deputy Chair of the Finance and Fiscal Commission, an independent constitutional body that advises government. Michael worked for many years in public policy and political strategy in South Africa. He is a former head of the budget office at National Treasury. Prior to this he was based at the national headquarters of the African National Congress, where he coordinated economic policy and led the party's research agenda.

Kumba Digdowiseiso

Decentralisation is linked to the recognition of regional autonomy in three key spheres: fiscal autonomy, entailing financial independence from the central government; administrative autonomy, entailing freedom to design and implement policies at the subnational level; and political autonomy, entailing scope to

arrange local leadership succession. In Indonesia, decentralisation has also been linked to the process of local government formation itself. Particularly relevant in this regard is the proliferation of administrative units, with provinces, districts, or cities splitting into two or more regions, each of which is granted some autonomy. The converse of proliferation, amalgamation, has been extremely rare in Indonesia, having been judged too costly – partly because local politicians and officials worry about losing their power in the new, larger units.

Partial attempts at decentralisation occurred in Indonesia under laws passed in 1945 and 1974, but the major decentralisation project was legislated in 1999. It followed the domestic economic crisis of 1997 and was encouraged by the World Bank and International Monetary Fund as part of a package of economic and political reforms. Until then, subnational governments had been financed through block grants from the central government, which had two major components: subsidies for autonomous regions (known as SDOs), which mainly financed the civil service wage bill and other current expenditures in the region; and the so-called Presidential Instruction (known as INPRES), which financed spending on regional development. This system, though promising in some respects, precipitated political conflict in certain resource-rich regions outside Java, which felt that their developmental needs were marginalised by the central government and that their revenues did not constitute a fair return on their natural resources. The grievances of the populations of those regions escalated during the 1997 economic crisis.

After a two-year period of preparation, the decentralisation process was formally inaugurated at the start of 2001. The antsy resource-rich regions were given “special autonomy” status, which defused the conflict everywhere but in East Timor. Administratively, most affairs were devolved to the subnational level. A key element, also introduced in 2001, is fiscal decentralisation under the new system of intergovernmental fiscal transfers, through what is known as the balancing fund. The balancing fund has three components: the general allocation fund; the specific allocation fund; and the revenue-sharing fund, based on resource and tax revenue. Previously highly centralised, government expenditure in Indonesia is now dominated by the district and provincial budgets. District revenues are, in turn, dominated by transfers from the balancing fund – on average, local own revenue accounts for only 10% of total district revenues. This is primarily because subnational governments have limited local taxing powers. Thus the 2001 decentralisation is widely regarded as having stopped short of decentralising revenue. Indeed, taxation remains very centralised – the central government sets tax rates and so on – and this hampers local economic development. However, it seems that, for the moment, the decentralisation of expenditure has been prioritised.

Effective decentralisation requires that the central government empower the subnational government in important ways, and in ways that are unambiguously delineated in law. In many cases, it will require that subnational governments receive powers to raise revenue and levy taxes. In the absence of such powers, subnational governments should, at the least, receive unconditional transfers from the central government. What is important is that subnational governments should be able to govern and implement policy with some degree of independence from the central government and with discretion over their expenditures. Subnational governments are ideally equipped with the information and local knowledge to deliver services to citizens, and research from Latin America shows that a bottom-up approach to the provision of public goods – involving a large number of

stakeholder groups within subnational governance – can be very effective.

Kumba Digdowiseiso is Director of the Faculty of Economics and Business at Nasional Universitas, Indonesia. He is an Indonesian researcher with passion for public finance, fiscal decentralisation and several metrics of well-being (i.e. subjective and objective). PhD from the International Institute of Social Studies at Erasmus University of Rotterdam, he also researches cross-cutting policy issues such as inequality in education and health, as well as the role of institutional quality in determining government outcomes.

Cibele Franzese

The Brazilian Constitution of 1988 prescribes a three-level federation: the central government or union, the 26 states, and thousands of municipalities. The federal system respects the political and fiscal autonomy of regions or states, and the latter have tax-collecting powers: while income taxes are imposed at the federal level, the main tax is VAT, which is collected at the state level. Regional inequalities are compensated through redistribution by way of mandatory federal transfers to local and state governments.

The Constitution guarantees free access to social services, and prescribes that their provision is a responsibility shared among the federal, state, and municipal levels. But this can make it difficult for citizens to hold specific levels of government accountable for the delivery or non-delivery of services. Indeed, after the federal Constitution was promulgated, each level of government embarked upon its own blame-avoidance strategy: each level foisted off its responsibilities to the other levels, and social rights were not delivered. Adequate social provision turned out to require federal coordination, as it is called in Brazil. This entails a system of fiscal decentralisation linked to social policy, implemented from the 1990s.

For example, in the health sector, federal transfers are linked to the provision, at the local level, of a bevy of free public healthcare services. These local services are integrated into the national health service and regulated at the federal level. Importantly, the form of the conditionality can be engineered to avoid reinforcing regional inequalities. Under previous policy, the federal transfers received by a municipality would be determined in proportion to the extent of the services offered there – meaning that poorer municipalities, less able to organise and resource sophisticated facilities, would receive less federal money. Under current policy, however, receipt of transfers depends only on the provision of a uniform set of very basic healthcare services, called a basic health unit. The conditional federal transfers provide a powerful incentive for local service delivery, and the scheme has been very successful, enabling universal basic healthcare coverage in Brazil. Nor are the federal transfers incompatible with genuine fiscal decentralisation: local municipalities tend to fund healthcare services through a combination of federal transfers and their own independent revenue.

From 2005, a similar model was implemented in the social sector, also with success. A slightly different model obtains in education. Under a constitutional amendment, states and municipalities are obliged to transfer part of their tax income to a common fund, which is

then redistributed among them in proportion to student enrolment figures. It is complemented with federal funding, which compensates for regional inequalities in per capita income.

The key to the system is the link between federal funding and local service delivery. This conditionality is the Brazilian solution to the problem of irresponsible spending at the local level under fiscal decentralisation. Another important feature is that fiscal decentralisation is complemented by the decentralisation of accountability. As mentioned, local governments have tax-collection powers, and fund social services using their own revenue in addition to federal transfers. They do so because they are unambiguously the managers of the relevant policies and owners of the relevant equipment: that is, because citizens can hold them accountable for the delivery of specific services.

However, there is room for further reform, particularly to align the revenue of municipalities with the profile and cost of their responsibilities. The expectations of citizens for services fall disproportionately on municipalities – the level of government closest to them – and the latter cannot always afford to respond: mayors are constantly seeking additional federal grants. Decentralised VAT collection notwithstanding, more than 50% of revenue is collected at the federal level, about 25% at the state level, and only 18% at the municipal level. Moreover, the ability of the federal government to redistribute its earnings to lower levels is constrained by its expenditures on debt finance and pensions.

Another potential stumbling block is prevailing political dynamics. Inter-governmental relations depend on the actors who are playing the game, and current President Jair Bolsonaro, for example, has changed the game completely, fomenting conflict rather than cooperation. He tried to block mandatory federal transfers to lower levels during the Covid-19 pandemic, tried to prevent state governors from purchasing Covid-19 vaccines, and, most recently, has pushed for VAT reform, a populist initiative. But the same period has also demonstrated some of the benefits of regional autonomy and cooperation: one state developed its own Covid-19 vaccine in a state-owned laboratory, and governors worked together to publish Covid-19 mortality figures when the federal government stopped publishing them.

Cibele Franzese holds a Law degree from the University of São Paulo, and a Masters and PhD in Public Administration and Government from the Getulio Vargas Foundation (FGV/EAESP), with a research internship at the Centre for the Study of Federalism at the University of Kent, England. She was Deputy Secretary of Public Management and of Planning and Regional Development of the Government of the State of São Paulo. She is currently Professor at FGV/EAESP and Coordinator of the Public Administration Undergraduate Course at the same institution. She teaches and researches in the areas of federalism and intergovernmental relations; and people management in the public sector.

María Antonieta Alva Luperdi

In the early 2000s, Peru implemented decentralisation reforms to hold subnational governments responsible for the delivery of public services. Each level of government has its own responsibilities – for example, law

enforcement, social and economic policy, and the administration of public assets at the national level; socioeconomic development and basic services in the 24 regions; and roads, traffic lights, water supply, and citizen security in the 1,600 municipalities. The national budget is very decentralised, split about equally between national and subnational levels once transfers to the subnational level are taken into account. Moreover, since decentralisation was implemented, the size of the budget has burgeoned: a so-called Latin American star, Peru has experienced economic growth which between 2000 and 2019 saw the budget multiply more than five-fold.

Yet have those budget increases improved the quality of life of Peruvian citizens? The poverty rate fell from 42% in 2007 to 20% in 2019, but experiences during the Covid-19 pandemic suggest that low institutional capacity remains a problem. Indeed, the delivery of services depends not only on the size and distribution of the budget, but also on the quality of the resulting expenditure.

However, there are two instructive examples of programmes through which Peru achieved improvements in subnational service delivery over a relatively short period of time, in spite of its weak institutions. It is critical to study such examples, because the purpose of decentralisation is supposed to be precisely an improvement in service delivery: the fundamental idea underlying it is that local governments are closer to citizens, and therefore are better placed to deliver services to them.

After chronic malnutrition was identified as a priority in the mid-2000s, performance-based budgeting was used to roll out targeted interventions, which ultimately achieved a significant reduction in malnutrition over less than a decade. Under a strategy led by the minister of finance and funded by the national government, healthcare budget allocations were drastically changed to target budget increases at areas where malnutrition was prevalent.

Performance-based budgeting begins with the development of a systematic strategy for achieving the desired outcome, which will form the basis of budget allocation decisions. The strategy should identify a “strategic bet”: with limited resources and capacity, the best outcomes are achieved by concentrating funds in the interventions likely to be most impactful. Budget allocation rules are defined, closely tying earmarked budget allocations to service delivery targets. Both interventions and budget allocations are then further customised to the different front-line delivery points, which have, among other salient differences, different cost structures. And the implementation of interventions is tracked and assessed, and their impact evaluated, on a continuous basis, according to pre-defined indicators and data systems.

More recently, the government achieved a significant reduction in the prevalence of anaemia nationwide, through another performance-based budgeting tool, the municipal incentive programme. The programme has as its incentive component a sizable transfer from national government, which local governments are permitted to use without restriction (except a restriction on payroll increases). However, before they receive this incentive component, local governments must achieve specific targets in implementing the relevant programme – in this case, home counselling visits for mothers. The targets are different for different clusters of municipalities, grouped together to account for differences in their level of capacity. Municipalities receive an initial budget for implementing the service in question, and also receive technical assistance from the national government. And the national government is deeply involved in other ways, including – in this case – in preparing the database of children to be visited, in preparing the

guidelines for the programme, and in assessing whether local governments reached each target.

Certain lessons can be drawn from the Peruvian case – above all, that the quality of subnational service delivery can be improved with the right combination of capacity building, incentives, and data and accountability routines. In many cases, evidence and even "off-the-shelf" interventions are readily available – there is no need to reinvent the wheel in policymaking. Data is important for implementation, but even a Microsoft Excel spreadsheet is sufficient in the absence of more complex data systems.

Note also, in the Peruvian examples, the strong involvement of the national government in interventions whose execution rested at the subnational level. Regional governments were responsible for delivering the malnutrition interventions, while local governments provided the anaemia home counselling. In both cases, it was very important that there was strong participation from the ministries of finance and health, and that the national government was closely concerned with generating capacity within subnational governments while also imposing accountability on them. It is critical that the ministry of finance, and especially the budget directorate, be involved in such interventions – precisely what these cases show is that the budget is the most powerful tool to shape the improvement of service delivery. Correctly conceived, the minister of finance's job does not end with the allocation of funds to state agencies: it ends only when the citizens receive the services for which those funds were allocated.

Another example of an area of administration in which central involvement makes sense is in the civil service payroll – a massively important issue, because in Peru the payroll comprises about 80% of the education and health budgets. In Peru, salaries are centrally defined, with specific career tracks for different professions. As an incentive for undertaking difficult service, these salary scales include additional risk allowances for employees in rural and other postings. The payroll is also important because of the extent of payroll micro-corruption – often overshadowed by the emphasis on large-scale corruption. If payroll is centralised, a functional data system can be developed, which in turn may be used to empower citizens in conducting a kind of bottom-up oversight which may uncover and discourage payroll corruption. In an ideal world, parents would know exactly which teachers are being paid salaries to teach at their children's schools, so that they can impose accountability.

Another family of practical lessons relates to the political momentum of reform. In this regard, it is important to build a national consensus on government priorities. It can help to focus initially on a small number of priorities, allowing the development of a suitable implementation model and helping build enthusiasm for reform. Indeed, more generally, I believe the key to reforms in the fiscal architecture is incremental improvements, rather than waiting for a "big bang." It is also crucial to communicate with the public. Reform needs a political champion – someone who has the leverage needed to challenge the status quo and the power needed to drive structural change. In the Peruvian examples, those champions were the ministers of finance and health.

The implementation of results-based budgets, in particular, often creates tensions – tensions within the ministry of finance, tensions among different ministries, and tensions with subnational governments who are resistant to top-down prescription. Moreover, effective service delivery programmes must not only introduce new interventions but eliminate ineffective existing ones. They therefore encounter resistance from the lobbies and power groups – whether in government or in

civil society – who are invested in existing programmes, sometimes because they are linked to networks of corruption. These days, such opposition is often magnified by social media. In confronting political problems of this kind, I think it is important to communicate with the public; to customise interventions for the local context to win over local groups, politicians, and bureaucrats; and to take firm decisions and stick by them when they inevitably encounter resistance.

María Antonieta Alva Luperdi studied Economics at the Universidad del Pacifico and holds a Master's degree in Public Administration from the Harvard School of Government. Over a decade as a civil servant in the Peruvian national government, Ms Alva Luperdi has worked in the General Departments of Public Investment and Public Budget of the Ministry of Economy and Finance and has held positions related to planning and budgeting in the Ministries of Development and Social Inclusion and of Education. By the age of 32, she was appointed as the first woman to hold the position of Director General of Public Budget. In October 2019, she was appointed Minister of Economy and Finance, a position she held until November 2020. As Minister of Finance, she led the design and implementation of the Economic Response Plan to COVID-19. Ms Alva Luperdi currently works as Global Project Director at Acasus, a consulting firm that supports governments in Africa and Asia in implementing health and education reforms.

Questions going forward

- Can bottom-up accountability to citizens substitute for central government control or monitoring of expenditure?
- Is the centralisation of revenue powers compatible with bottom-up accountability, or does it unavoidably make the central government the key force in holding subnational governments accountable?
- Under what circumstances, and to what extent, should revenue powers be decentralised alongside expenditure powers?
- In healthcare and other sectors, can vertical interventions compensate for the weakness of local service-delivery capacities and institutions?

Asymmetric Decentralisation

Anthony Butler

Under asymmetric federalism, the constituent states of a federation have different powers and responsibilities. In many well-known cases – including Canada, Russia, and Spain – asymmetric arrangements are introduced to address the demands, concerns, or secessionist impulses of specific ethnic, cultural, linguistic, or religious groups. They are sometimes set out formally in the national constitution, but may also be less formal, consisting, for example, of special arrangements and opt-outs negotiated between national and subnational governments.

In some cases – notably Indonesia and soon, if its new constitution is promulgated, Chile – asymmetric arrangements may be introduced in unitary, rather than federal, systems. South Africa is a unitary state and its system of provincial government – which partially reflects racial, ethnic, and historical legacies – is essentially symmetric, though there are major divergences in economic development, human development, and state capacity across the provinces. In at least two cases – Gauteng and the Western Cape – there is a strong case to be made that provinces should take on competencies that are currently located at the national level. But if this devolution were to occur, it would have to occur asymmetrically, given the weakness of other provincial governments. That prospect raises a number of potential problems, as well as potential opportunities.

Anthony Butler is Professor of Political Studies at the University of Cape Town. He was educated at St Anne's College, Oxford, and King's College, Cambridge. He has been a fellow of Emmanuel College, Cambridge; Director of the Politics and Administration programme at Birkbeck College, University of London; and Chair in Political Studies at Wits. His research has focused on the politics of public policy. He has a special interest in black economic empowerment, energy policy, public health, and state reform. He has also made contributions to the study of South African politics, with a focus on the internal politics of the ANC, party modernisation, and political funding. He is the author of a number of books, including The Idea of the ANC, Contemporary South Africa, and the biography Cyril Ramaphosa. Butler is a regular columnist for Johannesburg's Business Day newspaper.

Louise Tillin

The Indian constitution prescribes an asymmetric form of federalism, recognising – to different degrees – the autonomy of a handful of states which are culturally or religiously distinct. The most famous example is the state of Jammu and Kashmir, India's only majority Muslim state, which, under article 370 of the constitution, was granted a distinctive level of autonomy, enabling even

the promulgation of a state constitution. Article 370 was abolished in 2019, after the re-election of Narendra Modi's government – one early indication of how some forms of asymmetry are threatened by the rise of a more majoritarian form of nationalism in India.

Article 371 grants autonomy, in a different form, to several states in the north-east, which house substantial indigenous and Christian populations. The provisions, slightly different in each case, give states rights to govern their own customary and religious practices, and were negotiated in settlement of long-running conflicts – sometimes with separatist overtones – in the relevant states. In addition to these constitutional arrangements, the north-eastern states have distinctive fiscal arrangements: they tend to be more heavily reliant on central transfers than other states, and historically those central transfers have taken the form of grants more often than of loans. Finally, other constitutional provisions govern the so-called fifth and sixth schedule areas, which house substantial scheduled tribe populations.

So the Indian constitution embraces asymmetric federalism. But these arrangements are quite different from those implied by the notion of asymmetric decentralisation that seems to be at the heart of the current debate in South Africa. India has not really implemented asymmetric decentralisation of the kind which would, for example, devolve greater tax-raising powers to provinces which have higher revenue-raising or administrative capacity. However, the formally symmetric process of decentralisation which occurred in India has nonetheless had asymmetric outcomes. Indeed, it demonstrates how any decentralisation process takes place in a context in which regional inequalities allow regions to exploit to differing degrees the opportunities, powers, and responsibilities that come with decentralisation. This may mean, as it has in India, that decentralisation intensifies regional inequalities.

In India, the most significant phase of decentralisation coincided with the liberalising economic reforms implemented from the early 1990s, which saw the rolling back of the central government's role in steering economic development, especially its role in controlling industrial licensing. Those reforms gave the states much more autonomy in competing among themselves for investment, especially amid a broader process of political regionalisation, which saw much policy authority devolved to the state level. In principle, the process of decentralisation occurred simultaneously and symmetrically in all states: in principle, the reduction of the powers of the central government offered a similar set of opportunities to all states. Yet the process certainly had asymmetric outcomes. At the outset, states were endowed with different levels of state capacity, revenue-raising capacity, and human development, and that meant that states had differential ability to exploit the opportunities presented by decentralisation. Since the 1990s, there have been obvious regional divergences in economic growth patterns and human development outcomes. Growth and tax revenue are driven disproportionately by certain southern and western states, while more populous northern states (also the heartland of the governing Bharatiya Janata Party, BJP) tend to be net recipients under India's redistributive system of fiscal federalism.

The deepening regional inequality that emerged during and through decentralisation is a political fault line of increasing import. Thus there are ongoing debates about the future of fiscal federalism and the political distribution of power in the federal system – it is not clear, for example, whether the fiscal redistribution formula will survive the political challenges it faces, and India is certainly moving in a centralising direction, where some

of the privileges granted to subnational governments are threatened in a way that they weren't a decade or more ago. This contest is not unique to India. Decentralisation reforms swept the developing world from the 1980s onwards, and we are now seeing a phase of recentralisation, as many federal countries are now reconsidering their systems, in part because of the inequalities that they have created. Indeed, centralisation and decentralisation tend to be cyclical processes, rather than linear ones.

At least part of the reason for this is an inherent tension in the union of federalism with the welfare state. Federalism is designed to enable regional autonomy and variation in regional development paths, while the goals and methods of the welfare state imply commitment to a form of universalism. The inequalities that may emerge over the course of decentralisation are, naturally, in tension with that universalistic impulse, and they are among the drivers of the current phase of recentralisation. But decentralised federalism and the welfare state may be in tension without being mutually exclusive. The key is to confront difficult questions about the areas in which subnational governments should be granted autonomy in policy making and implementation, and about the circumstances in which, and extent to which, the central government should have a role in redistribution and in the amelioration of the inequalities that may arise from decentralisation.

Another key concern of the scholarship on asymmetric federalism is a broader concern about the merits and demerits of the institutional recognition of ethnic, religious, linguistic and other minority identities and groups. Partly because of this concern, asymmetric arrangements have, the world over, been difficult to negotiate and often difficult to maintain. Nervousness about ethnic federalism is bolstered by historical cases including the collapse of the Soviet Union and former Yugoslavia, and, more recently, by cases like Ethiopia, in which federalism appears to have created "minorities within minorities," reinforcing or creating divisions rather than ameliorating the tensions that arise from them. But it is very difficult to make a generalisable argument, given extensive differences in the design of ethnic federal systems and in the contexts in which they operate. The discussion, therefore, must always be contextualised. At least in India, and especially over the longue durée, the recognition of linguistic identities in the organisation of internal political boundaries has almost certainly reduced destabilising conflict. And it did so during what was a crucial period of political consolidation, democratic consolidation, and nation-building in the first two decades after independence.

Not only for this but for other reasons, my view is that decentralisation tends to be good, especially in federal contexts. One key benefit is that it allows policy experimentation and innovation, and policy learning, at the local level, which can then be scaled up by the central government where desirable, allowing the bottom-up diffusion of policy ideas. India certainly has many examples of policy innovation and experimentation, especially amid the political and economic regionalisation that characterised the period between the 1990s and the mid-2010s. The process of policy experimentation and diffusion has been more organic, and much less guided by the central government, than it has been in China, where, for example, many local pilots are centrally designed. Nonetheless, Indian states have used their greater autonomy to innovate, both in the way they implement the centrally sponsored schemes mentioned by Yamini, and in designing their own state-level schemes, some of which are later scaled up by the central government and rolled out nationally.

In states contemplating decentralisation and other complex institutional changes, I would

favour an incremental approach – though the latter is not the global flavour of the moment. Incrementalism can bolster the stability and integrity of the reform process. In the Indian case, such institutional changes have historically been made quite incrementally, and destabilising outcomes have arisen precisely when decisions have been taken outside the process of longer term consensus-building.

Louise Tillin is Director, King's India Institute and Professor of Politics. She joined King's – and the then newly established King's India Institute – in 2011. Her research interests span federalism, democracy and territorial politics in India, and the history and politics of social policy design and implementation. Since 2011, she has led research projects on subnational comparative politics and social policy in India, on explaining electoral change in urban and rural India, and on India's Political Economy Trilateral Partnership with UC Berkeley and Indira Gandhi Institute of Development Research. Between 2013 and 2017, she was part of a multi-country research programme on the politics of reducing poverty and inequality across Brazil, China, India and South Africa supported by the ESRC. Professor Tillin is a regular commentator on Indian politics in UK, Indian and international media. She is an editor of the journal Regional and Federal Studies, and an editorial board member of Pacific Affairs.

Yamini Aiyar

Economic liberalisation, especially from the 1990s, marked an unsettling moment for India. Before liberalisation, a broad economic and political consensus had formed around the architecture of the Indian state, at that time a centralised architecture. Liberalisation was accompanied by the decentralisation of administrative structures, as more space emerged for states to lead economic policymaking, and also by shifts in the prevailing political dynamics. The old economic and political consensus was reopened; new challenges arose and remain with us today. In some senses, India lacks a political consensus on the fundamental question: what level of government should perform which functions? That question is the most basic of questions about governance, especially in a federal country; it shapes the social contract forged between voters and political parties, and thus shapes the most everyday expectations of the government. Contestation and uncertainty over that question have intersected with the political dynamics of federalism, and both have shaped the administrative architecture of decentralisation and the uses to which it has been put.

This has been the case from the outset of decentralisation. One of the striking paradoxes in India is that decentralisation has been imagined, shaped, and imposed at subnational levels by the central government itself. The key shift in the early 1990s was the 73rd and 74th constitutional amendments, which set out a more concrete role, both political and administrative, for local governments. Those amendments were designed and passed by the national government, though they charged the states with establishing the new third tier of government. Why did decentralisation require this kind of central mandate and central intervention? Subnational governments, the argument goes, may lack incentives to deepen decentralisation. But, in practice, what this central mandate meant was that decentralisation was imposed from above by the national legislature – instead of emerging from a political consensus at the subnational

level, or indeed at the grassroots level. There was perhaps an assumption that de-concentration, within a constitutional framework of decentralisation, could substitute for a process of political consensus-building around federalism and decentralisation.

This contradiction carried over into the implementation of decentralisation. As I said, though the mandate for the creation of local governments emanated from the national legislature, states were responsible for its implementation. The states were expected to pass sub-legislation compliant with the constitutional amendments, and to establish the necessary institutional and administrative architecture. That architecture, designed and resourced by the states, was central in determining how decentralisation worked – how administrative roles and responsibilities were distributed at the local level, and how the corresponding fiscal arrangements worked. For example, states were tasked with setting up state finance commissions, which were to determine the fiscal allocations and taxation powers of local governments.

Inevitably, with that process occurring at the subnational level – and, indeed, without a political consensus around the process having been sought at that level – regional variations emerged. Some states moved far ahead of the pack in deepening devolution to the third tier, while others – the majority – remain recalcitrant even today. In most states, the state finance commissions, and other institutions of subnational governance, are moribund. Ironically, this means that, to a significant extent, it is left to the central government and its finance commission to resource local governments, in effect substituting for – and bypassing – the constitutionally prescribed role of the states.

This kind of fiscal centralisation was at work even during the era of coalition politics, a period of political, as well as administrative, decentralisation. During that phase, state and regional politics were actually far more decentralised than they are today: the agenda of the national government represented state concerns and was shaped by regional parties. Yet, even then, the role of the national government in financing subnational governance meant that the former was permitted to encroach on functions constitutionally assigned to the states.

When the politics shifted, opportunities for recentralisation became still more central. Thus, today, states, when it suits them, like to access funds from the central government and blame the centre for weak implementation. The centre, meanwhile, blames the states, and uses the putative weakness of the states to justify further recentralisation. The most important tools are still fiscal tools: instruments of fiscal federalism, like performance-based budgeting and competitive federalism, are used by the central state to influence state behaviour and state outcomes. A whole set of contests arises around centrally sponsored schemes, the primary means by which subnational governments finance and fulfil their constitutional role in social welfare provision. Under centrally sponsored schemes, the central government determines and funds social welfare priorities and policies, but their implementation is left to subnational governments.

Arguably, the introduction of the third tier of government – intended to devolve functions to the grassroots level, thereby deepening India's federalism – has in practice meant that India's system of governance has become more centralised than it was before. The central government really has more power, not less, to influence state policies and outcomes than it did before those powers were formally devolved to the state level. Louise argued that decentralisation had asymmetric outcomes in India, but we might ask whether those were not outcomes of centralisation, or of an

incomplete decentralisation, rather than of decentralisation per se.

The Indian example shows, first, what happens when decentralisation proceeds without being grounded in a clear political consensus about the division of responsibilities across levels of government. Specifically, what happens is that perverse incentives arise, which may lend themselves to de facto recentralisation.

A second interesting feature of the Indian case relates to the interplay between decentralisation and federalism, as it has played out here. I don't think that decentralisation can be considered separately from federalism in the Indian case. For one thing, the dynamics between state and central government, as I have described them, and the lack of political consensus – so tied up with the citizen–party contract – also creates a political dynamic in which voters find it difficult to hold different levels of government, especially state governments, accountable for the quality of service delivery. That is why decentralisation has reinforced regional inequalities in the way it has. But the social contract between citizen and party is at the heart of federalism: it is what federalism is supposed to guarantee, and it is what enables a genuinely competitive federalism and a genuinely cooperative federalism. So, in India, the implementation of decentralisation, and its mediation through the use of fiscal federal tools, has undermined both of the imperatives – federalism and decentralisation – which are supposed to justify the use of those tools.

To add another layer to the inter-relationship, part of the reason that political consensus-building is so difficult in India is because of the complex political dynamics between the federal and subnational governments. I have been wondering whether the noisiness of federalism and of democracy becomes an obstacle to effective decentralisation. Examples like that of China – and, in a different way, of Chile – might suggest that it does. India pushed on with decentralisation during a moment of vibrant and deepening democracy, which, as I said earlier, was also a moment driven by regional politics and a strong political federalism, in which strong regional political formations were responding to the particular representational needs of their regions. This made it harder to build a political consensus around decentralisation – at the most basic level, because of the differences among the various parties that would have to come together under that consensus. In addition, regional political formations and state actors were nervous about decentralisation, and the sharing of power, resources, and functional powers that it entails. Specifically, they were nervous about shifting power to a third tier of government, because they had been successfully leveraging their power to influence national government and national policymaking.

Thus the vibrancy of democracy and of federalism in India – the very things that made it necessary to build a political consensus if decentralisation was to be effective – also made it more difficult to build such a consensus. So decentralisation had to be driven from the centre, with all the inadequate outcomes that has turned out to lead to.

Lastly, I will touch on how different Indian political parties have approached the ideas and institutions of federalism and decentralisation. The Congress, the BJP, and other Indian parties have appeared to share an impulse towards centralisation, in respect of administrative, fiscal, and even party-political systems. Both Congress and the BJP favour a strong centre, and in that regard both have exercised the constitutional powers of the centre to impose their will on the states. Both Congress and the BJP have engaged in fiscal centralisation. Around 2014, before BJP had consolidated its national dominance, there was a brief push towards deepening decentralisation and federalism – it was viewed at the time as a useful political tool for

further reducing the dominance of the Congress and regional parties, and the prime minister had himself come up through state government. But, now that it has firmly established its dominance, the BJP has been a deeply centralising force.

However, the nature of this centralisation differs from that seen under Congress – partly because the BJP has a much stronger and more centralised political leadership than Congress did, given the latter's internal structure and strong regional power bases; and partly because of the BJP's ideology of homogenising, majoritarian nationalism. The fundamental difference is that the BJP lacks Congress's patience with the principle of federalism as an instrument for the political accommodation of diversity. To the extent that there remains a federal impulse, or even a political consensus around the commitment to federalism in India, it has served as a check – not necessarily a balance, but a check, and sometimes the only one – on the homogenising impulse of the BJP's form of nationalism.

In an important respect, India resembles South Africa: India is a young democracy, a diverse one, and one with a history laden with contestation, oppression, and inequality. It is still learning what it means to be a democracy, and it is still evolving: its economy is maturing, and the people's representational needs are emerging and changing. This process of evolution puts democracy under representational pressures, and the only way for democracy to survive is to create federal spaces for the accommodation of those pressures. Indeed, it seems to me that federalism and democracy are closely intertwined: democracy is precisely about federal accommodation. And I think that, like deepening federalism, deepening decentralisation – and strengthening of the third tier of governance – strengthens democracy, by improving the quality of representation. That is especially the case in a young and evolving democracy. The Indian example and others show the challenges that can be thrown up when pursues decentralisation: elite capture, inequality, and asymmetric outcomes. But the imperative to deepen the practice of democracy remains central.

Yamini Aiyar is the President and Chief Executive of the Centre for Policy Research. In 2008, she founded the Accountability Initiative at CPR, which is credited with pioneering one of India's largest expenditure tracking surveys for elementary education. Yamini's work sits at the intersection of research and policy practice. Her research interests span the fields of public finance, social policy, state capacity, federalism, governance and the study of contemporary politics in India. She has published widely in academic publications and the popular press, and writes regularly on current affairs and policy matters in mainstream Indian newspapers. Yamini serves on a number of government and international policy committees as well as boards of nonprofits and think tanks. Yamini is an alumna of the London School of Economics, St. Edmunds College, Cambridge University and St. Stephen's College, Delhi University.

Ignacio Irarrázaval

A presidential regime, Chile comprises sixteen regions, 54 provinces, and 345 municipalities – all of which are, to some extent, self-governing entities. According to historian Claudio Véliz, state formation in Latin America

has generally been tied up with a centralist tradition, as a result of how the process of colonisation unfolded here. A 2017 OECD report concludes, further, that Chile's centralist model has been driven by three motives: political stability, national unity, and economic efficiency.

Chile strikes an interesting contrast with India: it is very small, very centralised, and, to the extent that it has decentralised (or "deconcentrated"), it has done so very symmetrically. This symmetric process, and its management by the central government using national instruments, has – in another contrast to India – meant that Chilean de-concentration has been compatible with a substantial degree of regional economic convergence. As Louise argued, the degree to which decentralisation enables convergence or divergence is a key question, because convergence is very much affected by the structure of government. Yet the case of Chile shows that symmetric de-concentration can, at least to some extent and if employed in some ways, lead to regional convergence. In recent years, Chile has achieved significant regional convergence, as measured by various socioeconomic variables. For example, regional poverty rates have converged since 2006: though the poorest regions remain the poorest, the differentials among different regions have decreased substantially.

This convergence has been achieved through a de-concentration process which, though it allows regions to take some governance decisions, has been highly symmetric. Chile's public expenditures remain highly centralised, with expenditure at the subnational level constituting a low proportion of total expenditure. And de-concentration is regulated using national, centralised instruments. For example, there are mechanisms to equalise regional public investment. The regional investment fund, which manages transfers of funds for investment from the national government to regional governments, uses an equalisation formula to compensate smaller regions which are less densely populated. Investment in the regions is itself regulated by the central government, which designs guidelines for investment projects, evaluates projects, and sets assessment criteria which projects must meet before they receive funding. Similarly, the public service is regulated primarily at the national level: the senior public management service is recruited through a national scheme, with the central government – in coordination with subnational governments – defining the profiles of those eligible for recruitment. Whether or not it is paradoxical to employ central interventions as tools for de-concentration, the unified public service has been important in addressing regional inequalities in the capacity of subnational governments and their employees.

This symmetric system has operated thus far, however. In Chile's current constitutional process, asymmetric decentralisation has become a matter of discussion, with proposals – now approaching a plebiscite – to allow regional governments different roles and more autonomy. As much as the degree of centralisation or decentralisation is a political issue, it is also, and most importantly, about the state's capacity to deliver services. This is what emerged in digital conversation groups the Pontifical Catholic University held across Chile to discuss the country's future. Chile is a unitary state with a relatively homogenous population, and demographic heterogeneities are not regionally defined – for example, the sizeable indigenous population is spread across large cities. This means that the debate about decentralisation is, in a sense, less complicated than it is in highly diverse countries like India. To citizens, the main argument for decentralisation is that it locates state capacity at the local level, where services are more easily accessible to them. The citizens do not care much which specific level of government is providing services to them – they just don't want to travel 1,000 kilometres for medical treatment.

Ignacio Irarrázaval is the director of the Public Policy Centre at the Pontifical Catholic University of Chile. His academic work focuses on decentralisation and issues related to sub-national governments. Regarding municipalities, his work has focused on aspects of financing, costs and management of services, and advice on strategic planning for city governments. On the regional level, he has carried out evaluations on the transfer of funds to provinces and their impact on development. From 2015–2016, Mr. Irarrázaval was a member of the Municipal Technical Advisory Committee convened by the Ministry of Interior and in 2019 he integrated the Technical Committee of experts on Decentralisation announced by the President of the Republic of Chile. He holds a Ph.D. from the London School of Economics.

Questions going forward

- What is the proper role of the central government in imposing and implementing decentralisation?
- How should the unequal capacities of different subnational governments be taken into account in the design of arrangements for symmetric, as well as asymmetric, decentralisation?
- Where decentralisation reinforces regional inequalities, can and should those inequalities be ameliorated by central government? How does one balance the goals of regional autonomy and regional convergence?
- Under what circumstances are asymmetric arrangements politically viable and politically sustainable?
- Does the political viability and effectiveness of administrative decentralisation depend on how political power is distributed and on the degree of centralisation in the party-political space?
- Does the institutional recognition of ethnic identities and groups worsen conflictual relations on the basis of such divisions?

The Politics of State Reform: Turning Ideas into Action

Ivor Chipkin

The idea of this conference has been not only to situate South Africa in the context of the broad Global South, but to draw lessons from concrete reform initiatives that are happening elsewhere in the developing world. The conversation in South Africa has tended to focus primarily on addressing corruption and professionalising the public service. But conversations among our panellists have shown that there are many other options available for architectural and structural changes to reform the public sector and improve its capabilities.

In his keynote, Pratap emphasised that public service reform is not just a technical exercise, and must be grounded in society's normative horizons: specifically, in a shared understanding of the purpose of government and its institutions, of the kind of society that they are supposed to help realise, and of the way they should function. These normative questions are unavoidable. We encounter them, for example, in attempts to conceptualise and implement meritocracy in the public service, insofar as the notion of merit is itself based on norms and values which are social and contextual. These normative questions go deeper than the constitutional and institutional framework: they fundamentally affect the very cultures, norms, and values of the institutions that we are producing.

In South Africa, our constitution sets out both a shared vision for our society – perhaps one founded on non-racialism – and the institutional framework by which we intend to achieve it. But, especially over the last ten or fifteen years, there have been signs that political players – especially in the government and ruling party – do not necessarily share the notion of politics and the vision of society that the constitution, and its institutions, intend to realise. Our institutions have been repurposed to achieve different, and private, ends. There is a growing disconnect between the normative horizons in which our institutions emerged and the changing and divergent understandings of their purposes and uses. There is no easy answer to that disconnect, but, without recognising it, we will end up solving the wrong problems.

All this means that the challenge in South Africa has a dual nature. Facing us is the technical challenge of designing the right kinds of processes, instruments, and organisations to achieve an effective public service. But there is also enormous work to be done at the level of values and norms, or in the realm we used to call nation-building: in building a common and shared vision for South Africa. Yet there is much to be encouraged by in South Africa: two participants in this final panel are officials involved in driving public service reform from the very top level of government.

Ivor Chipkin is the Director of GAPP. He was the founder and director of the Public Affairs Research Institute at the University of the Witwatersrand and the University of Cape Town for ten years before that. In 2017 Chipkin, with several colleagues, wrote and released the Betrayal of the Promise report, a study of state capture that had a huge political impact in South Africa. Chipkin completed his PhD at the École Normale Supérieure in France, where he also did his DEA. Chipkin was an Oppenheimer Fellow at Oxford University. He is the author of Do South Africans Exist? and Shadow State: The Politics of State Capture with Mark Swilling. His new book, The Shattered Vessel, is due out in 2023.

Phindile Baleni

In 1994, South Africa confronted a public service that had been fragmented by the apartheid homeland system. Thereafter, it took up an extraordinarily ambitious project of amalgamation and reform. Based on the values of the public service set out in the Constitution, the policy framework for this document was – and, in many senses, remains – based on two white papers on the transformation of the public service. The first was published in 1995 and the second, commonly referred to as the Batho Pele White Paper, in 1997.

The post-apartheid transformation of the public service was, in fact, very successful. There are at least three factors which contributed to that success. Restructuring was based on sound principles, contained in the RDP document. It was also informed by CODESA, and its constituent set of rigorous multi-party and multi-stakeholder negotiations. And, finally, the newly elected Parliament had the appetite and political will to create the legislative framework needed to support of the process – hence the Public Service Act, among other key laws.

Reform is still ongoing, especially at the centre of government. Section 85 of the Constitution indeed places the president at the heart of developing and implementing national policy. In the South African case, the centre of government can be conceived of as a set of concentric rings, with the presidency at its heart. A second layer includes the Department of Planning, Monitoring and Evaluation, the National Planning Commission, the Government Communication and Information System, and Statistics South Africa; and a third includes the National Treasury, the Department of International Relations and Cooperation, the Department of Women, Youth and Persons with Disabilities, the Department of Cooperative Governance and Traditional Affairs, and (the human resources department of government) the Department of Public Service and Administration. In recent years, the centre of government has become increasingly important for policy development, coordination, evaluation and monitoring, and, sometimes, due to failures elsewhere, even policy implementation. The centre of government is typically the guardian of the government's overall strategic direction, which it imparts to line departments – in the case of the current administration, our foremost priority is to build an ethical, capable, and developmental state. The work done at the centre requires a high level of expertise in facilitation, networking, and influence across government.

In the past, improvements to the architecture of the centre of government proceeded along the lines of familiar questions. How do we ensure better collaboration and coordination? The post-1994 architects of the South African state answered that question with the cabinet cluster system. But also, how do we interface better with non-state actors, and how do we foster participatory governance at the community and front-line levels? In recent years, new challenges have arisen. How do we leverage the presidency for strong leadership and efficiency? How do we optimise the opportunities that come with digitisation and 4IR; and how do we respond to major disasters, new risks, and, most recently, state capture? How do we balance the independence of agencies with the need for integrated action?

Sometimes these challenges require architectural reforms in government – but those come with their own risks. Scientist Jay Forrester has observed that, while managers are intuitively good at defining a problem, identifying its causes, and identifying leverage points at which small changes can influence behaviour, they also tend to use those leverage points to push change in the wrong direction! There is also the risk of creating a problem-solution chain, whereby a system or agency introduced to address an initial problem ends up creating new problems – transaction costs, disconnected policy capacities, centrifugal agencies, a focus on agency outputs over policy outcomes, or another problem entirely. And this chain can become self-reinforcing, as the new problems necessitate a new solution, which may create its own problems – recentralisation, weak networks, "audit-tsunami" consultants, and so on. A final important stumbling block is the strength of organised labour in South Africa – so labour interests must be involved from the outset in any reform efforts.

A reformer must decide the span or scope of the reforms he intends to implement. At its most limited, reforms target individual public organisations, or, slightly more extensive, target clusters of them, reforming not only the individual bodies but also the networks, interfaces, and interdependencies that link them. A more extensive set of reforms is located at the interface between the public sector and society, and must therefore recognise civil society as a partner in governance and in reform – in public-private partnerships, for example, or in the co-design and co-implementation of policies. Still more extensive reforms go beyond the infrastructure of government and include the supra-structure of the public sector: the realm of ideologies, ideas, cultures, values, and norms on which public-sector practices are based. Reformers at this level might aim to remove a tradition of corruption or to support a culture of public entrepreneurship, for example. And, finally, public sector reform can be embedded in society-wide reform, touching all elements of the system. Public administration can be seen as a social system within itself, functioning in accordance with its own order – but it also depends on societal and environmental conditions.

It should be noted that the South African presidency does not have anything this dramatic in mind. Our view is that state capacity can be built through reforms and refinements to some aspects of the public service – that there is no need to turn the public service upside down, or to dismantle and rebuild it.

In approaching proposals for changes to the basic architecture of government, the presidency adheres to certain other key principles. These include evidence-based decision-making; the application of cost-benefit analysis, using the SEIAS model, to the introduction of new proposals; and sequencing for the implementation of long-term strategies. It is crucial to involve citizens and societal groups – one of the things that is missing from current policy discussions is the broad-based dialogue that CODESA provided in the 1990s. Finally, in approaching proposed changes to the architecture of government, the central government has to balance various needs and competing interests. One imperative is to reduce the deficit, reallocate resources, and adjust the size of government relative to GDP, while also improving state responsiveness and state services. Others are to re-establish trust in government, to adapt to the changing role of government in new global circumstances, and to redefine the distribution of responsibilities among different actors – legislative and executive actors, public and private actors, political and administrative actors, centralised and decentralised practices, and so on. Redefining the responsibilities of actors also requires redefining mechanisms of accountability.

It is worth attending further to this last point, because of the attention that has gone to the line between the political and the professional in the South African public service. We are still developing instruments to define and enforce this line, but the fundamentals of the distinction have long been with us. It is implied in the values of public administration listed in section 195 of the Constitution, especially in the principle of impartial provision of public services. Further legislation has defined what a public servant is, how he is recruited, and on what criteria. Most recently, the Public Administration Management Act made it a criminal offence for public servants to do business with the state. A member of the public administration must damp down his party-political activism, but there is no reason that public service should be incompatible with a party-political history, with knowledge of politics, or with the politics of transforming the country.

Phindile Baleni was born in Soweto and spent her childhood and early adulthood in Katlehong, in the East Rand of Gauteng. She is an admitted Attorney and Conveyancer holding a BProc and a Bachelor of Laws degrees, both from the University of Witwatersrand. In 1994 she was appointed as a member of the Board of Directors of NURCHA, a lead project of the RDP, by former President Nelson Mandela. She was subsequently appointed as the CEO of the National Energy Regulator of South Africa in April 2011. In March 2015, Ms Baleni assumed duty as the Director-General in the Office of the Premier, Gauteng Province, role through which she spearheaded the Gauteng City Region Response to Covid-19. In April 2021, she was appointed by President Cyril Ramaphosa to the post of Director-General of the Presidency and Secretary of Cabinet. She has thus made history as the first woman to be appointed as head of the highest political office in the land, and thereby, the most senior public servant. She is also the first Head of Public Administration, a position contemplated in the NDP as a necessary element towards building a professional and capable public service in the country.

Busani Ngcaweni

As Phindile said, the foremost priority of the current administration in South Africa is building a capable, ethical, and developmental state. The high priority given to the building of state capacity stems from the recognition that good policies and abundant resources will not have the desired effects if public institutions remain weak. And we know that institutions lose steam over time unless they are periodically recalibrated. In the paper I prepared for this conference, I elaborate on this drawing on literature and practice, using the case of the Professionalisation Framework.

The National School of Government, acting on behalf of the Minister of Public Service and Administration, is steward of the National Framework for the Professionalisation of the Public Sector. The framework has five pillars which have been researched and benchmarked internationally.

The first is recruitment and selection, to ensure that public servants are fit for purpose. Proposals in this regard include the expansion of integrity tests for applicants; the introduction of occupation-specific assessment as part of competency assessments, beginning at the senior management level; and an active role for the Public Service Commission, among other

things in appointing panels of experts to selection panels.

The second pillar is induction and on-boarding – including familiarising recruits with their responsibilities, with the legal prescripts that govern their work, and with the demands of politics and stakeholder management in their positions.

The third is succession planning, to ensure that our investments in human capital pay off, and performance management, including consequence management. At the national and provincial levels, there are 1.2 million public sector employees, managed by only 9,500 senior managers, who must be appropriately empowered.

The fourth is continuing learning and professional development, to renew the skills of public servants on an ongoing basis. At the National School of Government, public sector employees are regarded as pilots – to keep their flying licences, they must regularly return to the flight simulator. There are existing rules around learning and development, but they are not effectively implemented.

And the last pillar relates to the career progression, succession planning, and career management of the top managers whom we like to call the mandarins. Among other things, we propose to extend the tenure of directors-general, and to change the performance management system to allow for more recognition for the achievements of senior officials.

Other work is being done on proposals to reform professional bodies, on information technology modernisation initiatives, and in various pieces of draft legislation – amendments to the PFMA, the Public Administration Management Act, and the Public Service Act are underway; and the National Treasury is working on a public procurement bill. We think that some of these things will be game-changers for the public service. Indeed, the proposals are broader than that: the National School of Government is looking not just to professionalise the public service, limited in its legal definition to the national and provincial governments, but also to professionalise other parts of the public sector. Reforms will also touch, for example, elected officials, and will seek to improve their ability to make good decisions.

Public service professionalisation is closely associated with the principle of meritocracy. Meritocracy has been theorised differently in different places, and, on the whole, it is the Asian model of meritocracy to which we are attracted, since it prioritised 'fit for purpose' and capability, and not the North American model which is being criticised for promoting nepotism and exclusion of capable people who are not part of the 'elite' networks. Regardless of how one judges the political models of the successfully Asian countries, it is to their models of recruitment, induction, training, performance management, and accountability that we must look – and we must look especially to the notion that, even if you are a member of the ruling party, you must earn your stripes as a public servant and be given opportunities on merit, not by mere proximity to power. Some people worry that, in South Africa, a meritocratic system would exclude members of previously disadvantaged groups. I am not worried about that, given the immense investments the government has made in education, and especially in higher education, since 1994.

Another common misconception is that professionalisation entails depoliticisation. This is correct to an extent: appointments and policymaking must be depoliticised to the extent that they must be based on evidence, rather than on party-political loyalties. Individual discretion must be minimised and processes must be transparent and rational. Indeed, section 197(1) prescribes that the role of the public service is to "loyally execute the lawful policies of the government of the day." The elected government decides on a plan of action, and public servants are expected to execute it, regardless of how they ended up in

their position and regardless of their own political beliefs and affiliations. If a public servant is not willing to fulfil that expectation, and if he believes that he is fulfilling his own party-political agenda, then he has fundamentally misunderstood the nature of his job and he does not belong in the public service.

On the other hand, however, public service and administration is inherently political, both in its successes and in its failures. Even the most competent experts in the public service may fail to bring about the desired outcomes if they do not understand and appreciate the national political economy. So depoliticisation of the public service should not extend to treating people as machines, to a single-minded focus on efficiency, or to ignorance of the context in which the public service operates. The risk therein is that the citizens, and the impact of state programmes on citizens' lives, will be de-centred from the work of public service. In fact, public servants should be socialised to understand the political economy of the country and to understand the possible impact of their work on that system. We should continue to engage on the subject of statecraft and explore ways of building momentum through the Professionalisation Framework.

Busani Ngcaweni is the Director-General of the National School of Government since March 2020, Senior Research Fellow at the University of Johannesburg and Adjunct Professor at Soochow University in China. Before joining the NSG, he was the Head of Policy and Research Services in the Presidency. He was previously Chief of Staff to President and Deputy President Cyril Ramaphosa since 2014. He also served as Chief of Staff to Deputy Presidents Kgalema Motlanthe, Baleka Mbete and Phumzile Mlambo-Ngcuka since 2007. During this tenure he was part of the Presidency team that oversaw strategic national priorities like the national AIDS response (through SA National AIDS Council), preparations for the 2010 FIFA World Cup (through 2010 Inter-Ministerial Committee), setting up of the National Minimum Wage through Nedlac, reforming of VISA regulations, the Eskom War Room, Public Employment Programmes, convened the War Room on the National Health Insurance and initiated the work on the re-imagining industrial strategy project.

Ishrat Husain

Pakistan inherited the public service of the British colonial system, and the system has remained more or less intact, without any major architectural changes, since then. One way of looking at this public service is through the lens of the distinction between the cadre and non-cadre services. Career bureaucrats in Pakistan belong to a cadre service which sets out the entire course of their careers, from recruitment to retirement. Non-cadre services – which house the government's lawyers, engineers, accountants, doctors, and financial analysts – are recruited for particular positions, and have no clear path to career progression. The resulting asymmetry is somewhat disturbing: it is the generalists, and not the experts, who are appointed as permanent secretaries in Pakistan's government. This is particularly disturbing given the increasing complexity of the world we govern in: we need to strengthen the capacity of our ministries on technical matters, by recruiting and retaining specialists. The reforms I was involved in aimed fundamentally to integrate the cadre and non-cadre services, and to equalise the opportunities available to

their members. We wanted to maximise the impact of these reforms, so we embarked on the reform of the entire public service value chain – from recruitment and induction onwards. Some of our proposals resemble those underway in South Africa.

At the recruitment phase, the proposal for Pakistan is an open, merit-based, and competitive system for the recruitment of all officers. It is critical that recruitment not be politicised. Fortunately, recruitment can be handled by the federal and provincial public service commissions, staffed by non-partisan individuals of integrity, competence, and seniority. The public service commissions are highly respected in Pakistan, and have been since independence; our intention is to strengthen their powers and expand the scope of their activities. Like the South African National School of Government, we want to base recruitment on a link between the job description and the occupational expertise of applicants, including through testing of what we call domain expertise: the knowledge and subject-matter competence required for the position.

Second, we intend to refine performance management systems in the public service. The current performance appraisal system is highly subjective, and, in my view, unsatisfactory – it means that career progression tends to be based on seniority, or length of service, rather than on adequate performance. Performance management should involve establishing goals and performance indicators associated with them, supported by a system of open communication between managers and subordinates so that together they can identify the developmental needs of the officer. Of course, this is necessarily linked to continuous professional development: if it is identified that an officer is weak in some skill, whether a soft skill or a technical one, they must be given the opportunity to train themselves in it. We intend to introduce continuous professional development for non-cadre specialists as well as for cadre generalists. This should reduce costs in the long-term, because projects are better planned and better executed when implemented by well-trained officers.

The new performance management system should also be closely linked to career progression. Not everybody who reaches a certain tenure of service is qualified for promotion. Thus we have introduced a central selection board, which evaluates all candidates eligible for promotion. The evaluation is based on the candidate's performance, learning and training outcomes, and demonstrated skill sets. Those who are promoted are those who fulfil the specific criteria for promotion, and those criteria are in turn matched with the future requirements of the career path in question. This system provides a powerful incentive for officers to improve their performance and to undertake learning and training. As an additional incentive, compulsory retirement will be introduced at twenty years of service for officers who have been passed over for promotion three consecutive times or who have received unsatisfactory performance reports for three consecutive years.

Another proposal seeks to improve compensation and benefits for the officers and specialists who are the backbone of government services. The plan is to restructure the public service and its wage bill, which currently are very lopsided – in the federal government, 95% of staff are low-skilled support staff, who receive 85% of the wage bill. With digitisation, we can reduce the need for such support and clerical services, and the savings from their attrition can be used to improve the compensation package to attract better officers and specialists. The pension bill has also become a headache for government, and we propose to move from a defined-benefit to a defined-contribution pension scheme for new recruits.

There is also a proposal to reconfigure the national executive service (or senior management service) to truncate the vertical hierarchy and to introduce broader competition for top positions. Permanent secretaries would be recruited from among all cadre and non-services on the basis of a competitive exam, interview, and performance assessment. They would also be recruited into one of four "clusters" of ministries, and would move among positions within that cluster, to enable even the most senior officers to build a base of specialised personal expertise. Established generalist cadres have stringently resisted the integration of the cadre and non-cadre ranks generally, and especially this proposal for the national executive service. Currently, there is limited competition for top positions, and, after a certain period of service, cadres are virtually guaranteed promotion by virtue of their seniority. Naturally, they do not want to lose that advantage.

There are also deeper political obstacles to public service reform. Fundamental in this regard is the temporal asymmetry between the pains of reform and the gains of the same. Public service reform involves making costly changes to the status quo which pay off only at some distant point in the future. The political party whose government undertakes the reforms will be blamed for the costs of adjustment, and those who lose out from reforms generally constitute an identifiable group who can organise themselves in political opposition. The benefits of public service reform, on the other hand, are diffuse and long-term – and, by the time they arrive, the party responsible for them may no longer be in government. Why would the governing party expend its political capital on disturbing the current political equilibrium, if they are not guaranteed any political dividends in the long-term and are likely to face political losses – and even electoral losses – in the short-term? A similar incentive structure hinders proposals for the privatisation of unprofitable public enterprises.

Looking beyond the cadre–non-cadre distinction, another way to look at Pakistan's public service is in terms of the three tiers of government. Pakistan is a federation, and the provincial and federal governments are the main pillars of government. Some officers serve in all-Pakistan services, encompassing both the federal and the provincial levels; some in federal services; and some in provincial services. The 18th amendment to Pakistan's constitution increased the powers and autonomy of the provinces – and they also have increased financial resources, because they now receive 60% of the total divisible tax pool under the national finance commission. The result has been that the federal government is not as effective or as assertive as it was before the 18th amendment.

Naturally, what is missing from this picture is the local governments. Also recognised in the constitution, this third tier of government worked well between 2001 and 2007, but is currently dysfunctional and has not yet been fully empowered to carry out its responsibilities. Yet this tier is where most of the interaction between government functionaries and citizens takes place. My view is that we have to strengthen local and district governments, which are best placed to provide various important services – education, health, water and sanitation, public transport, and so on. Municipal services should be governed by directly elected mayors, equipped with their own technical staff. Again, however, the obstacles are political. In this case, resistance comes from provincial legislators and ministers, who fear losing their perks and privileges if the system of local government is empowered.

Ishrat Husain was until recently Advisor to the Prime Minister on Institutional Reforms and Austerity with the status of Federal Minister and led the Government efforts to reform the

Civil Services and restructure the Federal Government. During 2016–2017 he was Public Policy Fellow at the Woodrow Wilson Center in Washington DC. During this tenure he produced his latest book, Governing the Ungovernable. He served as the Chairman of the National Commission for Government Reforms for two years from 2006 to 2008, with the status of Federal Minister reporting directly to the President and Prime Minister of Pakistan. He was appointed the Governor of Pakistan's Central Bank in December 1999. During the next six years, he implemented a major program of restructuring of the Central Bank and steered the reforms of the banking sector. The Banker Magazine of London declared him as the Central Bank Governor of the year for Asia in 2005. Dr Husain had a distinguished career at the World Bank for over two decades, between 1979 and 1999. He obtained a Master's degree in Development Economics from Williams College and Doctorate in Economics from Boston University in 1978. He is a graduate of the Executive Development program jointly sponsored by Harvard, Stanford and INSEAD.

Barbara Nunberg

I want to begin by considering some general principles of public service professionalisation. First, and crucially, merit is a moving target: in any context, we must ask what we mean by it. The notion of merit bears various interpretations, which in any case should be updated regularly to reflect value shifts or educational and technical advances in society. Recent critics argue, moreover, that merit must be conceptualised and applied carefully, so that "meritocracy" does not serve to exclude marginalised groups. And just as it can be interpreted multifariously, merit can be measured and reinforced in a variety of ways, through a variety of institutional arrangements, in each of the many human-resource practices conducted within a public service. There is no one-size-fits-all arrangement. But meritocracy clearly beats the alternatives. And, in my view, it is also clear that it is most important to apply meritocratic practices in recruiting public servants. Public servants are the raw material for everything the government does, and recruitment is the starting point for long-run state capacity: it is crucial to secure the best and brightest.

There is no one-size-fits-all answer, either, to the question of where to draw the line between political and apolitical functionaries, and political and apolitical appointments, in the public service. The weight of international experience suggests that such a distinction must be drawn and drawn clearly. But its precise form varies tremendously across countries, and even among Western democracies. In practice, service roles can accommodate a significant degree of wiggle room or informality. Sometimes, for example, the distinctions are temporal: apolitical bureaucrats may have the option to ascend later to political roles, as is often the case in France. Every country must confront the challenge of finding the sweet spot that guarantees the neutral responsiveness of its public service. But the importance of doing so is clear. In a recent example, the presence of a reasonably non-partisan American bureaucracy served as a partial bulwark against the erosion of institutional policy norms under President Donald Trump's administration.

A last point is about the politics of public service reform. A fertile area of research studies the political, economic, and social determinants of professionalisation: what explains the introduction of meritocratic institutions, and the rise of citizen demand for clean government? Some recent research in Latin America and elsewhere suggests that patronage systems may

fracture during stand-offs between – or fragmentation among – competing electoral parties, or between different governmental branches, which in turn may generate compacts supporting the introduction of merit-based rules. Thus, a rise in competitive politics may create an opening for professionalisation reforms, and such trends are worth watching and exploiting.

It's important to recognize, though, that the idea of a politically neutral, merit-based public service is not just about the state – it is really about the collective values embedded in the larger civic culture. On its own, the construction and enforcement of rules cannot easily eliminate partisanship and state capture abuses. The larger body politic has a vital role in establishing not only the expectation of enhanced state performance, but also in establishing the profile of a merit-based core of civil servants, committed to serving citizens neutrally regardless of which political party currently holds power.

A few further points can be drawn from the World Bank's experience working on reforms during the post-Soviet transition in central and eastern Europe. One important feature of the post-Soviet experience is the powerful spur to reform that was provided by the carrot of accession to the EU. It served as a powerful incentive for reform and also offered abundant resources and institutional support from a range of organisations. Another feature was the legacy of Soviet communism on which post-Soviet states were built: the challenge was to create a modern, professionalised, and merit-based public service on the basis of a party-dominated bureaucracy which, until then, had been driven primarily by politics and ideology. The challenge was thus to apply professional criteria to new recruits; to decide which *ancien regime* cadres should remain – or had to remain to keep the trains running; and to bring those who did remain into a new way of thinking and behaving. In the post-Soviet countries, de-politicisation of the public service was tied up with the process of "lustration," where societal decisions about which members of the previous administration should be retained or punished.

By the way, the overhang of partisan cadres who must be demobilised in the interests of a professional public service is also seen in post-conflict countries around the world . In some cases, such as Cambodia, the problem can persist for many decades.

In Central and Eastern Europe, the overhang of people and institutions – not just from Soviet communism, but from further back, from the countries' pre-communist administrations – dispelled any illusion about reinventing the state entirely after the collapse of the Soviet Union. The broader lesson is this: there is no *tabula rasa*. This became apparent when the post-Soviet countries, working with the World Bank and EU, created aspirational "menus" of modern civil service characteristics, many of which related to meritocratic practices. The countries were then encouraged to develop civil service rules, regulations, and arrangements that would promote these characteristics. Multilateral organisations have pursued the menu approach with various other clients, including China. In many cases, the countries favoured models which were familiar in some way – which, though not perfect replications, harkened back to their pre-communist administrations, or resembled the models used by close neighbours like Germany and Austria.

Finally, a few observations about the process of reform. Experience provides some lessons about how to sustain the momentum of a reform process. The first point is about the potential value of using robust analytical and modelling tools. The World Bank, along with other aid organisations and country policymakers, employ a range of techniques to help envisage the future public service of a country. Based on fiscal and other parameters, these tools try to develop a strategic, concrete workforce planning model, based on both the functional requirements of

the administration and the staffing profiles that will be needed to carry out those functions over time. Such modelling can be very useful in grounding a consensual approach to reforms, and it can help prioritise and sequence reform actions.

Other analytical tools can help reformers to contemplate, manage, and navigate the daily micro-politics of the reform process. There are various stakeholder analytic approaches available – practical, operational, analytical tools, which can guide an understanding of the political feasibility of different kinds of reforms. Some of these tools are limited, however, in that they take a static snapshot of actors and coalitions at a given point in time. Working with World Bank colleagues, we piloted a more dynamic agent-based stakeholder analysis model that worked in real time. Applying game theoretic techniques to a set of structured interviews and data computations, it estimated the degree and nature of support or opposition to governance reform projects the World Bank was working on. It didn't purport to predict outcomes, but it could identify where key actors stood and also break down the steps that would be needed to garner sufficient backing to implement politically contentious programmes. The modelling exercise often indicated that, while the first-best reforms might be out of reach, less ambitious incremental initiatives were potentially achievable. The central point is that such tools can help bring politics down to the operational level, helping reformers craft more feasible reforms approaches.

A second process-related lesson goes back to the EU accession experience. The paradox of this kind of public service reform is that, while it must be wholly owned by relevant stakeholders inside the country, it can be very difficult to undertake without a little help from one's friends. Joining the European Union represented an important carrot – a huge motivating force – for those countries engaged in the enlargement exercise. We should think about how we might replicate, or partly replicate, in other countries some version of the kinds of incentives and external support that came with the EU accession process. Options might include twinning with another country or organisation, or participating in a regional initiative. Or the support structures of EU accession might perhaps be simulated through the types of detailed planning and monitoring frameworks that were used in the accession countries to keep reforms moving forward over their long trajectory (on average, a decade or more.) These frameworks helped break down the reform process down into very specific phases and activities which were excruciatingly well monitored and well resourced.

Third, the point is that notwithstanding what I've just said about the need for eternal friends and EU incentives, it is important for countries to find a way to broker competing sources of advice from the outside, so that they can make their own decisions about what's best. Indeed, one's friends – whether country allies, multilateral organisations, or consultants – should be treated with wariness. They often come with strong views about the superiority of whichever system they know best.

Fourth, incremental reform is often the most reasonable option, but it does carry risks: reforms that move too slowly may lose momentum, especially following changes in political leadership. One way to minimise those risks is to implement reforms through ongoing piloting and evaluation. This retains flexibility, allowing the course of actions to be adjusted midstream and to scale up the changes as they are demonstrated to be effective on the ground, thereby generating support for successful initiatives. Indeed, this can be a way of engaging the public in the reform process, which can have potential benefits, but also some risks. If well managed, strategic public engagement might be a powerful proxy for the kind of support and focus provided by the EU accession experience.

Finally, it is, I think, a valid truism that reform leadership can make or break civil service reforms. Reforms often languish because they're assigned to relatively junior or relatively isolated authorities, who don't have the status or resources to disseminate meaningful change in the system. Professionalisation reforms obviously require high-level policy decisions and legal strokes of the pen. But they also depend on behavioural changes deep inside the administration, and those in turn usually rely on engagement and mobilisation by well-placed and well-supported champions. How to disseminate deep into the system sustained enthusiasm for reform should be a high priority for the architects of professionalisation policies.

Barbara Nunberg is a leading expert on international public management and governance, specialising in civil service reform in developing areas, on which she consults to a wide range of non-profit and government organisations and has published extensively. She is currently Global Human Development Practice Fellow at the Edmund A. Walsh School of Foreign Service at Georgetown University and a Senior International Development Advisor with Acertas Analytics. Much of her career was in a succession of positions at the World Bank, where she headed the Public Sector Reform program for the East Asia Pacific region. She has also had a series of academic affiliations, including Professor of Professional Practice at Columbia University's School of International and Public Affairs. She holds a PhD in Political Science and an MA in Latin American Studies from Stanford University and a BA from Barnard College, Columbia University.

Questions going forward

- What does merit consist of in the public service? How do we reach a societal consensus on the answer to that question?
- Where should we draw the line that divides political from non-political appointees and actors in the public service?
- What are the relative merits and demerits of incremental change as opposed to major institutional reforms, given the costs and unpredictable outcomes of the latter?
- To what extent should or must public service reform be driven by the centre of government?
- To what extent do public-sector reforms in South Africa focus on local government?
- How do we attain political buy-in for reform? And, if public demand is the key to political commitment to reform, how do we stimulate public enthusiasm for public sector reforms?
- To what extent and in what ways is corruption an obstacle to good governance? Why does it appear to constitute a bigger obstacle in some countries (like South Africa) than in others (like China)?

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Jade Freedman

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Julia Jellema-Butler

Contact information

For questions or feedback, please contact by email: info@gapp-tt.org

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