



VOLUME 25 ISSUE 3

Administratio Publica



ASSADPAM

Journal of the Association of
Southern African Schools and Departments
of Public Administration and Management

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ISSN 1015-4833

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Administratio Publica is a double blind, peer-reviewed journal accredited with the South African Department of Higher Education and Training (DoHET) and produced four times a year and aims to promote academic scholarship in public administration and management and related fields. Analytical articles in the form of original theoretical and empirical articles, debates, research viewpoints, review articles and book reviews in English will be considered for publication. Nationally, only contributions of paid-up members of ASSADPAM will be published. International authors are welcome to submit articles for review but page fees must be paid before publication.

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Obituary

Prof Dirk Brynard

5 July 1957 – 14 September 2017

We all have to accept at some stage that there is a time to arrive and a time to depart. This is but one of the realities that nobody can avoid. However, it remains extremely difficult to part with a very special colleague, whose legacy has been deeply rooted in the South African Public Administration and Management landscape.

It is with sadness that the Public Administration and Management fraternity learnt of the passing of Prof Dirk Brynard on 14 September this year. For many years, he has been a role model to many aspiring public administrators. He has helped build, with great devotion and loyalty, the discipline; and shaped many a colleague and student.

He will be remembered for his natural and exceptionally calm demeanour and his ability to lead with wisdom and knowledge; this he has taken in his stride, never dismissing someone as inferior. Similar to his belief in the “beauty of simplicity”, he was humble and preferred not to draw attention to himself. His academic contribution extends far beyond improving the theory and the rigour and relevance of teaching and research in the discipline. Without a doubt, he will be dearly missed.

From the Chairperson:

Prof Liezel Lues on behalf of the Association of Southern African Schools and Departments of Public Administration and Management

Editorial

Compiled by C J Auriacombe

Technical Editor

In **'Open Source Conflict Prevention: Using the Crowd to Detect and Resolve Conflicts'**, Ayad Al-Ani and Wolfgang Petritsch argue that, "If one can predict the future, one can always change it". It requires foresight skills to grasp the future, and even more, it requires capacities to design measures to chart a different course.

According to the authors, the intelligence to predict the future of political systems would need operating open and inclusive systems. Notably, these systems use information and actions in a bottom-up fashion, while algorithms and artificial intelligence recognise patterns within the noise.

Using examples of crowd-focused platforms to detect and resolve conflict, this article aims to generate a more coherent theoretical approach of a new kind of public management within a digital sphere.

Ayad Al-Ani and Wolfgang Petritsch state that, "This open source approach using the crowd to detect and deter conflicts and utilising algorithms that often are hidden from the public, opens the door for a new kind of politics: one that generates actions and political will in a seemingly non-ideological fashion". With this approach, Al-Ani and Petritsch argue that one can detect early warning signs by using open platforms to generate political solutions and policies. The authors state that Public Management Science has begun to investigate the possibility of rendering public services and capacities via virtual platforms that incorporate citizens as producers or co-producers of these services. They predict that digital intelligence and associated tools and techniques will be utilised more intensively in future and will become essential policy elements. "The next frontier between top-down and bottom-up approaches will be on platforms and about their algorithms".

However, the authors caution that, "Despite suggesting a rather democratic root, open source or crowd-based systems ... are as most technologies, indifferent to democratic paradigms". They also add that these processes can be adopted by democracies.

National governments use financial transfer systems, known as grants, to assist municipalities financially. This is also the case in South Africa, where smaller local municipalities struggle financially. In **'Intergovernmental Fiscal Relations and Local Government Service Delivery: A South African Case Study'**, C J Hendriks and M Senago explore how South Africa's intergovernmental fiscal relations affect local municipalities' service delivery in the Xhariep District of the Free State Province.

According to the *Constitution of the Republic of South Africa*, 1996, the local government sphere is entitled to an equitable share of the nationally raised revenue. In municipalities with a small revenue base, such as rural municipalities with limited economic activities, the equitable share is a major source of revenue.

With the aforementioned as background, this article investigates how inter-governmental fiscal relations affect rural municipalities and specifically how equitable share transfers affect municipalities within the Xhariep District. The three local municipalities that form part of the Xhariep District are used as cases. Importantly, the article explores the fiscal constraints that different local municipalities experience; the need for more revenue to provide basic services; the ability to generate more revenue, and services municipalities are unable to render due to revenue limitations.

The researchers used a case study design that incorporates both quantitative and qualitative methodologies. The research was conducted through questionnaires and focus group sessions with selected respondents and participants. In terms of the quantitative aspect, a self-administered questionnaire was used to obtain data. Hereafter, quantitative data was used to compile questions for semi-structured interviews and focus group meetings, as part of the qualitative research.

The researchers found that local municipalities in the Xhariep District have limited revenue-raising capacities. "As the revenue bases are small, they rely on transfers from national government to provide services," state the authors. However, Hendriks and Senago reveal that national government transfers are not sufficient to ensure that these local municipalities provide basic services to residents.

In conclusion, the article makes recommendations to help increase the quality of service delivery in the Xhariep District. They point out that this would require more transfers from national government. According to the authors, the relevance of the article lies in the fact that other local municipalities in South Africa and elsewhere in the world may experience a similar scenario. Therefore, the research could be replicated in these settings.

Informal Cross-Border Traders (ICBTs) can be defined as legal but unregulated trade. It refers to the actions of small, unregulated entrepreneurs who engage in buying and selling. As the formal economy continues to shrink, informal trade is becoming increasingly important in Zimbabwe.

In '**Facilitation of Trade for Informal Cross-border Traders at Zimbabwe Ports of Entry**', Edwin Ijeoma and Ferdinand Ntuli seek to highlight and address the constraints ICBTs face within the context of facilitating trade at Zimbabwe's ports of entry. The study focuses on sustainable livelihoods theory, which aims to promote robust trade for poverty eradication.

In this study, the views of ICBTs from two of Zimbabwe's largest borders were obtained by sourcing primary and secondary data. To gather primary data, self-administered questionnaires were distributed to various categories of traders,

including informal traders, while secondary data was sourced from international organisations' technical reports.

The data analysis informed the viewpoint that, although legal, ICBTs are unregulated; and, as such, there are certain constraints. "Trade facilitation efforts by ICBTs are severely challenged because most policies are not tailor-made for informal traders". Therefore, specific recommendations are made to facilitate ICBT on a national and regional level. According to the authors, "Border agencies need to work closely together, communicating directly, instead of communicating through traders".

The authors are of the opinion that, "Special efforts need to be implemented for ICBTs since they are not similar to formal traders". Ijeoma and Ntuli are of the opinion that, if well-regulated and integrated into the national economy, ICBTs can also enjoy the benefits of trade facilitation. The authors add that this can "fast track poverty eradication, promote sustainable livelihoods and contribute significantly to Zimbabwe's gross domestic product (GDP)".

Since the inception of the United Nations (UN), peacekeeping operations helped stop and resolve violence and bring about peace and security in conflict-riddled countries. For over a decade, the UN peacekeeping operations have adhered to three core principles, namely consent among the parties to the conflict, neutrality and impartiality, and non-use of force by UN personnel except in cases of self-defence.

In '**Critical Analysis of the Viability of the UN Peacekeeping Principles in Complex Emergencies**', Eric Niyitunga evaluates the viability of the UN's peacekeeping operations in complex emergencies, as well as the UN's adherence to its three core principles.

As background, the author outlines the characteristics of complex emergencies, as well as the changing nature of conflict. The article uses cases of UN peacekeeping interventions in failing and failed states in Africa and beyond. A qualitative research approach was used to arrive at specific conclusions.

According to the author, "...it is not reasonable to expect UN peacekeepers to adhere to the principles of consent, impartiality, and use of force only in self-defence in times of complex emergencies". As such, the author argues that peacekeepers find it difficult to intercept complex emergencies where there is no central government. "Nonetheless, the argument of this article is neither to allow nor justify the UN peacekeepers not to adhere to the UN peacekeeping principles," concludes Niyitunga.

In '**Oversight Role of Parliament and the Management of Public Finances in Uganda: A Financial Approach**', Tonny Muzaale, Benon Basheka and Christelle Auriacombe analyse key issues relating to the Ugandan Parliament's oversight role and managing public finances.

Although Uganda has been implementing public financial management (PFM) reforms since the beginning of the 1990s, there are still numerous challenges

regarding the effectiveness and efficiency of government spending and the quality of service delivery using government funds..

In light of the above, the article uses a mixed-method approach to provide contextual insight into the practical institutional obstacles that the country's Parliament faces as an oversight institution.

In terms of its oversight role, the research found that Parliament has ensured transparency, accountability and sound management of the revenue, expenditure, assets and liabilities of all public institutions. According to the authors, "Parliamentary systems have redressed the budgetary imbalance of power and promoted transparency between the Executive and the Legislature". Public transparency has also become more prevalent.

Research results indicate that Parliament has provided systems to encourage the simplification of procedures and transparency. "This has helped make budget forecasts easier to understand and more credible," state the authors. Although parliamentary processes remain slow, the research highlights that Parliament provides overall oversight over public finances at all levels.

Furthermore, Parliament has fulfilled its task of approving the allocation of public funds, budgets and finances and related matters, as well as reviewing annual budget estimates. "Despite strides in the right direction" state the authors, "Parliament's decisions on public finance management were not always made judiciously". Also, the authors point out that some members of the PAC have been linked to bribery and corruption,

In conclusion, the article recommends that Parliament familiarise its members with the audit scope, approach and methods through workshops and vested powers should their recommendations not be implemented. "Parliament should not use a lack of resources as an excuse to skip sittings and not deliberate on key matters. Instead, it should fulfil its mandated role to the best of its ability using the limited resources," conclude the authors.

The year 2017 marked 23 years of democracy in South Africa, during which great strides have been made to advance democratic principles. Nonetheless democratic rule in South Africa has been criticised for the challenges it faces in attempting to strengthen democracy.

In **'Historicising the Role of Public Administration and Management in the Strengthening of South Africa's Democracy'**, Chitja Twala and Liezal Lues investigate the history of Public Administration and Management in post-apartheid South Africa and its envisaged role in strengthening democracy.

In academic literature, limited attempts have been made to chronicle the history and development of Public Administration and Management in South Africa, as well as its role in strengthening democracy in South Africa. To fill in these gaps, the authors investigate the historical evolution of this discipline from a South African perspective, with specific reference to how democratic principles

were applied to strengthen democracy in South Africa. To this end, the article chronicles the intended functions of Public Administration and Management, as well as the challenges it experiences.

In conclusion, the article argues that the issue of strengthening democracy remains one of the most contentious issues facing the African National Congress (ANC). According to the authors, “the ANC should take advantage of established structures such as the Public Service Commission (PSC) to engage with the Public Administration and Management departments in the different institutions of higher learning” to help strengthen democracy in South Africa.

The goal of any government should be to improve the lives of all the people in the country. In **‘Partnership between Traditional Leaders and Municipalities with Special Reference to Bojanala District Municipality’**, KI Sirovha and Chris Thornhill investigate the role traditional leaders play in service delivery in the five constituent local municipalities of the Bojanala Platinum District Municipality (BPDM), which is located in the North West Province.

More specifically, the authors set out to determine to what extent traditional leaders partner with the council and appointed officials to compile and execute integrated development plans (IDPs). Furthermore, the research aims to determine whether traditional leaders facilitate effective and efficient provision of service delivery by municipalities.

The research followed a descriptive approach within the fields of public administration and public financial management and relied on the collection of qualitative data and case studies. Data was collected from relevant books, journals, official reports, conference proceedings, published articles, relevant government policy documents, speeches, newsletters and newspapers. Methodological, participant and interdisciplinary triangulation was applied during the data collection and analysis.

By following a deductive methodology within a conceptual framework, gathered data was systematised and interpreted. According to the authors, this process helped clarify the different dimensions of an area in which traditional authorities are situated within the boundaries of a district municipality.

The research found that traditional leaders play a significant role in planning in wards where they own land – 61.2% (85 wards). The research also found that service delivery protests are more frequent in townships than in rural villages, as residents in rural areas respect traditional leaders.

In conclusion, it was found that, although traditional leaders contribute to coordinating community activities in areas under their authority, as well as help compose and facilitate IDPs, the diverse composition of the BPDM community has an adverse effect on the financial viability of the traditional leader system.

Strategic, political and socio-economic objectives shape the public procurement terrain and also present some challenges to public entities. In **‘Challenges**

in Public Procurement: An Analysis of Public Health Facilities in Zimbabwe, J Shonhe and M S Bayat aim to analyse the challenges relating to this within the country's health care industry.

To analyse procurement-related challenges, the authors use a case study approach that incorporates quantitative and qualitative methods. As such, the analysis is based on personal interviews, questionnaires, observations and document analysis from hospitals and suppliers of medical products. In addition, purposive sampling, a non-probability sampling method, is utilised to gain more insight.

Three major hospitals; referred to as central or referral hospitals, are used as cases. To ensure a holistic, balanced and comprehensive understanding of procurement, 13 medical commodity suppliers are also included in the research. Separate questionnaires and interviews were designed for hospital respondents and suppliers. A total of 60 hospitals and 20 suppliers' questionnaires were received, while 50 hospital respondents and 20 suppliers were interviewed successfully.

The research highlights specific public procurement gaps. According to the authors, "There are gaps in the procurement legislative framework in the form of lack of synchronisation and harmonisation of different laws". This includes a lack of synchronisation and harmonisation of the procurement laws; procurement laws that do not reflect the country's unique health set-up; inadequate health financing; improper product specifications development where lockout specifications are utilised; and selection criteria where price is the overriding factor.

Botswana is highly rated in indices that measure corruption, governance, democracy, peace, rule of law, and poorly rated on productivity levels and work ethic. However, the country was poorly rated 64th out of 138 countries surveyed in the *World Economic Forum's Global Competitiveness Report of 2016–2017* due to poor work ethic, inefficient government bureaucracy, and insufficient capacity to innovate (The World Economic Forum 2017: online).

Against this backdrop, **'Evolution of the Performance Management System of the Botswana Public Service'** Edgar Sisa and Goonasagree Naidoo explore the evolution of the country's performance management system (PMS) that was implemented in 1999 to enhance its public service.

Through the literature review, this study explores the origins and objectives of the PMS of the Botswana public service. Furthermore, the authors identify key factors that led to adopting this programme, such as weak implementation capacity, poor work ethic and low labour productivity.

This article is divided into five main parts. First, it reviews the literature on performance management. Hereafter, it discusses the research design and methodology. The third section presents the study's findings and interpretations of the study, while the fourth section charts the way forward. Lastly, the conclusion contextualises the research findings.

The study found that the PMS of the Botswana public service was introduced to address problematic performance areas such as weak implementation capacity, poor work ethic, low labour productivity; bureaucratic dominance; and corruption and mismanagement.

According to the authors, this study contributes to the literature by developing an understanding of the origin and objectives of the performance management system of the Botswana public service.

In **'Challenges in Public Debt Management in South Africa: Critical Considerations'**, Tasneem Majam argues that, like most developing countries, public debt is a major concern in South Africa, especially with the slow economic growth rate being experienced and the high unemployment rate.

The author uses a conceptual, theoretical and documentary literature analysis by way of a desktop study to explore the challenges the South African government faces in managing its public debt. It also considers measures to help address these issues. Therefore, specific emphasis is placed on the role National Treasury plays in this regard.

National Treasury plays a key role in managing public debt to ensure the economic sustainability of the South African economy. However, as the author highlights, National Treasury faces many challenges concerning management of public debt.

To provide context, the article discusses public debt and public debt management (PDM) on a general and theoretical level. Hereafter, the author explores the SA debt market, with specific reference to public debt. The author then zooms in on the crucial role of National Treasury, with specific focus on public debt management. As PDM takes place within a legal and regulatory framework, National Treasury's approach to these aspects is discussed, while challenges relating to public debt management are earmarked.

In conclusion, the author recommends that a sound PDM strategy be implemented to deal with challenges. "Clear and well-articulated public debt objectives need to be developed and then effectively achieved". Furthermore, the author recommends that legislation must be strictly adhered to and strategies and measures successfully implemented. "In this way, public debt can be managed easily, the economy can continue to grow steadily and employment levels can slowly begin to increase".

In **'Assessment of the Letshabo Cooperative Vegetable Project of the Greater Taung Local Municipality'**, L G Maluwa and Shana Mavee provide an assessment of the Letshabo Cooperative Vegetable Project (LCVP), an initiative developed in line with the local economic development (LED) strategy of the Greater Taung Local Municipality (GTM) in the North West province of South Africa (SA). The project is owned and managed by the Letshabo Cooperative, and focuses on producing fresh vegetables for local markets.

Over the long-term, the project aims to improve the cooperative (co-op) owners and farm workers' living standards; to utilise natural resources more productively and in a sustainable manner; to consistently produce good quality fresh vegetables, and paprika in rotation, for local, regional and national commercial markets; to earn the best possible returns on the project; to become a mentor to other African farmers in the area; and to contribute technical expertise and support to local villagers (GTLM 2013:11). Against this background, this article provides an assessment of the LCVF in terms of its achievement or lack thereof, of its short- to medium-term objectives.

These objectives include: creation of jobs for local community members in the vicinity of the project; getting more community members involved in retail vegetable businesses; increasing the availability of fresh, quality produce in the vicinity of the project; and increasing household incomes for project beneficiaries. On this account, an evaluation was conducted of the LCVF, the findings of which are presented in this article. Based on these findings, the article makes recommendations on the possible mitigation of identified problems and challenges.

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Open Source Conflict Prevention

Using the Crowd to Detect and Resolve Conflicts

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ABSTRACT

Conflicts are here to stay. It must be expected that a world in transition towards new structures and production processes and often stuck with inefficient institutions and capabilities will continue to and perhaps even increasingly be riddled with large and small conflicts within and between societies. Thus, the skill of anticipating breaking points will be a key political asset. The intelligence required for predicting the future of the political systems will make it necessary to operate open and inclusive systems, making use of information and actions in a bottom-up fashion, using algorithms and artificial intelligence to recognise patterns within the noise. If one can predict the future, however, one can always change it. In a very similar fashion, not only can early warning signs be detected but also political will, policies and services can be generated using open platforms to produce political solutions, generate the necessary political will and develop policies. This open source approach using the crowd to detect and deter conflicts and utilising algorithms that often are hidden from the public, opens the door for a new kind of politics: one that generates actions and political will in a seemingly non-ideological fashion. This of course, is to some extent only achieved by neglecting the ethical considerations of these strategies and tools, as utilising and recruiting the crowd automatically seems to imply a quasi-democratic approach.

PRELUDE: THE PARADOX OF CONFLICT PREVENTION

After a short period of relative calm, conflicts seem to be eroding international and national governance systems. Many of these conflicts have taken the relevant

actors by surprise; although, in retrospect, signs appear to have been present but have not led to action. These blind spots on the part of international actors are a worldwide phenomenon: the Arab Spring, Ukraine, Libya, Syria, South Sudan, all of these clashes suggests that the actors were caught off guard. Often, little knowledge about involved actors, their strategies and intentions seemed to be available (Crisis Group 2016:3).

It appears to be quite difficult to take a position to notice the imminence of a conflict: early warning signs may be weak and the dilemma of the affected societies may initially proceed without observable “atrocities”. Even if signs are available, the relevant trigger of events is often still hard to predict, as demonstrated by the self-immolation of a grocery salesman in Tunis quickly leading to a chain reaction resulting in the Arab Spring revolutions. Crisis management of such unexpected contention is then clearly in a difficult situation. Fewer options are available to contain the problem, and even these may only be “second best”.

Clearly, the earlier contention is detected, the more possibilities seem to be available to de-escalate and even deter the outbreak. The prediction of strife is of course a complicated matter: it requires foresight skills to grasp the future and even more it requires capacities to design measures to chart a different course. The predicted future must be contradicted, which of course adds additional problems, such as proving *ex post* the right choice of measures and mobilising political will based upon probabilities, and thus always brings some scrutiny to the credibility of the prediction and/or the predictor.

Certain actors’ recent failures in this context suggest that traditional skills, techniques and institutions are often ill equipped to deal with the requirements of such a complex task. It is in this situation that a new solution capacity enters the stage and offers innovative approaches and problem solving capabilities and also a new form of intelligence. The masses of citizens often labelled as the “crowd” – a synonym for potential often anonymous collaborators and producers – has until now often stood on the outside of traditional institutions but whose surplus of ideas, motivations and capabilities can now be tapped using modern social media tools (Shirky 2010; Bott and Young 2012:47). In an analogy to the open source movement that drew free, self-organised producers – peers – to work on software projects and offered the code for free as a commons, the concept introduced here – open source conflict resolution – aims at openly but also covertly utilising citizens, the crowd, to contribute to detecting and avoiding contention. Using social media as a new organising structure, this surplus crowd knowledge can now be put to use, to actively and passively generate early warning signs, develop policies for solutions and offer services that mitigate the possibility of a conflict outbreak. This crowd might well be part of the bottom of the pyramid of global wealth; however, even if this group lacks capital and skills, modern social media could connect these vast masses and aggregate them into a workforce,

which in its totality "... constitute a significant market and represent an engine of innovation, vitality and growth" (Prahalad 2014:7), and thus can be considered powerful enough to overcome current obstacles posed by inefficient governments and eroding international political regimes.

Public Management science is now beginning to integrate the productive capabilities of the crowd into its focus. A new paradigm is evolving that imagines public services and capacities being delivered via virtual platforms that incorporate the citizen as a producer or co-producer of these services; although, a general theory of a more or less virtual state is still in its early stage (O'Reilly 2010; Wirtz and Daiser 2015; Al-Ani 2016a). Using examples of platforms fuelled by the capacities of the crowd focusing at detecting and resolving conflicts, this article aims at generating a more coherent theoretical approach of a new kind of Public Management that evolves from the effects of these platforms and intends to contribute towards a more comprehensive understanding of Public Management in the digital sphere.

THE CONTEXT: THE STATE AS A PLATFORM, THE POWER OF THE CROWD AND OPEN INTELLIGENCE

This current epoch can be described as transformational phase towards a society ever more organised on platforms for its political and production processes, using artificial intelligence (AI) and robots to carry them out (Moravec 1999:133; Rifkin 2011; Al-Ani 2017:293). In the meantime, existing institutions and organisations are usually based on the principles of a top-down command hierarchy and a more or less strict division of labour. Both principles, however, slow down the propensity of entities to find innovative and timely answers that incorporate a wide array of interests. This ever-increasing complexity, though, is rather typical of a situation defined by heterogeneous and shifting parties forming patchy, bottom-up, short-term arrangements (Sennet 2012:62). This understanding of society is to some extent a post-Cold war and post-democratic point of view (Crouch 2008), which perceives the population as a multitude, "... composed of innumerable internal differences that can never be reduced to a unity or a single identity" (Hardt and Negri 2004:XIV). Extending this view, the multitude can now use social media technology with incorporated (or even hidden) AI and algorithms to organise itself, often without explicit permission of traditional organisations, in a "de-institutionalised" fashion, forming small and large groups of people and even communities based on common interests for short and even longer periods at little cost beyond the traditional economic or political sphere (see Figure 1).

In this context, not only the traditional political organisation but also the firm reach their limits. Actors often find it difficult to overcome the institutional

Figure 1: Social contracts in the cloud

	1 day	1 month	1 year	10+years
2 people	Coffee with Linkedin contact (2003)	Remote engineer onsite (1990s – present)	Match.com (1995)	Eharmony.com (2000)
10 people	Hackathons (1990s – present)	Insight Data Science (2012)	Hacker Houses (Late 200s)	Cloud Communities
100 people	Meetup.com (2013)	Ycombinator (2005)	Internet Startups (90s – present)	Cloud Communities
1 000 people	YC Startup School (2013)	Occupy Wall Street (2011)	Cloud Communities	Cloud Towns
10 000 people	Stewart / Colbert Rally (2010)	Cloud Gatherings	Cloud Communities	Cloud Cities
100 000+ people	Arab Spring (2011)	Cloud Gatherings	Cloud Communities	Cloud Countries

Source: (Srinivasan 2013a)

boundaries of their entity to better understand the external context; they are hampered by these very limits when they need to cooperate within the organisations and even more drastically when they need to collaborate with external parties. Signals from outside are thus only recognised after they have passed some sort of filter and those signals – even if they cross the border unimpaired – might not find a responsive member within the organisation, as responsibilities of the organisational chart might not match the nature of the controversy. When dealing with issues, organisational members find it easier to collaborate with members of their own organisation or sub-unit; collaboration with others usually generates prohibiting transactions costs that organisations must avoid to be efficient.

The described limitations of the traditional organisation have long been recognised, even by observers who advocate hierarchies (Arrow 1974:63). But only recently has it been possible to curb some of these restrictions by “opening up” the organisations. This opening intends to insert the working capacities, ideas and collaborations of the crowd into the value chain of the traditional institution (Al-Ani 2017:151). For these organisations, capturing this “surplus” – the hitherto unused ideas, capacities and motivations of the crowd – is quite tempting: capacities for innovation and production can be added often at negligible costs.

This outreach of traditional organisations towards “external producers” can be observed in private institutions as well as at the government and state level. This cooperation of the traditional organisations with self-organised and self-regulating “free producers” – labelled “peer-production” or “peer-to-peer production” (Benkler 2006; Bauwens *et al.* 2012) stressing the self-regulated cooperation between many – is of course a complex task and can take many shades and forms. Interestingly and often unnoticed at the beginning of such cooperation, the hierarchical organisation often needs to transform itself to better accommodate these new working mechanisms that often contradict the prevailing paradigms (top-down command versus self-identification and self-regulation, etc). However, there often is little choice but to proceed with this cooperation (or sometimes co-optation): if matters are pressing, the crowd can always “exit” to organise itself outside the traditional institutions and enter the political arena as well, sometimes in direct competition to the traditional organisation (Friedrichsen 2015:21). Not surprisingly therefore, the traditional organisation – after observing the traditional success of the peer self-organisation – is inclined to cooperate/co-opt as the recent example of the more or less covert “outreach” of a traditional think-tank towards self-organised resistance actors illustrates.

Observing examples of this cooperation between the state/traditional institutions and peers/free producers, it is likely that the public actors will enlist ever-more self-organisation to develop and generate public policies and services (Al-Ani 2016a:257). The state and its institutions, restricted by limited intelligence and capabilities, may no longer be in the best position to provide the right services at the right time and dosage by itself; rather, it could stimulate and support self-organisation that will take care of these actions. The state itself evolves into a kind of collaboration platform: “Can we imagine a new compact between government and the public, in which government puts in place mechanisms for services that are delivered not by government, but by private citizens? In other words, can government become a platform?” (O’Reilly 2010:65).

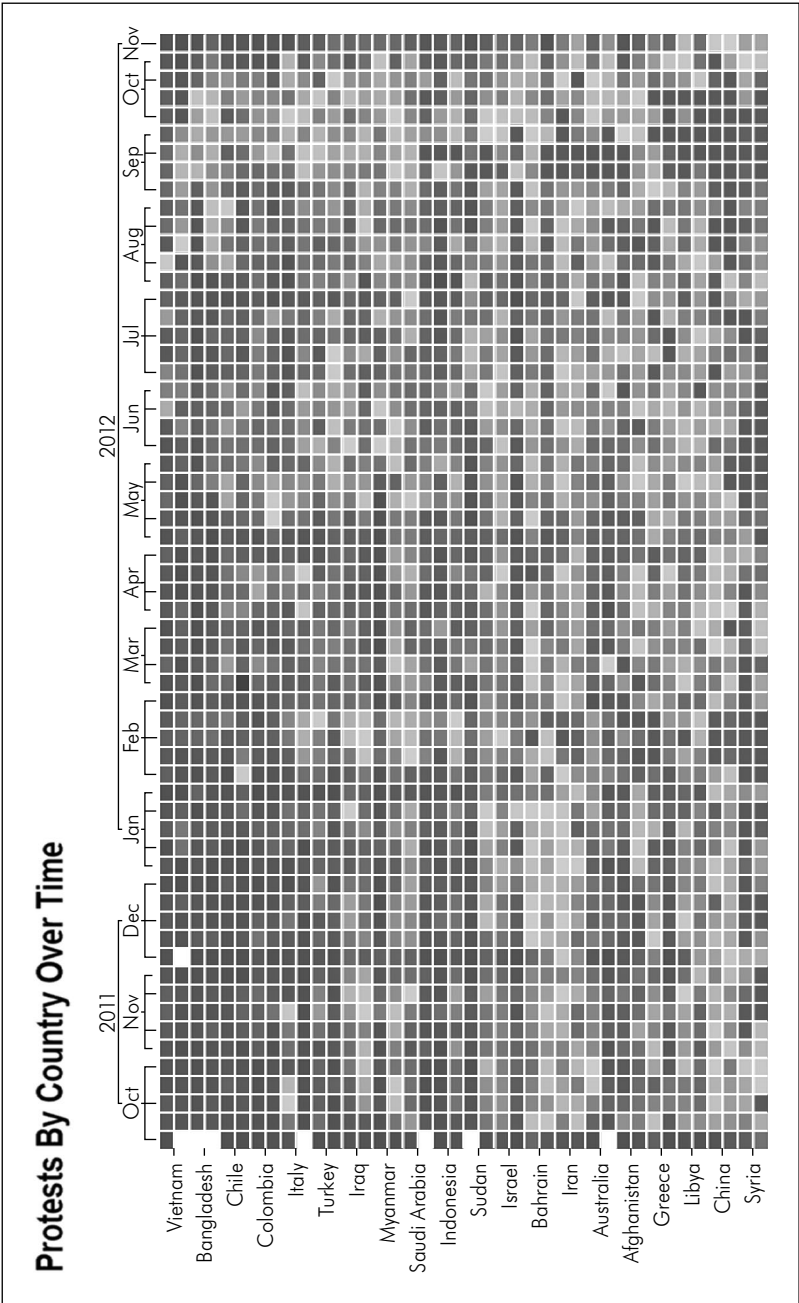
PREDICTING THE FUTURE: DESIGNING OPEN SOURCE HEATMAPS

An argument for enhancing public services by way of cooperation with or co-optation of the crowd for the sake of gathering intelligence about the imminence of conflicts can now be developed. In a more comprehensive open source designed information system, the crowd, its individuals or collaborations would (a) serve as a source of information and could also (b) evaluate and enrich this information. The products of this kind of intelligence initiatives, digital mapping platforms – tools that combine electronic networks, maps and/or satellite imagery,

and tracking – are currently emerging as a key instrument for improving governance in fragile state environments (Bott and Young 2012:52). Thus, the crowd here evolves into a producer of information, enriching and broadening the existing data sources and possibly also helping with the analysis of this information (i.e reporting and evaluating security or infrastructure issues). Although the idea of the openness of the crowd and intelligence gathering is contradictory at first glance, this concept has been introduced in the intelligence community under the label of OSINT (Open Source Intelligence) for some time now. Here algorithms using machine learning (i.e pattern recognition) as an approximation method will calculate the likelihood of specific future events based on signs observed in the OSINT database and using historical events as a reference guide. From looking at these kinds of systems and the way they use data produced by the crowd, it becomes clear that the crowd – or rather its traces – is often used in a covert way: the imminence of social action can be predicted by identifying the virtual activities of collaborations; thus the crowd is used passively, without its knowledge and consent. Commercial offerings like that of the company *Recorded Future* highlight this extractive strategy: “Today, Recorded Future continuously harvests and performs real time analysis of news from more than 40 000 sources on the web, ranging from big media and government web sites to individual blogs and selected twitter streams. We have millions of entities and events, and more than 2 billion facts (timed entity and event instances) in our database” (Truvé 2011). Algorithms designed to filter and track down specific traces and signs will then calculate the probability of a specific event taking place: a temporal analysis of the time and place of occurrence is possible (Holliday and Holden 2014): “Time expressions can be either absolute (‘9:37AM, October 12, 2008’, ‘at the end of 2012’) or relative (‘three weeks from now’, ‘tomorrow’)” (Truvé 2011). The result is a heat-map, for instance, of the outbreak of violence (see Figure 2).

The intelligence activities described could in principle be carried out openly as well: initiatives that take a top-down approach and coordinate with (or are agreed to by) national governments, and initiatives that develop independently with a bottom-up perspective. The determinants of these two types differ fundamentally; although with expansion, both can move in the other direction respectively, ideally resulting in a comprehensive, hybrid structure that integrates government, international, non-governmental and locally crowdsourced data that fuels intelligence. The distinction between these two perspectives is of course crucial in a fragile state context, where governments are naturally suspicious of grassroots movements and these movements want to shield themselves from government intrusion (Bott and Young 2012:52). Thus, overt involvement of citizens as information producers and data analysts is something that is now also possible and effective, as individuals can use available capacities of time and technology (computer, smartphones) to generate relevant information. In contrast, the use of the

Figure 2: Heatmap of political protests



Source: (Recorded Future n.d)

citizens as passive intelligence providers carried out without consent is of course not without ethical ramifications. While even in democratic countries – it can be argued – information gathering in a post-Snowden context, where the state seems to be in the position of acquiring huge amounts of data without too much accountability of its use and storage, is not an ethically clear cut decision, it is even more difficult in authoritarian countries, where collecting information and analysis is always a demonstration of power and its consequences require deliberate consideration. Arguments in favour of this cooperation between citizens, collaborations of peers and the state or international actors clearly also make an important point: “Would the sharing of information with government officials of OSINT be useful in facilitating a humanitarian mission, or avoiding a genocide, or neutralising a violent ideology at the cultural level be immoral? No, for in a globalised nonmaterial economy, knowledge is a strong currency, just as it is in secular caritative and voluntary assistance projects” (Politi 2003:37). In any case, it seems that the information producers must take careful consideration when it comes to whom the information is being delivered to. An ethical judgement must be made then, which is far from easy, as the producers might have little knowledge about the intentions of the OSINT platform.

GENERATING DISRUPTIVE POLITICAL WILL

Once the imminence of the conflict has been predicted, the question arises as to what to do: can the outbreak be prevented? One of the restrictions of a successful prevention, however, often seems to be the will of the actors involved. As they are responsible for the current dire situation, it cannot automatically be assumed that they will change their attitude, behaviour and strategies because of a prediction presented. In this situation, even a voting process might not be a game changer if alternatives are not in sight or not offered by traditional political actors (*cf.* Van Reybrouck 2017).

In the past, one had to concede with a given set of actors and interest, and often little could be done to persuade them to take action or change behaviour – especially when the reason for action is just a prediction. Social media and collaboration platforms now offer new possibilities. Actors who could chart a different course of events but were unable to collaborate in the pre-social media era, because of geographical or other restrictions, now can cooperate and offer solutions and services, or they can influence the traditional actors to change their policies.

One example is the *Peacefactory* platform that connects Israeli citizens with countries in the Middle East that are officially hostile towards Israel. This platform enables virtual relationships prohibited by the official systems and generates a narrative that is contrary to the prevailing antagonistic orientation, demonstrating

that the official actors do not represent the totality of political opinions and desires. Of course, there is no direct link between such novel, “game changing” opinions and the official decision-making system and its associated media outlets. As Habermas (2008) observed, the arena of political deliberation, while being somehow connected to the official system, often has no direct access to it. But collaboration outside the traditional system is always a political statement (Hardt and Negri 2010:190). Therefore, the possibilities to counter antagonistic and negative narratives with platforms that enable novel, alternative and innovative interactions between contentious parties can be a meaningful instrument, allowing a counterbalance and also a build-up of political pressure that either alters the behaviour of hitherto unwilling actors or even brings in new actors backed by these disruptive platforms, to take action.

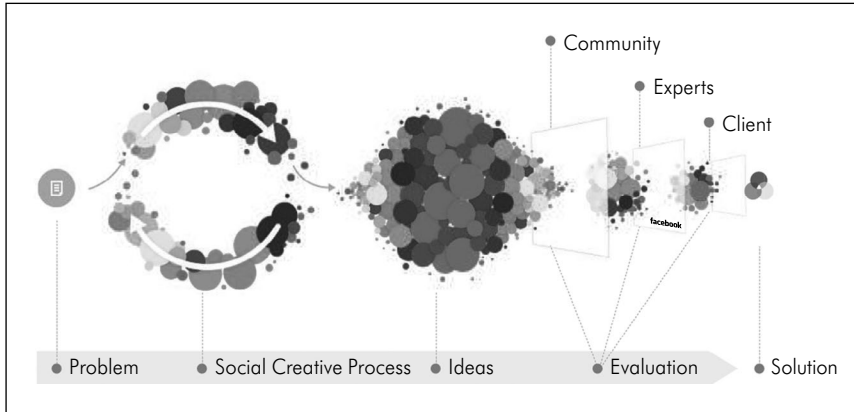
With the ongoing transformation of the media industry, more and more platforms seem to enter the political space that offers similar functionalities: they connect people with overlapping political beliefs and profiles and provide spaces for collaboration on consensual political topics and projects. They also offer to connect these groups with the official political actors and might in the future make the official political system more accessible. Some of these platforms (eg. www.avaaz.org) explicitly offer narratives on fragile states and enable petitions to take place, thus enhancing the link between deliberation on platforms and the official political system.

PLATFORMS FOR PROBLEM SOLVING

The principal mechanics of opening institutions for information producing peers and using peers to generate alternative political positions can also be used to solve political problems. The success of conflict prevention heavily depends on the ability to deal with critical issues for the communities involved and perhaps even tackle some of the conflict’s root causes. This can be done by using platforms that attract issue-engaged peers in the context of a “contest” for solving certain problems (gamification). The problems can be technical, social or creative. All contention-dissolving platforms operate in a very similar way: the problems at hand are first formulated in a way that appeals to the audience and seems solvable (*cf.* Abrahamson *et al.* 2013). The attracted crowd then participates as individuals or collaborative groups to solve the problem/challenge or develop solution scenarios (see Figure 3).

Platforms offering collaboration opportunities for experts or affected people on problems in fragile states begin to emerge as well. An example is the *Wikistrat* consultancy that employs more than 2 000 specialists working collaboratively via this online platform to help decision-makers identify solutions for complex strategic challenges. “The crowdsourced approach enables public and private sector

Figure 3: Crowdstorm process on the innovation platform Jovoto



Source: (Jovoto n.d)

clients to obtain deeper insights about the future – as well as plan more creative policy options and strategies – with unparalleled speed and cost efficiency. (...) We believe there is wisdom in the expert crowd – wisdom that is essential for dealing with an increasingly complex world” (Wikistrat n.d). The advantage of these platforms is also that the facilitated discussions are often public or semi-public; although, the community can also be gated, allowing for discussion of more sensitive matters. At least in the open cases, the generated knowledge about solutions can thus be more easily disseminated.

BUILDING PLATFORMS FOR SERVICES

Debate about problems and solutions might change the course that involved stakeholders take, thereby mitigating the possibility of a conflict outbreak. In many cases we can assume that services are also needed to dissuade people from taking antagonistic action. Service offerings might be able to tackle root causes of strife by deploying hitherto scarce resources: security, medical services, education and the like. With the emergence of peer production and virtual platforms, new opportunities are now available by rapidly building up service offerings. This is done, again, by integrating affected or interested people as peer-producers of these services. By enlisting former mere aid recipients or passive taxpayers to become producers, this new model can overcome limited capacities of the state and donors and also create a participative mode of collaboration that might positively influence a strife-ridden situation. In many cases the only technological prerequisite seems to be a smartphone, which for instance in Africa is used to compensate

for missing infrastructure. Of course, the integration of peers into the process of delivering public services can have many variations.

An emerging pattern, however, seems to be that in return for market or product information provided, citizens contribute information to the service provider, who uses this to further enrich its services and learning content. A very impressive example is the use of Open Agriculture Solutions in Africa. Here (mainly private or NGO), producers of agricultural services provide information and learning content to the citizens/customers, who in turn send feedback adding further value to the services (see Annexure 1).

Other examples, such as the *Ushahidi* platform, resemble a more classical peer-to-peer (P2P) relationship: an open source platform provided for free, as a commons, which allows peers to collaborate to collect and analyse information about security issues (Anheier and Korreck 2013:106).

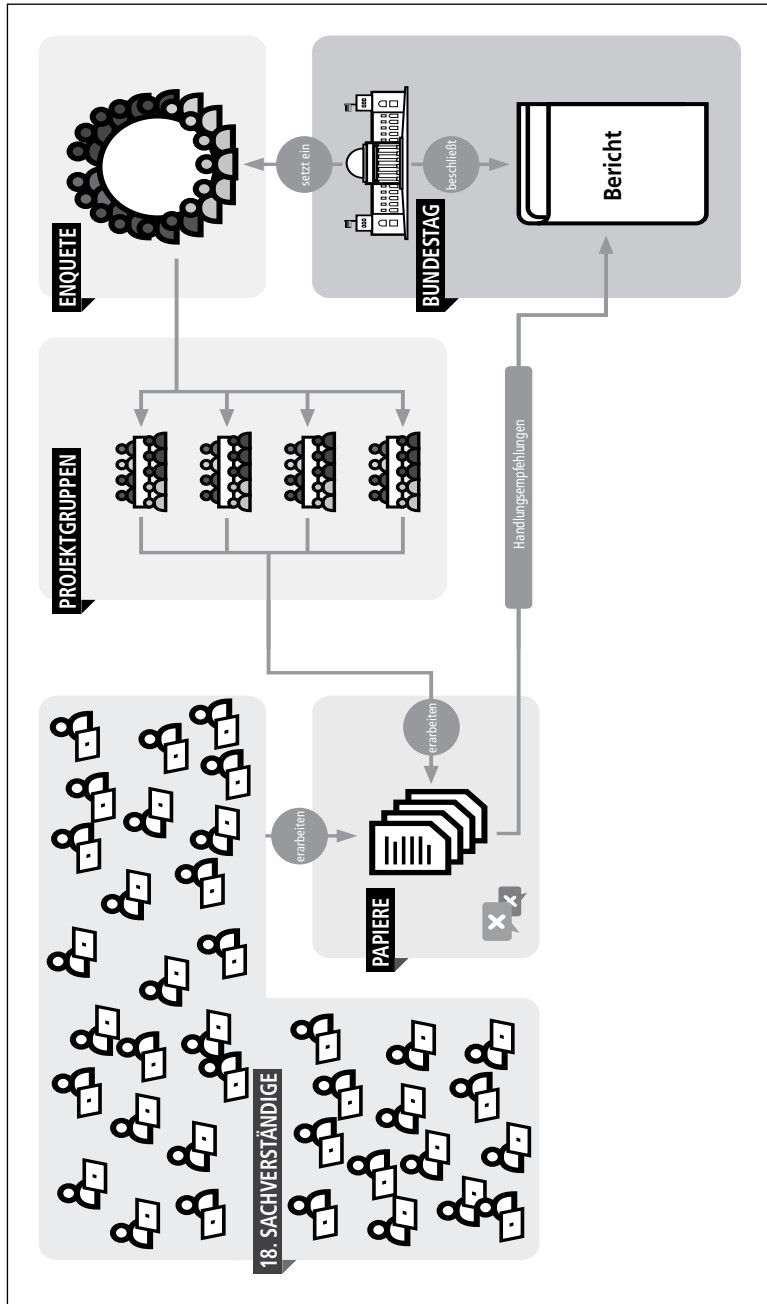
Other platforms in the area of education manage to distribute educational content quickly by enabling easy download of content; plus consumers might, again, turn into producers as they turn into “teachers”, disseminating, perhaps also enriching, and passing on content to other peer learners.

POLICY DEVELOPMENT WITH THE CROWD

The most obvious impact of social media is its capacity to mobilise voices affordably and quickly. This has been demonstrated by the use of social media for the purposes of political mobilisation and even political resistance (Shirky 2011). With the use of smartphones and the like, virtually anybody can become a disseminator of information and has a propensity to influence opinion and public policies in one way or another. Thus, integrating these voices into the policy development can – aside from obvious positive participatory effects – enhance efficiency and effectiveness of policies that are aimed at conflict prevention. In Europe, Iceland laid out a new constitution with crowd participation. Germany is opening some law-making processes to interested contributors. These demonstrate limited but successful experiments in this regard. They show how the traditional system of government has introduced parts of the P2P logic to increase its capacity to find solutions to problems and, ultimately, also enhance the legitimacy of these solutions via crowd participation. The German example demonstrates how the original system of law-making has been amended by introducing a further – virtual – member of the law-making body, serving as an interface to the crowd (Figure 4).

Although few instances of this sort of digitally augmented participatory policy-making have yet been seen in the developed world and less so – if at all – in fragile states, integrating affected or interested people in parts of the policy development process is not a technological issue. Furthermore, we can suspect that few states

Figure 4: The crowd acting as a virtual 18th member of a law-making special committee of the German parliament (Bundestag)



Source: (Fischalek 2012)

have the possibility to suppress self-organisation of their citizens. Co-opting these voices by the traditional institutions might then only be a matter of time, as the option of regulation might be more appealing than total suppression. Of course, this would mean losing voices and valuable input, but it still could be a step in the direction of more enhanced participatory politics (Al-Ani 2016a:236). P2P collaboration in itself, one has to be reminded however, is not democratic but rather meritocratic: the status of its participants is tied to their output performance only. The outputs need not be produced in a democratic, organised manner but rather by the right producers, as “[t]he excitement of modern collaborative environments (call it Web 2.0 or what you will) lies in the hope of bringing the masses on board to create something collectively. Hundreds of thousands, it is thought, can be not only consumers but producers. But more often than you’d think, what you need is not hundreds of thousands, but just five or ten people who know best” (Oram 2007).

A NEW STYLE OF INTERVENTION: TO RESIST IS TO CREATE

The use of platform tools and algorithms should not deflect from the fact that also human behaviour will be altered in very specific ways that are not fully clear yet, but seem to differ greatly from traditional management or leadership paradigms (see Figure 5). Participating on platform collaborations is very different from working in traditional organisations. Working on platforms is rather self-directed and self-identifying: the peer chooses what to do, when and how to do it. Thus, platforms are able to gather up or rather attract the available cognitive surplus and provide an opportunity for the individual to work on issues that matter to him/her. No or very little external motivation or persuasion is needed, as these collaborations are fuelled by intrinsic motivation.

This self-directed work has some implications for the fabric of society:

The crowd on platforms works on a meritocratic base. Everybody who can contribute can join regardless of his or her credentials and background. Results are the only things that count. This output-oriented meritocracy is linked to the peculiarity of digital platform work that only integrates or rather requires certain aspects of the producer’s personality (i.e his ability to come up with an approach to an issue) and in parallel negates others (i.e ideological beliefs). This paradigm is often hardcoded into the platform’s algorithms, and we can observe platform processes that are designed in such a way that they secure the openness of systems while mitigating any personal misbehaviour. Behaviour thus gets very close to every economist’s dream of a rational behaviour: it is transparent in its consistency and ultimate aim (interests will not lie).

This kind of engagement on platforms is also a chance to bring about a new culture or collaboration that could, in its aggregated effect, be very important

Figure 5: New Management Concepts in the Cloud (We have no name for them yet)

	Management	Leadership	That something else better that isn't management or leadership
Attitude	Compliance	Humility	Service
Authority	Based upon title	Based upon earned trust	None. Offers an example which may be followed or not
Questions	Questions are viewed as a threat to authority	Encourages questions to develop an ethical understanding	Asked frequently
The Framework	Procedural	Relational	Engaged and connected
Rules/Boundaries	Based upon conformity	Based upon an ethical, philosophical concept	Based on respect for others
Procedures	Standardized	Personalized	Adapted as needed
Innovation	Discouraged if it challenges the status quo	Provides a vision that inspires others	Secondary to creativity, freedom and exploration
Submission	Forced: Based upon a fear	Voluntarily: submitting to another's strengths to protect one's weakness	There is no submission; exchanges are mutual and of mutual value
Motivation	Extrinsic	Intrinsic	Not necessary
The Results	Behave externally but rebel internally	Emphatic, ethical thinkers who want to do what is right	Cooperative environment populated by creative and expressive individuals who see respect for and services to others as the highest good

Source: (Smalls 2014)

for conflict-torn regions. Bringing people together to collaborate and to produce services that will be used by everyone – commons – using very similar processes and collaboration paradigms might over time strengthen societal cohesion and dissuade combative situations or at least present alternatives to all-out conflicts.

Finally, this kind of collaboration increases the self-esteem of peers and puts them in a position where they are not merely passive observers or even victims but can actively contribute to their and their community's well-being (Dufty 2014:3). In the traditional model, the citizen expects services in return for taxes paid or political

allegiance given. When the services do not meet expectations, the “participation” is often limited to a protest/voice or exit (emigration). In the new model the crowd not only creates new solutions but they can also do this in a peaceful form.

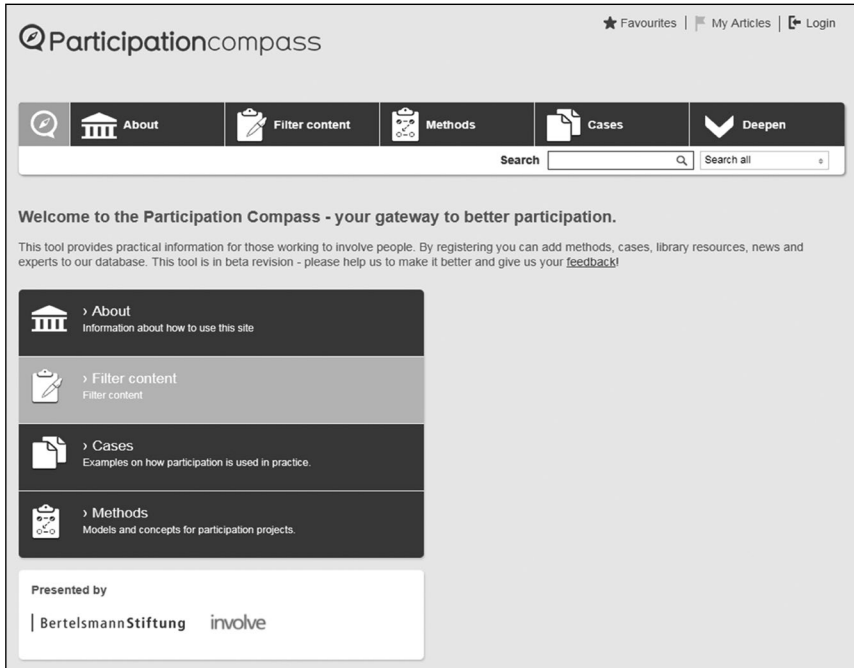
DISCUSSION ABOUT THE AUTOMATION OF POLICIES AND CONFLICT PREVENTION WITH PLATFORMS

Obviously, using algorithms to identify imminent conflicts and then deploying virtual platforms to raise awareness and encourage services and participation to deter these clashes, and even tackle their root causes, sooner or later will lead to the argument that if these mechanisms can be automated, at least partially, then conflict prevention – or even policy formulation – could become the result of some kind of AI. Some indicators seem to point in this direction: AI will take over more and more roles and responsibilities in the economic sphere, where “Robo-Bosses” and algorithmic organisations (Decentralised Autonomous Organisations – DAOs) will become more relevant in the near future. For instance, making decisions about resource allocation is something that computers already can do fairly well. Is it too much to imagine that AI could make suggestions about how to utilise scarce resources and capabilities to solve political issues? In a parallel development, military and security capacities are furthermore undergoing a massive transformation with the aim of using machines and robots to conduct military and security operations, thus enhancing this trend towards automation. It is still open as to whether these machines will be used to replace human judgement and skills (the Artificial Intelligence [AI] school) or whether they will augment human capabilities (the Intelligence Augmentation [IA] school) (Markoff 2015:159). In any case, existing technologies suggest that human capabilities in the area of conflict prevention will also see a technological upgrade.

Actors of conflict prevention in the near future will be able to use virtual platforms to detect the noise of contention build-up and also to put in place platforms that enable the affected population to organise political will and to form services, too, in the fields of security, learning and the economy that might tackle underlying problems. Actors could launch these platforms and their algorithmic structures to enable and stimulate this kind of production. An example of this scenario could be the platforms issued by the Bertelsmann Foundation in Germany that include different templates for local self-organisation and decision-making mechanisms, which can be “downloaded” for self-use (see Figure 6).

Based on the specific requirements of community, the platform suggests certain methods and structures, advises on their use and connects to communities that have experience in its implementation. Furthermore, the platform also interconnects its users and transforms them into a community, which shares experiences, thereby optimising and enriching the content in a way that is very specific

Figure 6: Bertelsmann community participation platform



Source: (Bertelsmann Stiftung n.d)

for digital politics and economics: the more it is used, the better the content gets, as enriching experience of participants is integrated.

It seems then that these platforms will be important tools for governments, foreign policy- makers, NGOs and of course local activists, and that the building up of knowledge and expertise in this area is about to begin.

POTENTIAL AND LIMITATIONS OF OPEN SOURCE CONFLICT PREVENTION TECHNOLOGIES

As has been discussed, open source techniques employing social media, collaborative platforms, machine learning and automated data evaluation have enormous potential to transform and improve conflict prevention by enhancing predictive capabilities, generating and pooling political will, enabling new approaches to dealing with issues, providing services, and developing policies through the crowd or through AI.

Opening up governance systems to crowd participation and collaboration can make such systems more alert and responsive to potential emulation, help diffuse

societal tensions, transform post-conflict environments and lead to a reinvigoration of strained democracies. However, some caveats and limitations warrant attention and further research.

For example, it is certainly true that old-fashioned closed and hierarchical institutions could benefit from opening up to the collaborative nature of crowd approaches to resolve conflicts; however, violent struggles often erupt in settings where governance institutions are unwilling to accommodate certain societal issues and remain especially locked down. The question of how open source conflict prevention will be able to resolve this dilemma remains open. Also, even though open source intelligence gathering produces more precise data about growing threats of clashes and unrest, this knowledge can be used both in attempts to deal with the underlying causes of, as well as in repressive responses by authoritarian countries.

The utilisation of crowd-generated data in a passive, involuntary way through machine learning is especially prone to not only lend itself to early-warning systems employed by actors dedicated to conflict prevention but also to be deployed for “turbo-charged” authoritarianism, repressing dissent before it gathers a critical mass (*cf.* Crawford 2017). Thus, such technologies carry considerable ethical implications. Furthermore, the provision of services hitherto in the purview of the state through crowd approaches might prove to be a double-edged sword. While it is certainly true that platform approaches to service delivery can be more efficient, integrative, and can contribute to conflict transformation through participative collaboration, it should be examined whether such an approach could further undermine the accountability and responsibility of weak states towards their population, and the population’s allegiance to state institutions. When employing platforms for services, strategies should be put in place to ensure that the state is not side-lined in the long-term delivery of core functions such as security and education.

Policy development with input from the crowd is another promising avenue that warrants further research. While a more participatory approach to policy-making can enhance the efficiency and legitimacy of the process in theory, the often-polarised environment of pre- and post-conflict societies might make reaching decisions in such a way more difficult. History shows that secrecy can be more beneficial than complete transparency in coming to an agreement. Lastly, the question of inviting AI into decision-making processes entails a range of ethical issues, from accountability and responsibility for the AI’s decisions to the role and interests of the manufacturers of such systems.

CONCLUSION

It can be concluded that this epoch of transformation demands close attention to both the great benefits and the potential pitfalls of new technologies and

harnessing the crowd for conflict prevention. Acknowledging the effects of current platforms and intelligence approaches in the digital sphere, using the tools, associated techniques and organisations will be more intensively utilised in the future, so much so that they will become essential policy elements. Despite suggesting a rather democratic root, open source or crowd-based systems as discussed in this article are, as most technologies, indifferent to democratic paradigms. It has been shown that they can be adopted by democratic processes (as well as authoritarian ones). That being said, the next frontier between top-down and bottom-up approaches will be on platforms and about their algorithms.

NOTE

- * Dr Wolfgang Petritsch is the President of the Austrian Marshall Plan Foundation and a former Austrian Ambassador to the UN and the OECD, former High Representative for Bosnia and EU-Special Envoy for Kosovo.

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ANNEXURE 1: OPEN SOURCE AGRICULTURE SOLUTIONS IN AFRICA

Rural eMarket

Developed for rural Africa, Rural eMarket is a simple yet powerful solution to communicate market information, using smartphones, tablets or computers. The use of appropriate ICT solutions can improve transparency and access to market information and transform the livelihoods of rural populations.

Esoko

Esoko is Africa's most popular mAgric platform for tracking and sharing market intelligence. It links farmers to markets with automatic market prices and offers from buyers, disseminates personalised extension messages based on crop and location and manages extension officers and lead farmers with SMS messaging.

Mobile Agribiz

Mobile Agribiz (mogribu.com) is a web and SMS mobile application that helps farmers decide when and how to plant crops, select the best crops for a given location using climate and weather data, and connect to the available market. It helps connect farmers to buyers, and helps them to source important, relevant information (e.g. how to plant crops, how to use fertilisers) and necessary data aggregates (e.g. weather, crop pricing) from various sources. Farmers can easily connect with customers by sending an SMS with their phone number, information on goods, prices and quantities for sale. This information is plotted into a map on servers, enabling customers to see farmers' information, the goods they are selling, their quantities and location, and make a connection.

AgroSim

AgroSim is a valuable tool for decision-making in agricultural projects. It works primarily on data collected online and provides a virtual representation of the different stages of crop growth and development as would be the case in reality. It is an event simulator able to anticipate the quality and

quantity of the productivity of a desired crop by taking into account data related to seed, soil, hydraulic climate, geography, macro-economy and the demographic of the targeted area.

amAgriculture

Developed by Access.mobile, amAgriculture is an analytical tool that helps agri-businesses understand underlying business trends, manage transactions, cut costs, increase revenues and mitigate risk. Core product features include agricultural input data collection and management; agricultural output data collection and management; transactional data tracking from agent transactions with farmers in cooperatives/networks.

Source: IT News Africa (2013)

Intergovernmental Fiscal Relations and Local Government Service Delivery

A South African Case Study

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ABSTRACT

This article explores the effect of South Africa's intergovernmental fiscal relations on service delivery by local municipalities in the Xhariep district in the Free State province. Local municipalities provide important services such as water, electricity, sanitation, refuse removal and fire fighting. However, municipalities face many challenges, such as financial constraints, which make it difficult to render these services. In order for municipalities to be financially viable, national governments make use of a system of financial transfers known as grants to assist municipalities financially. In South Africa the *Constitution of the Republic of South Africa*, 1996, entitled the local government sphere to an equitable share of the nationally raised revenue. For municipalities with a small revenue base, like rural municipalities where few economic activities exist, the equitable share forms a major revenue source without which they will not be able to provide their mandated services. The purpose of this article is to determine if the equitable share transfers to local municipalities in the Xhariep district are sufficient to enable them to provide their mandated services to their communities. The research for the article made use of a case study design which incorporates both a quantitative and qualitative methodology. The three local municipalities in Xhariep district served as the case and the quantitative method was used to obtain data that was not available in literature by means of a self-administered questionnaire. The data obtained from the quantitative method was

then used to compile questions for semi-structured interviews and focus group meetings as part of the qualitative research. The outcomes reveal that local municipalities in the Xhariep district have very limited revenue-raising capacities and that the transfers from national government are not sufficient to assist them to provide their residents with all the basic services. The article concludes with a set of recommendations that point out that to increase service delivery by providing more services or services of a higher standard would require more transfers from national government. This is relevant because other local municipalities in South Africa and elsewhere in the world may experience the same scenario.

INTRODUCTION

Government in South Africa consists of three spheres, namely the national, provincial and local spheres, which are distinct, interdependent and interrelated. The local sphere is responsible for providing certain basic services, such as water, electricity, sanitation, fire fighting and refuse removal. A complete list of services is contained in Schedules 4 Part b and 5 Part b of the *Constitution of the Republic of South Africa*, 1996 (hereafter referred to as the Constitution), and local governments have the right to administer all those services that are listed in the Constitution.

In order to carry out its mandates, each of the three spheres of government needs financial resources that would enable it to perform its functions. These functions are financed by means of different taxes, such as personal income tax, customs tax, value added tax and property taxes, to mention but a few. In South Africa, the South African Revenue Service, on behalf of the national government, collects the bulk of the revenue through the levying of different forms of taxes. Local governments mainly make use of user charges, property rates and other fees to finance most of their expenditure. However, the small rural municipalities raise significantly less revenue than the larger metropolitan and urban municipalities (National Treasury 2015:3).

Local governments are almost never financially self-sufficient due to the fact that their ability to raise revenue falls short of their constitutionally mandated expenditure responsibilities (Boadway & Shah 2007:xxvii). The result of this mismatch between finances and functions is that local governments are generally reliant on financial transfers from the national government to render their services. In South Africa, the revenue-sharing principle, which is enshrined in the Constitution, entitles local governments to an equitable share of the revenue raised nationally so that they can deliver their basic services.

To contextualise intergovernmental fiscal relations in terms of local governments, this article discusses the effect of the equitable share on service delivery in the Xhariep district of the Free State province. The article explores the fiscal constraints experienced by different local municipalities, the need for more revenue to provide basic services, the ability to generate more revenue, and services that the municipalities cannot render due to revenue limitations.

INTERGOVERNMENTAL FISCAL RELATIONS CONCEPTUALISED

Intergovernmental fiscal relations can be defined as the systematic structuring of public finances in a state with more than one level of government, where revenue, expenditure and regulatory powers are allocated to sub-national governments and nationally raised revenue is shared among the different levels of government by means of intergovernmental transfers (Hendriks 2014:15). In most countries, of which Argentina, Brazil, China, Canada, India, Russia and South Africa serve as examples local governments perform important fiscal functions, both on the revenue and the expenditure side of the budget. In such systems, various forms of fiscal arrangements between the national and local governments determine how taxes are allocated and shared between the two levels of government and how funds are transferred from one level to another (Pauw, Van der Linde, Fourie & Visser 2015:42). Intergovernmental fiscal relations are therefore important for the development and operation of an efficient and effective local government sector.

An important feature of the intergovernmental fiscal relations of countries all over the world, almost without exception, is that national governments normally assign more expenditure functions to local governments than these governments can finance from their own revenue sources. According to Rao (2007:321), it is a general principle in the process of revenue assignment that finances should follow functions. This implies that local governments should have sufficient revenue sources from which to collect money so that they can finance their services. The problem is that although assigning functions to local governments is relatively easy, it is difficult to find adequate and potentially non-distorting revenue sources to finance those functions. Thus, while the expenditure assignment in South Africa can be regarded as highly decentralised to local governments, revenue assignment is highly centralised, that is, national government controls the revenue sources with broad bases, while local governments only have access to narrow-based taxes and user fees (Rao & Khumalo 2003:11). The lack of sufficient revenue sources give rise to a vertical fiscal imbalance (Boadway & Shah 2007:xxvii), which will be discussed hereafter.

Existence of a vertical fiscal imbalance (VFI)

A key feature of South Africa's intergovernmental fiscal relations system is that revenue powers are less decentralised than expenditure responsibilities. While national government in South Africa raises the bulk of aggregate revenues, its expenditure responsibilities are substantially decentralised to the provincial and local spheres (Amusa & Mathane 2007:281). There is thus a mismatch between revenues raised at national level and expenditure responsibilities in the provincial and local spheres. Therefore, notwithstanding South Africa's relatively decentralised government structure, an important gap exists between the expenditure responsibilities of local governments and their revenue-raising potential. This vertical mismatch is known as a vertical fiscal imbalance (Chitiga-Mabugo & Monkam 2013:2).

The existence of a VFI gives rise to a vertical fiscal gap, which can be defined as the share of a local government's own spending that is not financed through own revenues, and it occurs when spending decentralisation outpaces revenue decentralisation (Karpowicz 2012:3). The vertical fiscal gap is therefore referred to as the gap that exists between the revenue that a local government can raise (revenue potential) and what it requires to render services.

Shah (2007:17) attempts to clarify this by asserting that a vertical fiscal gap is defined as the revenue deficiency arising from a mismatch between revenue means and expenditure needs, typically of lower orders of government. This is the result when a national government has more revenues than needed for its spending responsibilities, and sub-national governments have fewer revenues than needed for their spending responsibilities. In these cases, sub-national governments must rely on central government transfers and borrowing to finance expenditures (Karpowicz 2012:3). Intergovernmental fiscal transfers such as grants are therefore a means to bridge the vertical fiscal gap.

Intergovernmental transfers to local governments

According to Islam (2007:xvii), intergovernmental fiscal transfers are dominant features of the finances of local governments in most countries. The wide variations in resource endowments and per-capita income levels of local governments in South Africa mean that many local governments lack adequate fiscal capacity in carrying out their constitutional mandates (Amusa & Mathane 2007:281). This vertical imbalance makes transfers by national government to local governments inevitable (Durham & Verwey 2012:17). For this reason, intergovernmental fiscal transfers form an important cornerstone of South Africa's intergovernmental fiscal relations system. In this regard, Moeti (2014:86) states that it is especially those local authorities located in the impoverished areas, where there is little scope

for generating income from local businesses or households, who rely largely on transfers from national government.

The following Table provides an indication of the division of the available revenue raised nationally between the three spheres of government.

Table 1: Division of Nationally Raised Revenue, 2011/12–2018/19

Percentage shares	Outcome					Estimate	Medium-term estimate	
Financial year	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
National departments	47.9%	47.9%	47.9%	48.2%	48.9%	48.1%	47.5%	47.4%
Provinces	43.7%	43.4%	43.4%	43.2%	42.2%	42.9%	43.4%	43.3%
Local governments	8.4%	8.7%	8.7%	8.6%	8.9%	9.0%	9.1%	9.3%

Source: (Adapted from National Treasury, Budget Review 2016:iv)

From Table 1 it is evident that national and provincial governments receive the largest portion of more than 40% respectively, while local governments receive the smallest share of less than 10%. The reason for this is that local governments fund the majority of their spending through charges and taxes they collect themselves (National Treasury 2013:111).

South Africa's intergovernmental fiscal relations system is founded on the principle of revenue-sharing since the Constitution makes provision for the equitable division of revenue raised nationally among the three spheres of government. In this regard, Section 227(1) (a) of the Constitution enshrines the principle that local governments are entitled to an equitable share of revenue raised nationally, to enable them to provide basic services and perform the allocated functions. The Constitution further determines that this fiscal transfer is to take place promptly and without deduction (Constitution section 227 [3]).

The Business Dictionary (2016:1) defines equitable share as a remedy or solution that is ethically or legally just and reasonable under the circumstances but may or may not, be wholly satisfactory to some or all of the involved parties. Pauw *et al.* (2015:295) view it as having a fair share or receiving what we deserve. It is therefore different from an equal share, which means that everybody should receive exactly the same amount or is required to make the same input.

According to the South African Local Government Association (SALGA) (South African Government 2015:1), the equitable share is the means of ensuring that the

poor continue to be cushioned against the effects meted out by the vagaries of the triple challenge of unemployment, poverty and inequality. The local government equitable share is an unconditional transfer that supplements the revenue that municipalities can raise themselves and provides funding for municipalities to deliver free basic services to poor households (National Treasury 2016:93).

LEGISLATIVE FRAMEWORK FOR INTERGOVERNMENTAL FISCAL RELATIONS

An enabling environment for intergovernmental fiscal relations should begin with constitutional mandates for the level of autonomy, rights and responsibilities of sub-national governments (Smoke 2003:3). This will provide a foundation on which to build successful fiscal decentralisation. Local governments are given substantial powers and functions by the Constitution, which mandates the creation of elected municipal councils to make decisions regarding the exercise of these powers and functions. The most important municipal functions include the provision of water, sanitation (including solid waste), roads, storm water drainage, and electricity.

The legislation giving effect to the Constitutional provisions for the equitable share is the Intergovernmental Fiscal Relations Act, 1997 (97 of 1997) (hereafter referred to as the Intergovernmental Fiscal Relations Act), of which Section 10 states that a Division of Revenue Bill must be adopted annually to specify the equitable share transfer to be made. The Constitution requires that both organised local government as well as the Financial and Fiscal Commission must be consulted before the Division of Revenue Bill can be enacted (Constitution section 214 [2]).

The Intergovernmental Fiscal Relations Act further provides for the establishment of a Local Government Budget Forum. The Forum is a body in which the national and provincial government spheres and organised local government consult on a variety of matters – fiscal, budgetary, financial, legislative, policy related - affecting the local sphere of government (Fourie & Opperman 2017:16).

The Financial and Fiscal Commission (hereafter referred to as the FFC) was established in terms of Section 220 of the Constitution, as well as the Financial and Fiscal Commission Act, 1997 (99 of 1997). The FFC is a permanent expert commission that plays a major advisory role in South Africa's intergovernmental fiscal transfer system, with primarily "consultative and investigative powers but not law-making or enforcement powers" (Motala & Ramaphosa 2002:97). Sections 220–222 of the Constitution created the FFC, and tasked it with making independent and impartial recommendations pertaining to fiscal matters, while the Financial and Fiscal Commission Act, 1997 provides a more thorough elaboration of the functions and procedures of the commission (Choudhry & Perrin 2007:275).

According to Peter (2005:5), the FFC is a product of the multiparty constitutional negotiations that led to the 1994 elections. The inequalities and divisions that characterised South Africa for many decades, as well as the inherent uncertainty of political outcomes, led to a unique context within which the FFC must be viewed. The FFC was instituted to provide advice regarding the equitable sharing of revenue and other intergovernmental fiscal issues, and to limit subjective political decisions regarding the allocation of public resources in the spheres of national, provincial and local government. Institutionally and functionally, the FFC has no real precedent in South Africa or elsewhere in the world (Peter 2005:5).

The local government equitable share

Sogoni (2010:21) posits that the division of revenue across the three spheres of government (vertical division) is largely a political decision based on the priorities of government, as detailed in the Medium Term Strategic Framework. Each municipality's allocation (horizontal allocation), that follows after the share for the local government sphere has been determined, is done in accordance with the local government equitable share formula, which uses demographics and other data to determine each municipality's share of the local government equitable share (National Treasury 2016:93).

Window 1: The formula used for the 2016/17 allocations is

Structure of the local government equitable share formula

$$LGES = BS + (I + CS) \times RA \pm C$$

where

LGES is the local government equitable share

BS is the basic services component

I is the institutional component

CS is the community services component

RA is the revenue adjustment factor

C is the correction and stabilisation factor

Source: (National Treasury 2016:94)

The local government equitable share formula has three parts which are made up of five components. They are set out as follows:

The first part of the formula consists of the *basic services* component, which provides for the cost of free basic services for poor households and accounts for 78% of funds allocated in 2016/17 (Financial and Fiscal Commission 2016:17).

The second part directs more funds towards municipalities that cannot raise substantial own revenues in order to enable such municipalities to afford basic

administrative and governance capacity and perform core municipal functions (Financial and Fiscal Commission 2016:17). It does this through three components (National Treasury 2016:93):

- The *institutional component* of the formula provides a subsidy so that municipalities can cover their basic municipal administrative costs.
- The *community service component* provides funds to finance other core municipal services that are not included in basic services.
- The *revenue adjustment factor* provides for funding only to municipalities with limited revenue-raising capacity. Municipalities that are least able to finance these costs from their own revenue sources receive the most funding.

The aim of the third part of the formula is to ensure predictability and stability through a *correction and stabilisation factor*, which ensures that all the guarantees of the formula can be met (National Treasury 2016:93).

Determining the size of each municipality's equitable share by means of a pre-determined formula has specific benefits for the financial management of local governments. The following are two of the main advantages:

- *Predictability*: Predictability is important as local governments need to be able to budget and plan for the future (Kitchen 2007:498). Determining the size of the grant based on a fixed and known formula provides a form of predictability as far as the sizes of the allocations are concerned.
- *Transparency*: The details of how the formula is calculated are provided in each year's Division of Revenue Bill. According to Fourie and Opperman (2017:576), a major benefit of the formula is the transparency in the process of determining each municipality's equitable share.

INTERGOVERNMENTAL FISCAL RELATIONS IN A DEVELOPMENTAL STATE

One of the most difficult challenges facing developing countries in their intergovernmental fiscal relations is the vertical division of nationally collected revenue, as it lies at the heart of any decentralised local government system and defines the generation and distribution of financial resources that are utilised to respond to citizens' needs (Smoke 2003:27). Developing countries have to deal on a daily basis with problems of unemployment, poverty, limited financial resources, lack of water, insufficient health care, dysfunctional education systems, and a shortage of energy; to mention a few. Disappointing progress in meeting national goals through centralised processes has induced many developing countries to think beyond top-down development strategies and to rely more on sub-national governments (Smoke 2003:2). The aforementioned have financial implications

for local governments who must provide basic services and have to develop and maintain infrastructure.

According to Boex and Yilmaz (2010:16) an intergovernmental fiscal transfer system for developing countries has three main elements namely:

- the manner in which the total amount of transfer to sub-national governments is determined;
- the manner in which the amount for each sub-national level is allocated; and
- the efficiency with which transfer resources are used at the local level.

These elements have important implications for the degree to which local governments can exercise their own discretion and be held accountable by their citizens.

The formula-based division of revenue used in South Africa aims to enable municipalities to provide basic services to poor households, afford basic administrative and governance capacity and perform core municipal functions (South African Government 2015:1). However, according to Warah (2017:2) current levels of services in some local authorities cannot meet basic needs, while little incentives are offered for residents to invest in services themselves. Financial transfers to sub-national governments are criticised by Rao and Khumalo (2003:3) in that such transfers to sub-national governments without significant revenue powers, may be made essentially to employ the sub-national governments as spending agencies. In addition Prud'homme (2003:22) points out that financial transfers can create further disparities in developing countries if it is not sufficient to enable poor local governments with a limited revenue base to provide services at an acceptable level. Lower than average levels of service will be unfair to their citizens and may lead to a vicious cycle where some inhabitants move to a local government that can provide services of a higher standard. This in turn will further lower the revenue base in these municipalities resulting in poor municipalities that become poorer.

Of concern is that the dependence of local governments in South Africa on national transfers has increased over the period 2004/5 to 2014/15 while fiscal capacity has declined over the same period. According to the FFC (2017:4) municipal own revenues amounted to 90% of their expenditure in 2004/5 but declined to only 75% in 2014/15. This is due to a decline in the revenue base of municipalities, especially those in the rural areas. Van Ryneveld (2006:6) confirms this by stating that "...rural municipalities with weaker revenue bases receive as much as 87.3% of their revenue from transfers". In contrast metropolitan municipalities are largely self-financing and receive only between 3% and 6% of their budgets from transfers. It is against this background that the FFC (2017:10) is of the opinion that it is critical to factor in the appropriate costs of basic services so that it can be financed appropriately. At the same

time, it must be recognised that the national government is facing other challenges as well and wishes to keep public sector expenditure under 26% of GDP (Smoke 2003:27).

FISCAL STRESS EXPERIENCED

An important consequence of VFI is the fiscal stress it places on local governments. Arnett (2011:50) defines fiscal stress as a government's inability to meet its financial obligations as they arise, which may be accompanied by an inability to raise revenues or to provide goods and services. When the balance between the revenue assigned to a local government and its expenditure responsibilities is disproportionate, the local government may find it difficult to meet minimum service requirements or expenditure commitments imposed by the national government or statutes (Rakabe 2013:148).

The following Table provides an indication of the fiscal stress induced by the existence of a VFI among 12 municipalities in South Africa. The 12 municipalities have been selected based on their population size and rural character, and to be representative of every province in South Africa. The three local municipalities in the Xhariep district (Letsemeng, Kopanong and Mohokare) are the focus of the research and have been used to compare information from other municipalities. An additional municipality from the Free State has also been selected and one from each of the remaining eight provinces.

- The per capita spending is indicated in the fourth column, with Letsemeng spending the lowest, and Bitou the highest, per capita.
- The average of the three municipalities with the highest per capita spending (Bitou, Midvaal and Emthanjeni), is used as the hypothetical cost of providing standard-level services. The hypothetical cost is R6 724.
- The mean per capita spending is R3 663, calculated as an average of the per capita spending of the 12 municipalities.
- The mean per capita spending variance (the difference between the per capita spending and mean per capita spending) is indicated in the fifth column.
- The per capita spending variance in the sixth column refers to the difference between the hypothetical cost of R6 724 and actual per capita spending.
- The two scenarios demonstrate the difference between actual and mean per capita spending in terms of the extent to which municipal budgets need to be adjusted upwards or downwards, if actual per capita spending is normalised across the selected municipalities to a mean average. In the first scenario, where actual per capita expenditure is compared to mean per capita spending, the extent of fiscal stress is concentrated in eight municipalities because of lower actual per capita spending. In the second scenario, where actual per

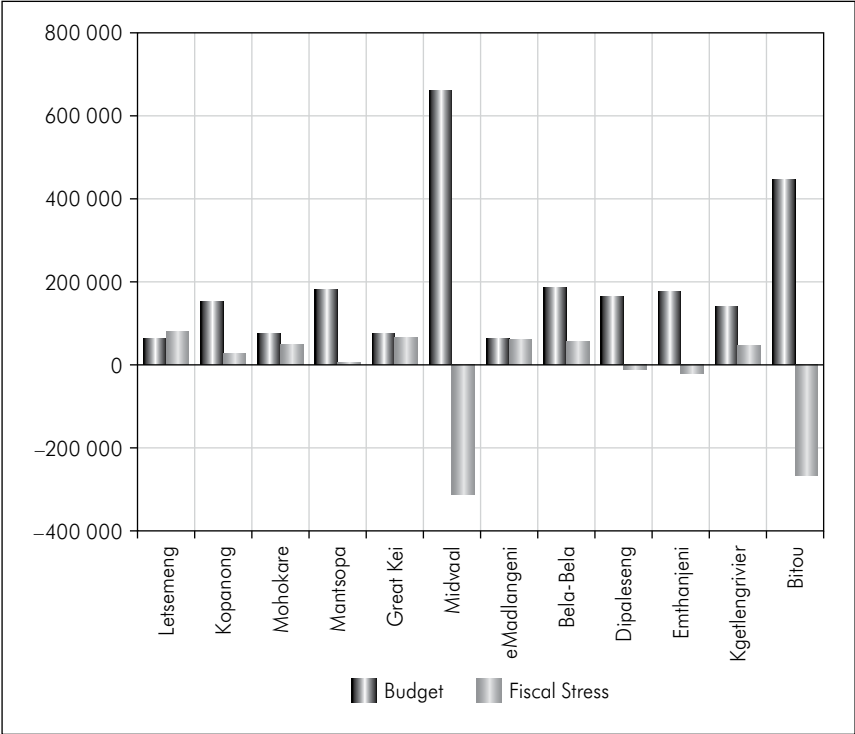
Table 2: Fiscal Stress

Municipality	Population	Budget	Per capita spending	Per capita spending variance (mean)	Per capita spending variance (top 3 average)	Fiscal stress (scenario 1)	Fiscal stress (scenario 2)
Letsemeng	38 628	62 335	1 613	2 050	5 111	79 187 400	197 427 708
Kopanong	49 171	153 686	3 125	538	3 599	26 453 998	176 966 429
Mohokare	34 146	76 707	2 246	1 417	4 478	48 384 882	152 905 788
Mantsopa	51 056	181 201	3 549	114	3 175	5 820 384	162 102 800
Great Kei (EC)	38 991	75 761	1 943	1 720	4 781	67 064 520	186 415 971
Midvaal (Gauteng)	95 301	660 910	6 934	-3 271	-210	-311 729 571	-20 013 210
eMahlangueni (KZN)	34 442	64 301	1 866	1 797	4 858	61 892 274	167 319 236
Bela-Bela (Limpopo)	66 500	187 196	2 814	849	3 910	56 458 500	260 015 000
Dipaleseng (Mpumalanga)	42 390	165 558	3 905	-242	2 819	-10 258 380	119 497 410
Emthanjeni (NC)	42 356	176 622	4 169	-506	2 555	-21 432 136	108 219 580
Kgetlengrivier (NW)	51 049	139 515	2 732	931	3 992	47 526 619	203 787 608
Bitou (WC)	49 162	445 923	9 070	-5 407	-2 346	-265 818 934	-115 334 052

- Hypothetical cost of providing a service = 6724
- Mean per capita spending = 3663

Source: (Author's data, Hendricks and Senago 2017)

Figure 1: Budgets Adjustment



Source: (Author's data Hendricks and Senago 2017)

capita expenditure is compared to an average of the three highest per capita expenditures, a significant element of stress is implied.

Figure 1 provides an indication of the extent to which budgets need to be adjusted upwards or downwards in order to cancel out fiscal stress.

From Table 2, it is clear that Letsemeng experiences the highest fiscal stress, followed by Great Kei, eMadlangeni, Bela-Bela and Mohokare, while Dipaleseng, Emthanjeni, Bitou and Midvaal experience the least amount of fiscal stress. However, municipalities have different demographic and economic profiles, noticeably different levels of economic development and significant variations in socio-economic circumstances. The levels of wealth or income within a municipality are further important determinants of the demand for free basic services, particularly water, electricity and sanitation. One of the critical challenges that the national government faces is therefore how best to redistribute national revenues with a view to achieve equity and alleviate poverty.

RESEARCH METHODOLOGY

The research was a case study conducted in the three local municipalities (Kopanong, Letsemeng and Mohokare) of the Xhariep district in the Southern Free State and made use of a mixed methods approach. Quantitative data was collected by means of a self-administered questionnaire, which was supplemented with qualitative data obtained from semi-structured interviews and focus groups. Approximately 35% of the data was collected by means of quantitative research and 65% by means of qualitative research. For the purpose of collecting data, a questionnaire was compiled that consisted of closed-ended multiple choice, dichotomous and scaled (Likert scale) questions. The Statistical Product and Service Solutions package (SPSS) was used to analyse data and calculate a score for each factor.

Due to the availability of information from only a certain group of officials, the study was based on criterion-type purposive sampling. Knowledge and understanding of the manner in which the equitable share for local governments is determined and the importance thereof for basic service delivery in rural municipalities, was an important criterion for this study. Based on this criterion, two different groups were selected from which to elicit information. Quantitative information was obtained through self-administered questionnaires from senior management officials involved in financial management from the relevant municipalities themselves, such as the accounting officers, chief financial officers and directors responsible for revenue. Qualitative information was obtained by means of focus group meetings and semi-structured interviews with external subject experts employed by the Free State Provincial Treasury, National Treasury, SALGA and the FFC. The researchers reasoned that municipal managers, chief financial officers and directors of revenue were best suited to serve as a sample from the municipality's perspective. The reason is that they are the best informed regarding financial matters in a municipality. To enhance the validity of the study, information was triangulated by eliciting the opinions of external experts from the Free State Provincial Treasury, National Treasury, SALGA and the FFC. These experts also provided more in-depth information on certain aspects.

In order to collect the data, questionnaires were e-mailed and hand delivered to the senior management of the three municipalities. Regular follow-ups were done by e-mail and telephone calls to ensure that questionnaires were completed. After completion of the questionnaires, every municipality was visited to collect the completed questionnaires. This ensured that all of the questionnaires distributed were received back. After receiving the questionnaires, data was analysed by means of the SPSS computer-based program. The SPSS program enabled the researchers to make better inferences during interpretation of the collected data.

Upon receiving the analysed data of the questionnaires, focus group sessions were arranged and conducted with the Free State Provincial Treasury, National

Treasury, SALGA and the FFC. The focus group sessions were conducted by means of a set of predetermined questions that corresponded to the questions asked in the questionnaire. The purpose of the focus groups was to obtain additional in-depth information, motivation and understanding of the data collected from the questionnaire.

All sessions were recorded in MP3 format, and extensive notes were also taken during the interviews and focus group sessions. Recordings of the different sessions and written notes were systematically analysed through iterative and repeated re-listening and re-reading. The research process followed made it possible to gain a profound understanding of the viewpoints and perspectives of participants on the research questions.

The research questions for the study were as follows:

- Does the municipality need more revenue to provide basic services?
- Did the municipality experience any service delivery boycotts in the past three financial years?
- Can municipalities in the Xhariep district generate more own revenue to close the gap between revenue available and revenue needed for basic services?
- Are there needs and services to which the municipality could not respond due to limited financial resources?
- If there was an overspending on the previous year's budget, what were the main reasons for that?
- How many new businesses were established in the municipality over the past three years?
- Can the national and provincial government assist municipalities more?

The above-mentioned issues were included in the questionnaire because they are indicators of or relate to a municipality's financial capacity to provide services. The findings on the questionnaire are discussed in the following sections.

FINDINGS AND DISCUSSIONS

The following are the main findings of the research.

The need for more revenue to provide basic services

Respondents are unanimous in their opinion that their municipalities are in need of more revenue to provide comparable or equitable basic services. A major problem highlighted by respondents from all municipalities is the high number of indigents, ranging from 87% of the total population in Kopanong to 93% in Mohokare. To aggravate matters not all indigents are registered on their indigence

registers. Another challenge is that residents who can afford to pay for services do not pay, which results in a collection rate of as low as 38% on services in some municipalities. This puts a heavy burden on the equitable share part of the budget to fund services that could have been funded by the own revenue sources of the municipality. It was stated that although debt is handed over to debt collectors for collection, up to 80% of all debt is not collected and is eventually written-off. Participants also indicated the long legal processes that need to be followed once debt is handed over to a debt collector and the low success rate. It was indicated that of 15 files handed over for debt collection, 11 debtors are not traceable. Debtors were reported as either having passed away or having left the jurisdiction of the municipality.

According to participants interviewed in the focus groups, the challenging macro-economic outlook for the country as a whole, declining GDP projections and increasing fiscal pressures, are felt by local municipalities. According to Statistics South Africa (2012:48), municipalities in the Xhariep district experience a constant decline in population, mainly as a result of migration to cities and other provinces. Participants indicated that due to this population decrease, municipalities in the Xhariep district may experience a persistent decline in their equitable share allocation as population is an important indicator for the free basic services component in the equitable share formula.

The occurrence of service delivery boycotts

Although the majority of the respondents agreed that municipalities do experience service delivery boycotts, respondents were of the opinion that if such boycotts and protests occur, they do not take place very often. However, respondents indicated that municipalities do experience a large volume of complaints about service delivery. According to Ndhlovu (2015:4), a lack of sufficient services, such as toilets, water and electricity, often gives rise to complaints that may escalate to service delivery protests and boycotts and could be as a result of the lack of adequate funding to provide these services at an acceptable standard.

Participants in the focus groups were of the opinion that local governments find themselves at the front line of service delivery. Any weakness in this sector is fundamental in the formation of public opinion of the government system as a whole, as well as of its ability to solve issues of sustainable development. Protests that occur are the result of poor service delivery and manifest themselves in negative audit reports, under- or overspending, poor infrastructure maintenance, poor or inadequate service delivery, an increase in consumer debt and poor management of accounts for service charges. Therefore, it is necessary to seriously rethink the ways and means of achieving maximum benefits from the financial transfer

system. If municipalities fail to do so the existing transfers will not be enough to cover the VFI.

Ability to generate more own revenue to close the gap between revenue available and revenue needed for basic services

Respondents were united in their opinion that it is not possible for their municipalities to generate more revenue. Respondents indicated that they are already using the following mechanisms/strategies to collect more revenue:

- A culture of payment is being created by encouraging residents to pay for services.
- Debtors are handed over to debt collectors.
- Restrictors are placed in water meters.
- Electricity is disconnected in cases of non-payment.

The major challenge that the municipalities experience is that the revenue base is small and stagnant due to high levels of unemployment and a lack of new development taking place. Respondents were also of the opinion that it is not feasible to increase tariffs in order to collect more revenue. What are needed, according to respondents, are new industries that invest in the area and create employment.

Participants of the focus groups agreed that over and above the weak macro-economic outlook of the country, municipalities in the region of Xhariep have a low revenue potential with little or no room to collect more revenues. Migration patterns have a further impact on the revenue potential, as it is often the economically productive part of the population that leaves the district to seek employment somewhere else, leaving the unemployed behind.

Needs and services to which the municipality cannot respond due to limited financial resources

Respondents were unanimous in their agreement that due to insufficient funds, there are needs and services to which the municipality cannot respond. The following were listed as needs and services to which the municipalities could not properly respond:

- Infrastructure maintenance: Infrastructure is ageing and maintenance levels are low due to limited funds.
- Water provision: Component failure leads to disruptions in water supply in some towns. Municipalities lost up to 50% of their water due to old infrastructure.

- Road infrastructure is deteriorating due to poor maintenance of road-building equipment.
- Rapid electricity cuts are experienced.
- Leakages and overflowing of sewerage systems: Sewerage pump stations and pumps need to be upgraded
- Refuse is collected inconsistently due to an ageing fleet.
- Land must be developed for residential purposes.
- Municipal facilities such as swimming pools must be renovated.
- Water meters need to be installed in newly developed establishments.
- The ageing water and sanitation network must be replaced.
- Street lights need to be installed for security purposes.

Focus group participants agreed that a lack of sufficient resources may result in municipalities' not being able to carry out their mandates. Value for money is critical if local governments want to achieve optimal service delivery. Therefore, all activities should be performed as economically, efficiently and effectively as possible. Poor or sub-standard service delivery can lead to violent protests by residents demanding better services. Alternatively some residents may move to another local government that can provide better services, which in turn will further lower the revenue base in these municipalities resulting in poor municipalities becoming poorer.

Overspending on the previous year's budget

Respondents identified the following as some of the main reasons for the overspending on their budgets:

- under-collection of revenue due to the closing of businesses: the closing of one business may negatively affect as many as 20 households;
- decrease in the budget compared to previous years' budgets; and
- lack of financial stability: absence of a chief financial officer in one of the municipalities.

Focus group participants were of the opinion that limited funds require improved efficiency and effectiveness when it comes to how resources are used by municipalities. The Constitution compels municipalities to provide basic services for which revenue is required. The need for the balancing of competing priorities while providing for the basics implies the need for adjustments by municipalities, better management of limited resources, improved control measures, increased accountability and innovation in finding alternative solutions to delivering services. The aforementioned may assist in the prevention of overspending on the budgets.

Establishing of new businesses over the past three years

According to the respondents, two to five small businesses were established in the respective towns of the municipalities over the past three to five years. These businesses are mainly shops, such as a supermarket and tuck shops, and their combined contribution to revenue generation is limited.

Focus group participants were of the opinion that municipalities can implement strategies and initiatives that will develop a regional economic regeneration in the district. Support should be provided to selected municipalities to review their local economic development strategies in order to be aligned to the provincial growth and development strategy imperatives.

Assistance to municipalities by the national and provincial governments

Respondents were of the opinion that national and provincial government can do more to assist the municipalities. Assistance should be aimed at long-term economic solutions, for example assistance to attract investors who want to invest in projects, or servicing even for business or industrial purposes. Existing opportunities which can be utilised, like the railroad infrastructure, and tourist attractions, like Xhariep Dam, Tussen die Riviere Game reserve, Jagersfontein mine and guest houses in the area; should be promoted.

Participants were of the opinion that national and provincial government can foster discussion at intergovernmental fora that may yield leadership, good management and capacity-building initiatives. As far as the grant system is concerned, national government may include grants such as matching grants that support the effort by municipalities to generate their own revenues. Assistance can also be provided for economic growth and development initiatives that will attract investors to the district.

OTHER FINDINGS

The following general observations emerged from the research:

- All municipalities rely heavily on transfers from national government to provide basic services.
- The Xhariep district is a rural area with very little or no investments, no industries, few economic activities, low levels of economic development, limited job opportunities and high levels of unemployment.
- There are certain services that the municipalities cannot provide due to a lack of sufficient funding.

- Municipalities are in need of more funding but cannot generate more revenue from own sources.

RECOMMENDATIONS

Thus, from the above, specific recommendations emerge:

- It is telling that an important variable of the equitable share is based on demographics. In order to strengthen the equitable share formula, other more tangible variables should be considered, such as the rurality and vastness of the area and the cost profiles for service delivery due to topography, geology and distance from markets.
- National government may consider other grants like matching grants, which support own revenue collection by municipalities as well as development.
- The revenue adjustment factor of the equitable share formula aims to ensure that local governments with limited own sources of income and a consequent low revenue-raising capacity receive funds from this part of the formula. Local governments that are therefore the least able to finance their own income should receive more funding. This portion of the equitable share formula should be increased to provide for poor rural municipalities.
- In view of the low levels of economic development in the regions, it is recommended that both national and provincial governments further assist municipalities in exploiting areas like tourism and SMME development in the region.

CONCLUSION

This article has appraised the effect of intergovernmental fiscal relations on rural municipalities and specifically the equitable share transfers to the municipalities of the Xhariep district. The research was conducted by means of self-administered questionnaires and focus group sessions with selected respondents and participants.

The main outcomes of the study indicate that Xhariep is a rural area with very little or no investments, no industries, few economic activities, low levels of economic development, not many job opportunities and high levels of unemployment. The revenue bases are very small, causing them to rely on transfers from national government to provide services. The study found that local municipalities in Xhariep experience high levels of fiscal stress with the result that they find it increasingly difficult to meet their constitutional obligations.

NOTE

*Mrs M Senago is a researcher in the Free State Provincial Government.

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Facilitation of Trade for Informal Cross-border Traders at Zimbabwe Ports of Entry

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ABSTRACT

Prior to the 18th century, inhabitants of the African continent engaged in trade among themselves in the absence of borders. Trade on the African continent involved migrant merchants who came from other continents. In Zimbabwe, the Economic Structural Adjustment Programme (ESAP) of the early 90s triggered a drastic reduction in employment opportunities and this in turn boosted informal cross-border trade (ICBT). However, trade facilitation measures at the country's ports of entry were seemingly designed to benefit formal trade. This article seeks to highlight and address constraints faced by Informal Cross-Border Traders (ICBTs) within the context of the facilitation of trade at Zimbabwe's ports of entry, and come up with measures to improve informal trade. The study is centred on the theory of sustainable livelihoods which aims to promote robust trade for poverty eradication. Secondary data gathered, mostly from technical reports by international organisations, is used in the study along with primary data collected through a self-administered questionnaire distributed to various categories of traders, including informal traders. The data analysis informed the viewpoint which underpins this article – that though legal; ICBT is unregulated while formal trade is well regulated and tends to conform to legislative requirements. ICBTs can enjoy the benefits of trade facilitation and contribute meaningfully to the country's Gross Domestic Product (GDP) if well integrated into the national economy. The major conclusion of the study, therefore, is that if well regulated, ICBTs can fast track poverty

eradication, promote sustainable livelihoods, and contribute significantly to Zimbabwe's GDP.

INTRODUCTION

There are a number of definitions of trade facilitation. However, this study is confined to a definition which relates to customs procedures at national entry ports. The World Customs Organization (WCO 2007:2) defines trade facilitation as an effort to secure the movement of global trade in a way that does not impede trade. Trade facilitation has the following benefits;

- developing countries become competitive in international trade,
- developing countries attract Foreign Direct Investment (FDI),
- small to medium-sized enterprises find it easier to participate in the economy, and
- developing nations have improved economic growth prospects.

Source: UNESCAP (2013:6).

In this study the views of ICBTs from two of the largest borders in Zimbabwe were obtained through primary and secondary data, leading to a better understanding of the traders. The ultimate objective is to integrate ICBT and trade facilitation for the creation of sustainable livelihoods and the eradication of poverty by means of informal trade.

ICBT refers to the actions of small unregulated entrepreneurs who are engaged in buying and selling. ICBT is generally defined as trade that is legal but unregulated. The unregulated nature of this trade means that it is mostly undocumented, unregistered and unaccounted for in a country's official trade statistics and national accounts (Maimbo, Tania & Nicholas 2010:3).

Despite being unaccounted for, ICBT is referred to as parallel trade which is informal but with implications for the larger national and global economy (Ndiaye 2008:1). In developing countries, ICBT is an important area of study because "...cross border traders make major contributions to the growth of economies in Southern Africa" (Chiliya, Masocha & Zindiye 2012:1). Cross-border trade is important not only because it contributes to the national economy but "...informal cross border trade provides people with a source of income and employment" (Banda 2010:1). It is against this background that the researcher decided to examine the ICBT with the hope of offering solutions for facilitating trade for ICBTs. The major aim of the study is to attain sustainable livelihoods, poverty reduction and economic regional integration leading to improved national economies.

PROBLEM STATEMENT

ICBT is considered as illegal, short term, unorganised, and is associated with difficulties in accessing foreign markets, importing goods, realising significant profits and sustaining economic growth. The government has been unable to record and account for informal trade, leading to a situation where informal trade does not significantly contribute to government revenue collections and is not adequately captured in national trade statistics for planning purposes. It is important to explore the link between trade facilitation for informal traders and poverty reduction through creation of sustainable livelihoods. By and large, informal trade has failed to reach its full potential in contributing reliably to individual incomes and to the GDP of the nation.

CONCEPTUAL AND THEORETICAL REVIEW

This section analyses ICBT within a theoretical and conceptual framework related to two themes. ICBT may be analysed as a form of livelihood for poverty reduction and it may also be analysed in terms of its role in furthering regional economic integration, especially given that opportunities for formal trade are becoming more and more limited.

ICBT contributes to national economies and it is also a means of livelihood; reducing poverty in developing countries. According to the Sustainable Development Goals, extreme poverty should be eradicated by 2030 and trade has a role to play in the eradication of poverty. Within a global economy, trade plays a critical role in ending poverty as markets have become integrated through value chains. National markets cannot be relied upon within a global economy and economic regional integration is important.

The importance of ICBT is measurable against the extent to which it ensures improved livelihoods, poverty reduction and economic regional integration. "For the extreme poor living on less than \$1.25 a day, the central value of trade is its potential to help transform their lives and those of their families" (WB & WTO 2015:13). ICBT plays a major role which is mistakenly underestimated in integrating regional markets in Africa (FAO 2017:1).

The researcher perceives facilitation of ICBT as a poverty reduction strategy through promotion of sustainable livelihoods. A livelihood is sustainable "...if it can cope with and recover from stress and shocks, maintain or enhance capabilities...." (Krantz 2001:1). The purpose of this article is to present ICBT as a source of livelihood which has the potential to reduce poverty levels and also to integrate regional markets. The underlying philosophy of the article is that ICBT should be modelled for the purpose of poverty reduction in a sustainable way so that it can

be a reliable source of income. The research undertakes to make suggestions for building sustainable livelihoods for poverty reduction through the facilitation of informal trade.

The article conceptualises an approach to sustainable livelihoods which is premised on the philosophy that the poor know their situation and should be involved in designing policies for themselves to reduce their own poverty. In view of this fact, the researcher consulted informal cross-border traders through self-administered questionnaires, enabling them to articulate their challenges and opportunities, and to proffer solutions. The objectives of the article are to understand the characteristics of ICBTs; to identify trade facilitation challenges incurred by ICBTs and to come up with recommendations for improved trade facilitation for ICBTs.

METHODOLOGY

An explorative approach was taken to carry out a situational analysis of the state of ICBT in Zimbabwe. The qualitative research examined the challenges of informal traders by reviewing their experiences as far as trade facilitation is concerned. The researcher gathered qualitative data using primary and secondary methods. Primary data was collected using a self-administered questionnaire that was issued to a sample of ICBTs. Documentary sources of data were in the form of texts such as technical reports produced by the World Bank–Doing Business Index and other reports from various international organisations and texts.

The study was based on interviewing traders at two major border posts frequented the most by informal traders; Beitbridge and Chirundu, using the sampling interval technique. From the cargo manifests, the researcher established that on average approximately 1000 informal traders use the two border posts. A sample of 10% was used. The researcher used systematic sampling which involves using a fixed interval (Jawale 2012:187). In this case, every 10th traveller was issued with a self-administered questionnaire.

Beitbridge and Chirundu borders were targeted because they are located within the North South Corridor which is an important trade route in Africa. “Beitbridge is the busiest border on the North South Corridor within the SADC...” (SATC 2014:6). Chirundu is also important because of its One Stop Border Post (OSBP) status.

The first objective of the study was to understand the characteristics and importance of ICBTs within the national economy. This objective was fulfilled through reviewing literature on informal cross-border trade and trade facilitation to gain more understanding of the concepts. Technical reports shed light on the significance of cross-border trade and also on basic characteristics peculiar to ICBT.

The second objective of the study was to identify challenges incurred by ICBTs. To establish these challenges, the researcher identified measures contained

in 12 articles for enhancing trade facilitation that are prescribed by the WTO under the Trade Facilitation Agreement. Using a self-administered questionnaire, the researcher sought to understand the extent to which ICBTs felt that Zimbabwe's customs administration was adhering to the trade facilitation measures prescribed in the 12 articles by the WTO. The questionnaire invited ICBTs to state the challenges which they were experiencing in their trade.

The third objective of the study was to establish solutions to the challenges experienced by ICBTs. After receiving responses pertaining to ICBTs' challenges, the traders were requested to cite the solutions or recommendations to solve the challenges that they had previously identified in the questionnaire. The solutions and recommendations satisfied the third objective of the study.

UNDERSTANDING ICBTS

The most salient characteristic of ICBTs is that the majority are females. Second, they have low turnovers and profits because of limited access to operating capital. The third characteristic of ICBTs is that they are not well represented in the upper echelons of power and are relatively disorganised and incoherent as compared to other traders. They are characterised by their failure to influence policy at national level because they are poorly represented in national decision-making forums. Generally, ICBT is perceived as illegal. The aforementioned characteristics of informal traders make it difficult for them to benefit from formal trade facilitation measures.

The majority of ICBT arises out of the need to diversify household-income earning capacity (Rugube and Matshe 2011:179). "Women have a higher proportion that participates in ICBT because of poverty and food security reasons" (UN-Women 2008:2). A study by Brenton *et al.* in the Great Lakes region reveals that 85% of the cross-border traders interviewed were women; suggesting that the number of women outnumbers men in that line of trade. A baseline survey carried out by UN-Women addresses the issue of profitability in trade across borders from a gender perspective, noting that "...men earn higher incomes than women" (UN-Women 2008:2). According to the baseline survey interviews, the average income for women was US\$341 while that for men was US\$463. Traders with low incomes find it more difficult to absorb trade transaction costs (UNESCAP 2013:6). Traders with low incomes are also overwhelmed by the cost of trade transactions.

ICBTs are mainly comprised of less affluent players who are not as educated as their counterparts from the large companies and medium-sized companies, according to the researcher's findings. ICBTs lack the capacity to articulate their issues. The Elite theory suggests that public policy decisions are influenced by

the governing elite or more influential members of society. The influence of the elite on public policy is significant to policy decisions (Anderson 2003:12). The elite are able to swing trade policy instruments in their favour to restrict the activities of those who are not among the elite while facilitating trade for their benefit. The Zimbabwe Cross Borders Trade Association (ZCBTA) is a less influential organisation, as compared to the Confederation of Zimbabwe Industries (CZI) which has had greater influence on policies. In what has appeared to be a quest to increase industrial capacity utilisation, the CZI has openly supported the import of raw materials, as opposed to finished products which are mainly imported by members of ZCBTA. Informal traders have limited access to decision-making forums and decisions have always been skewed against them. The contribution of ICBTs has been insignificant, especially regarding policies related to trade facilitation. The researcher established that ZCBTA lacks research on capacity building and policy advocacy thereby limiting prospects for research-based development. The ZCBTA is poorly organised and does not have a database of its members; suggesting that it is incapable of disseminating information to all its members. Some of the informal traders expressed ignorance of the existence of ZCBTA, an organ that is supposed to represent them.

ICBT is regarded as less important with informal trade being referred to as parallel trade (Ndiaye 2008:6). The perception that informal trade is parallel trade is also closely associated with the view that ICBT is illegal. However, there is a difference between criminal activities and ICBT. ICBT is a legal activity which deserves to be supported by government policies (Meagher 2003:57).

There is no need for dual categorisation of trade between formal and informal trade (Ndiaye 2008:6). ICBT occurs within a national and global context which includes both formal and informal trade. ICBTs are a part of global value chains and should not be viewed in isolation as they are actively involved in moving goods along value chains. Supply chain models of international trade theory suggest that goods go through different stages within value chains, incurring trade transaction costs which have an impact on the final price of goods (Baldwin & Venables 2013:3). Mhone (1996:7) points out ICBTs cannot stand on their own because the formal sector and informal sector depend on each other since the two support each other.

TRADE FACILITATION CHALLENGES FACED BY ICBTS

ICBTs using Beitbridge and Chirundu border posts face a number of challenges identified by the researcher. The researcher categorised trade facilitation challenges as follows;

- Difficulty in accessing information on customs procedures and regulations

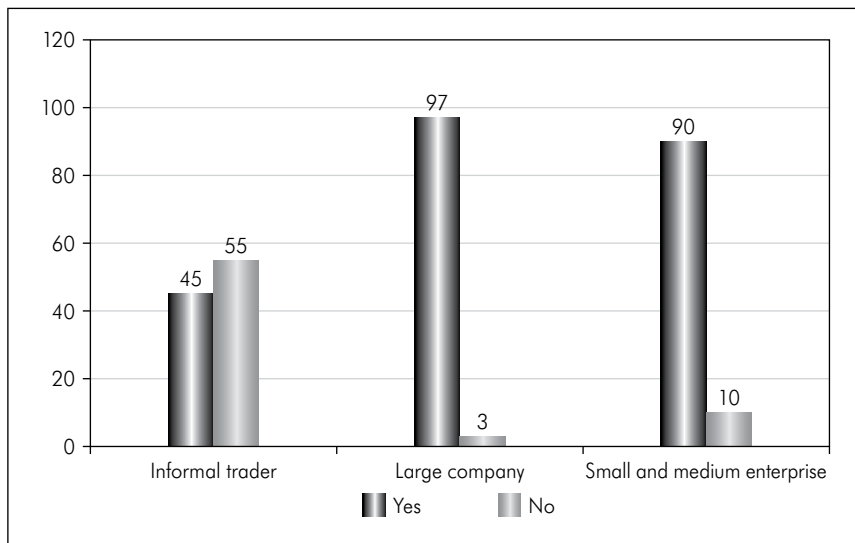
- Lack of uniformity and fairness in customs procedures
- Not being consulted on new and amended policies
- Lack of predictability in outcomes
- High charges
- Absence of coordination among border agencies
- Lengthy arduous processes such as physical examinations and duplicated documentary checks

Access to information

The research established that ICBTs are least likely to access information pertaining to customs procedures. This may be closely linked to their low level of incomes because most of the information is accessed at a cost. The sources of information available are the internet, newspapers, radio, television, notice boards and pamphlets. In order to constantly access the internet where most information is accessed, a trader needs to be connected to the internet. Newspapers are either bought or accessed on the internet at a cost. ICBTs are less prepared to meet these costs.

The figure below shows that informal traders are a category of traders who are least likely to access information from whatever source with only 45% of the ICBTs indicating that they had managed to access information from one or more sources. The more formal organisations can afford internet connectivity, purchase

Figure 1: Availability of Information by Category of Trader



Source: (Author's own research)

newspapers and can also afford to employ compliance officers who are trained professionals capable of understanding and remaining abreast of information on procedures and regulations.

The other reason for lack of access to information may be closely associated with low levels of education. Informal traders have lower levels of literacy compared to their counterparts in the larger formal organisations. The less educated informal traders, who are mostly women, face challenges in understanding the intricacies of regulatory requirements. Accessing information may also be difficult given the gender intensified constraints of the multiple roles played by women in the economy; as producers, workers, traders, home managers, tax payers and users of public services (Higgins 2012:4).

If informal traders are to comply and benefit from regulations, they have to be aware of them. The Swedish National Board of Trade (2003) asserts that it is a common problem in developing countries to access the correct information on procedures and rules.

Article X of GATT highlights the need for transparency which is attained through the publication of information. ICBTs interviewed attested to the fact that they were not constantly informed on issues that have a bearing on trading across borders. The few who accessed information did so mostly through newspapers and the internet. Not many “....countries publish penalties for non-compliance and examples of judicial reviews” (Orliac 2012:83). Findings by the researcher establish that most ICBTs expressed ignorance on review procedures.

It also emerged that ICBTs were unaware of the provisions for advance rulings which may involve submitting a tariff, values, origin preference for a future import so that the customs administration may pre-determine the suitability of the information pertaining to specific goods before the goods arrive. ICBTs demonstrated lack of knowledge in most procedures and the response by most ICBTs was mainly that customs procedures are difficult to understand. This suggests that information is not adequately availed to ICBTs.

UNECE (2012) points out that in order to make cross-border trade predictable, information on laws, regulations, judicial decisions and administrative rulings pertaining to the following attributes identified under Article X of the GATT should be published;

- Tariff classification of goods
- Valuation of goods
- Rates of duty, taxes or other charges
- Restrictions or prohibitions of imports or exports

Availing such information to ICBTs does not only ensure transparency but it also guarantees greater predictability and reliability of procedures which is consistent with article VIII of the GATT.

The Technical Information Desk (TID) at Chirundu port of entry which was specifically for ICBTs now operates in an erratic fashion because it is no longer being funded. The ICBTs using Chirundu indicated that the usefulness of the desk was now limited as it remains unmanned during some periods.

Respondents indicated that workshops and breakfast meetings are held by the Zimbabwe customs administration where information on new developments in tax policies and regulations are discussed. The researcher established that each time a new automated system for processing data is introduced; clearing agents and importers are invited for meetings or workshops with the customs administration. Informal traders are not clear on why they are not invited to the workshops. There were wide ranging responses with some saying that they are not recognised as contributing to the economy, while some stated that informal traders are not organised and it is not easy to assemble them in large numbers. This may be partly true based on the assertion by Muquayi (2015) that there is no register or database containing names of informal traders. In the absence of a database, it is difficult to contact and invite cross-border traders and they end up losing the opportunity to attend informative workshops.

Some cross-border traders who were interviewed pointed out that they were not invited to workshops because most developments and policies are not relevant to them. A recount of most developments by ZIMRA reveals that they are not pertinent to ICBTs. ASYCUDA World, customs data processing system is mainly premised on meeting the needs of formal traders. The uptake of the AEO scheme is confined to large companies, clearly demonstrating that ICBTs have been left out. Informal traders that were interviewed assume that most workshops deal with concepts which are irrelevant to them.

An IMF Fiscal Affairs report encourages Zimbabwe customs administration to provide what is termed "...good quality information" (IMF 2014:5) which is relevant and enables ease of clearance procedures. Respondents in the category of informal traders lamented the high rate at which their goods were being detained because of alleged failure to comply with regulations. Such detentions were attributed to unavailability of reliable information. Generally, it may be concluded that challenges associated with unavailability of information are mostly prevalent among ICBTs.

Lack of uniformity and fairness in the application of rules and procedures

The Zimbabwe Revenue Authority (ZIMRA) has a vision to be an organisation guided by principles of fairness, transparency and integrity (ZIMRA 2016). The vision of the Zimbabwe customs administration is to extend fairness to all traders whether informal or formal. At an international level, Article 114 of the Common

Market of Eastern and Southern Africa, states that there should be an element of quality control in the delivery of services which involves offering uniform service to all traders without being partial. Article 114 of the Treaty proceeds to state that member states shall apply uniform standards and specifications for inspection and testing of goods.

It is worth noting that preferential treatment extended to traders under the Mutual Recognition Policy (MRP) and AEO policy are not enjoyed by informal traders. The research revealed that a few large companies enjoy the AEO facility. Risk management should be strengthened (IMF 2014) and this may be done by risk profiling ICBTs so that the compliant ones receive preferential treatment in the same fashion as the formal traders. Informal traders testified that they are subjected to 100% physical searches. This is contrary to the situation with formal traders whose goods may be risk profiled. Risk profiling according to Widdowson (2005), ensures facilitation of trade because less time is spent clearing goods if there are no physical examinations.

The majority of the participants in the research mentioned the congestion and the poor infrastructure at Beitbridge as an inhibiting factor to trade. This viewpoint concurs with the IMF (2014) Fiscal Affairs report which suggests that development of infrastructure is overdue at Beitbridge border post. Problems related to congestion as a result of lack of adequate infrastructure appear to be hard hitting on informal traders. It was reported during the research that facilities and procedures for processing goods for informal traders are below standard. There is an absence of proper designated areas for carrying out searches for informal traders. Luggage and wares are strewn in an undignified manner on the tarmac during searches. Informal traders have to join a number of queues in order to complete the clearance process. There is one queue for processing of declarations, another queue for physical examinations and a separate queue for making payments. These processes are cumbersome, confounding, and time consuming, especially for novices.

Formal traders have designated areas such as container depots where physical examinations are carried out in dignified and suitable environments. Formal traders also have a designated commercial office which deals with formal commercial clearances. Informal traders do not have any areas designated for their clearances. Informal traders reported that their documents are often checked and goods cleared from a makeshift arrangement, where an officer serves them from a desk set outside on the tarmac, clearly demonstrating lack of appropriate designated facilities.

The process of launching a declaration for formal traders is highly automated and modernised with declarations being electronically submitted on an internet-based system. This is not the case with informal traders whose declarations have to be done at the port of entry and they have to be physically present at the port of entry. The pace of modernisation is skewed in favour of formal traders who

enjoy a number of trade facilitation initiatives. Average release times for commercial consignments are two hours for the release of a bill of entry. But there are no known average release times for goods pertaining to informal traders.

The WTO Trade Facilitation Agreement stresses the need to impose controls and inspections uniformly. The agreement further urges member states to withdraw the control and inspection procedures once the traders are compliant (ITC 2013:11). Customs administrations should operate in a manner that shows confidence in traders rather than suspicion. Any inspection should be independent and objective.

The majority of the informal traders interviewed expressed more satisfaction with the service offered by customs officials at Chirundu port of entry than at any of the other entry ports, giving the impression that there is no uniformity in the service offered by Zimbabwe customs administration. The Swedish National Trade Board explains that the discrepancy in service delivery at different ports of entry may be caused by different interpretations of the same legislation. "A complicated and veiled judicial trade system unavoidably leads to increased room for dubious interpretations of regulations, resulting in costly and discouraging situations...." (Swedish National Trade Board 2003:10). More room for interpretation of regulations creates fertile ground for breeding corruption. Informal traders are more vulnerable to inconsistencies in the interpretation of legislation because informal traders cannot afford professional clearing agents who are proficient in customs clearing procedures and can advise them on their rights.

Informal traders are also vulnerable because they lack equal access to information as their counterparts. Informal traders have to rely on the rudimentary layman's knowledge as they cannot hire professionals. Informal traders are exposed to the caprices of customs officials such that trade for them is not predictable. Discretionary powers of the customs officials are increased by the laxity in the interpretation of legislation, especially when dealing with the less educated and less informed informal traders.

Prior consultation before implementation of new or amended regulations

While it is important to publish new regulations and legislation, it is equally important to consult traders on new or amended regulations prior to implementation. The World Bank Customs Modernization Hand Book (2004) points out that all countries should have a modern legal framework that promotes transparency and cooperation with the private sector which includes informal traders who need to be consulted.

Article 2 of the WTO Trade Facilitation Agreement imposes the obligation on member states to consult traders on any development or new initiatives. It is

further pointed out that consultations are helpful because they allow traders to plan. In July 2016, a statutory instrument known as the Industry and Commerce Statutory Instrument number 64 of 2016 was imposed by the Zimbabwean government. Under the statutory instrument, a permit issued by the Ministry of Industry and Commerce is required for import of specified manufactured goods. Traders were not given any notification prior to the introduction of the statutory instrument leading to a chaotic situation as travellers' goods that were not in compliance with the instrument were seized. Over the years, pieces of legislation were imposed on traders without prior notification. Informal traders who were interviewed indicated that they had not been consulted and the ZCBTA had also not been notified. The situation was compounded by the fact that informal traders mostly deal in manufactured goods for resale as opposed to formal traders, who mostly import raw materials for processing in factories.

UNESCAP (2013) affirms that prior consultation has the effect of enhancing trust and cooperation between government and the private sector. Prior consultation also has the effect of promoting predictability and ensuring that legislation is effective through a consultative process which improves legislation. Traders, informal traders included, should be given the opportunity to offer their input which has the potential to improve legislation. Legislation without sufficient input from stakeholders, according to UNESCAP (2013) is likely to be unacceptable and defective.

Lack of predictability in outcomes

In a significant number of instances, informal trade in Zimbabwe does not take place within the confines of any legal framework. The researcher established that at Beitbridge and Chirundu ports of entry, a significant number of informal traders make use of the travellers rebate which is meant for imports of personal goods valued at US\$200 or less (ZIMRA 2016). The use of the travellers rebate provided in the Customs and Excise Act (Chapter 23:02) amounts to abusing the rebate because it is not meant to cater for goods for resale by informal traders. This places some informal traders in an ambiguous position where they have to negotiate with customs officials making the whole clearance process unpredictable. The informal traders are also subjected to the discretionary powers of customs officials.

Customs officials exercise discretion in determining quantities of goods which are not commercial and may be imported without the payment of any duties or taxes. The customs officials also make a determination on which products are of a commercial and non-commercial nature. These discretionary powers make the outcome of any clearance procedure difficult to predict.

From the research, it was established that a significant number of informal traders are disadvantaged because their operations are not sufficiently supported

and protected by legislation. The unpredictable nature of their trade presents a barrier to trade. The legislation in place is better suited to formal trade.

High import and export charges

“A cross border transaction incurs various services delivered by public or quasi-public agencies mandated to perform the service” (UNCTAD 2011:14). Although these services are necessary for financing the government and the agencies performing the functions, there is the tendency that the charges may be exorbitant. GATT Article VIII 1(a) stipulates that fees and charges should:

- Be limited in amount to the approximate cost of services rendered
- Not represent an indirect protection to domestic products
- Not be a form of taxation of imports or exports for fiscal purposes

Within the Zimbabwean context, government departments such as the Vehicle Inspection Department (VID), Ministry of Agriculture, Ministry of Health and the other agencies tend to charge fees which were described as too high mostly by the informal traders interviewed. The informal traders were of the opinion that the fees were being used as a means to raise government revenue and restrict trade. The idea of raising government revenue through the taxes is in contravention of GATT article VIII 1(a).

Research results show that the turnover of informal traders is relatively lower than the turnover of formal traders, as previously highlighted. The informal traders are, however, subjected to the same fees and costs as the formal traders. Complying with the costs and formalities is a heavier burden for informal traders with lower turnovers than it is for the larger companies with higher turnovers. Imposition of uniform fees and charges, especially for inspections, is unfair for the less affluent informal traders who import very small quantities of low value goods.

Services rendered are of a statutory nature and should not be perceived as means to boost national coffers (UNCTAD 2011:11). The Zimbabwe National Annual Budget for 2010 was characterised by its encouragement of government departments to raise their own revenue to finance operating costs. The then Finance Minister famously instructed government departments to “*Eat what you gather*”. The unintended effect was that government departments hiked their fees pointing out that the fees that had been in place were sub-economic. This thrust distorted the ideal of imposing fees and charges only to recuperate the costs of offering the service. All traders are exposed to these high fees but the informal traders continue to suffer the most due to their low income levels.

In order to import most agricultural products which have relatively high returns, various permits and licences are required from the Ministry of Agriculture, Ministry of Health, Agricultural Marketing Authority, Veterinary Department and

Ministry of Industry and Commerce. All of these permits and licences cost in excess of US\$3000 and expire within a period ranging from six to 12 months. The amount required is too high for an informal trader, taking into consideration the volumes and values of goods that they trade in. This effectively drives informal traders out of the comparatively lucrative business of trading in agricultural products. Informal traders, as a result, mostly trade in cheap electrical goods, household wares and various other low value trinkets. Some even resort to smuggling restricted products such as cooking oil and soap; further exposing them to risk.

The researcher sought to establish if traders were satisfied with the charges at the border post. The informal traders indicated that they were not satisfied with the charges, citing that the charges were exorbitant and beyond their reach. The major reason cited for these exorbitant charges was that most informal trade is subjected to flat rates which impose a 40% duty rate on most products, according to the Customs and Excise Tariff Notice (2012). The 40% duty is specifically for private importations and is relatively high compared to the commercial tariff rates contained in the same statutory instrument. The commercial rates normally used by formal commercial traders are lower and significantly reduce trade transaction costs. A survey by the researcher confirmed that there is need for a tariff reform. A tariff reform entails rationalisation, simplification and reducing the number of tariff bands and regimes. The World Bank's 2007 Global Monitoring Report identifies countries that have realised the merit of tariff reforms. It is reported that traders in all categories whether formal or informal, enjoy the benefits of a simplified and rationalised tariff regime.

Cooperation of border agencies

"At Beitbridge border post, there is no institutional mechanism that provides for accountability in respect of functions of the various government departments and their agencies" (SATC 2014:6). Under the circumstances, the hierarchy of importance among departments and agencies is not clear and none of them can hold the other accountable.

The uncoordinated approach of the departments and agencies increases delays and drives trade transaction costs up. Delays induced by lack of cooperation among agencies often leads to informal traders spending the night in the open at border posts, especially Beitbridge. At least, truck drivers may spend the night in the safety of their vehicles as opposed to informal traders who are mostly pedestrians and spend the night in the open. To worsen the situation, the majority of the informal traders, who are women, report that they are exposed to sexual harassment. They are also exposed to violence and other forms of crime and this leads to some informal traders, especially women, shying away from ICBT. Most ICBTs are of the opinion that the border area is not safe, especially at night.

The non-existence of cooperation among government departments and their agencies at Beitbridge creates confusion, especially for ICBTs who are not accustomed to the procedures. Opportunistic criminals and touts take advantage of the lack of information and confusion by preying on unsuspecting ICBTs who may enquire for directions and guidance pertaining to procedures. This is not the case at Chirundu where all government departments and agencies are housed under one roof and traders can easily see how they should proceed with their clearance formalities from one agency to the next.

The non-cooperation of agencies and non-accountability to each other leads to a situation where even opening and closing times of some government departments are different, thereby disadvantaging traders and at times causing delays.

The Simplified Trade Regime as a tool for facilitating informal cross-border trade

The COMESA Simplified Trade Regime (STR) is a cross-border reform programme and its major aim is to transform and mainstream ICBT into formal trade. (Muquayi 2015:10). It is worth noting that there is a deliberate effort to do away with informal trade. This is because informal trade is largely unaccounted for in national and international statistics, making it difficult to incorporate informal trade in national plans (Maimbo *et al.*:13). The STR aims to transform informal trade into formal trade which may be reported in national and regional statistics for planning purposes.

The other aim of the COMESA STR is to assist informal small scale border traders to access the Free Trade Area with relative ease, as compared to the time when the STR was not in existence. The researcher noted that it is difficult for informal traders to access the SADC market and plans are underway to ensure that the STR facility covers both COMESA and SADC.

It remains a challenge that traders are not able to access the SADC market because the STR facility is restricted to two COMESA countries, Zambia and Malawi, owing to the agreement entered into in May, 2010. Zimbabwe shares borders with Botswana, Mozambique and South Africa and there are ICBTs who do business in these SADC countries but are not able to enjoy the STR facility.

The main attributes of the STR are; a simplified customs document, a list of qualifying goods and a simplified certificate of origin. The STR shortens and simplifies the clearance procedures and allows harmonisation of documents between customs administrations of countries that have entered into agreements. The STR facility allows traders to import and export goods with a maximum value of up to US\$1000, up from the initial US\$500.

The TID at Chirundu is a facility specifically set up to disseminate trade information to ICBTs. The STR facility, through the TID, allows small scale traders to access information pertaining to the clearance of goods, simplification

of processes of procedures and shortening customs clearance times. However, even though processes are simplified, permits and licenses are still required from the relevant ministries and agencies. The permits and licences are expensive and take away a significant percentage of the profits realised by informal traders whose turnover is low. In this regard, the STR fails to address the challenge of exorbitant fees which threatens the viability of informal trade.

The other challenge faced by informal traders who utilise the STR facility is that the US\$1000 value for imports and exports is presumed to be too low for viable commercial operations. Trade transaction costs incurred by informal traders cannot be absorbed by a turnover that is realised from a paltry gross amount of US\$1 000.

Responses from more than 50% of the informal traders indicate that they are unaware of the existence of the STR facility. This may point to the fact that the facility has not been adequately publicised. Other perceptions from informal traders are that the STR facility is deliberately not publicised since it leads to the reduction of duties and a decrease in revenue collected by the customs administration.

The STR facility has its advantages. However, it does not address some previously discussed problems associated with informal traders such as the limited opening hours of Chirundu port of entry which is not open for 24 hours as is the case at Beitbridge port of entry. Clearance of goods for traders may not be completed at times because of the limited opening hours. Under such a scenario, problems such as harassment and exposure to theft and violence, especially for female informal traders, remain unresolved despite the STR facility.

As previously mentioned, customs officials enjoy a lot of discretion allowing varying interpretations of legislation which may lead to lack of predictability and abuse of the rights of traders. The STR facility is also subject to a wide range of interpretations. Traders indicated that officers from the Zambian Revenue Authority were known to deny origin preference where it will have been endorsed by Zimbabwe Revenue Authority officers. It was anticipated that, with the inception of the STR facility, discretionary powers of officers would be curtailed, giving way to predictable processes. The STR facility has not fulfilled that expectation.

The researcher established that some border agencies and government departments displayed ignorance of the STR facility and did not offer adequate support for the facility to be effective. This was particularly so with the police and state security agents who were reported to have queried duty free clearances done under the STR facility in an apparent display of ignorance of the facility.

Integrating trade facilitation into ICBT in Zimbabwe

Trade facilitation of ICBT can adopt a variety of approaches based on local analysis of informal trade instead of pursuing foreign models. An innovative approach to adopting trade facilitation in informal trade is to explore the experiences of ICBTs

and to focus on building solutions that are more relevant to the Zimbabwean context. Most of the trade facilitation schemes are alien to the context of informal trade in Zimbabwe and this may compromise the effectiveness of the measures. The value of the study is its quest to understand the problems in the Zimbabwean context.

The approach of analysing sustainable livelihoods for poverty reduction is distinctive because it is done from the perspective of the poor who are the ICBTs. Trade facilitation measures in Zimbabwe are mainly based on the WTO Trade Facilitation Agreement. The measures are mainly tailor-made for formal enterprises. Most of the modernisation and automation efforts have mainly benefitted formal enterprises. The only measure that has been specifically for ICBTs which is home-grown has been the STR. This portrays the fact that most of the efforts for trade facilitation have been aimed at formal trade while neglecting informal trade. The study seeks to refocus trade facilitation efforts and measures on informal trade and also to adapt these measures to the Zimbabwean context.

The research examines the operations of informal traders, identifying their challenges and exploring solutions to the problems from the perspective of the informal traders. The researcher employed some innovation to the theory of sustainable livelihoods for poverty reduction by concentrating on the perspective of the informal traders who are most knowledgeable about their problems and are most likely in a better position to offer practical and effective solutions within their context.

As policies are formulated, it is important to avoid generic policies which are not specific to the nature of the trader. The tendency has been to view trade facilitation mainly in the context of formal enterprises. The study is based on the understanding that prescriptions for trade facilitation are context-specific and should also be centred on the affected. ICBT has specific characteristics identified in the study such as lack of capital, relatively lower levels of education, domination by women and lack of coordination. These characteristics have a bearing on the nature of trade facilitation measures to be implemented.

The article is premised on the fact that ICBT has peculiar characteristics that call upon public administrators to be sensitive to the needs of informal trade. Literature, particularly from multilateral or international organisations, tends to assume a blanket approach to trade facilitation without looking at particular groups such as informal traders.

Recommendations of the research took into consideration the characteristics and challenges of informal traders when integrating trade facilitation with ICBT.

CONCLUSION

It may be inferred that informal trade is important as the formal economy continues to shrink. Generally, it is justifiable to conclude that ICBT is confronted with

a number of constraints making it important to identify the challenges and also to make recommendations for improving ICBT.

Informal trade is important for developing countries and ICBTs need to be supported so as to ensure that their contribution to national economies is increased. Special efforts need to be implemented for ICBTs since they are not similar to formal traders.

Trade facilitation efforts by ICBTs are severely challenged because most policies are not tailor-made for informal traders. In the study it was discovered that most trade facilitation initiatives do not specifically address the plight of ICBTs. The government and customs administrators should, therefore, have informal traders in mind when policies are made by consulting and being sensitive to their particular needs.

Facilitation of trade for ICBTs cannot be studied in isolation as it is intricately interwoven with gender studies since both men and women are found in the trade and are differently affected by trade facilitation efforts, according to gender.

RECOMMENDATIONS

The recommendations are based on the need to promote the elimination of obstacles to informal trade in a manner that ensures profitability and sustainability of ICBT. This is with a view to achieving outcomes that would contribute significantly to poverty reduction and promote access to wider markets through enhanced regional economic integration.

In the study, it was discovered that informal traders do not have access to information pertaining to clearance procedures. The Zimbabwe customs administration should embark on a vigorous campaign to educate informal traders by including them in seminars. It is recommended that ZIMRA and other agencies should engage the ZCBTA with a view to establishing the most effective communication lines. The onus also lies on ZCBTA to formulate a database of its members and regularly communicate with them. The UNDP approach to sustainable livelihoods emphasises the importance of getting input from the affected poor people since they are the ones who are knowledgeable as far as their disadvantaged position is concerned. Good communication lines will enable access to information which may contribute to effective solutions.

When the government comes up with new or amended legislation, it should identify who will be most affected and find alternative means of ensuring that the information reaches the affected population, instead of gazetting and publishing information in acts of parliament prior to notification of the affected parties.

Informal trade is often perceived as an illegal activity. Informal traders need support for them to comply and the perception needs to be changed because

some of them desire to be compliant. Facilities such as the AEO status or MRP need to be conferred on informal traders who have a history of being compliant. The practice of conferring the status on formal traders in the large companies' category is not fair and lacks transparency.

The study revealed that besides the STR facility which is only operational at two borders, there is no legal framework supporting ICBT. ICBTs mostly abuse travellers' rebates. There is need to extend the STR facility to SADC countries and also increase the import and export threshold to as much as US\$5000.

Memoranda of understanding among border agencies need to be signed where roles, responsibilities and accountabilities will be spelt out and this will go a long way in fostering a coordinated approach at ports of entry.

Border agencies need to work closely together, communicating directly, instead of communicating through traders. The OSBP concept will go a long way in enhancing joint operations and improving infrastructure.

Fees charged by border agencies need to be rationalised so that they conform to the requirements of GATT article VIII.

Efforts to facilitate ICBT should be made on two levels; national and regional level. As previously pointed out, ICBT promotes regional integration and it should also be undertaken at regional level. Regional economic integration through ICBTs should be strengthened through bilateral and multilateral agreements that cater for informal trade.

Finally, the researcher encourages local studies on trade facilitation as they are likely to yield information that is more useful in assisting informal traders within the Zimbabwean context. The researcher is of the opinion that a deeper understanding of characteristics and problems of informal traders is key to improving their plight and that of the nation.

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Critical Analysis of the Viability of the UN Peacekeeping Principles in Complex Emergencies

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ABSTRACT

A complex emergency can be defined as a humanitarian crisis which occurs in a country, region, or society where there is a total or considerable breakdown of authority resulting from civil conflict and/or foreign aggression; a humanitarian crisis which requires an international response which goes beyond the mandate or capacity of any single agency. This article evaluates the viability of the United Nations (UN) peacekeeping operations in complex emergencies in terms of its adherence to the principles of impartiality/ neutrality, consent and the non-use of force except in self-defence situations. Particular attention is given to the characteristics of the complex emergencies, and the changing nature of conflicts. The article uses examples drawn from the different cases of UN peacekeeping in failing and failed states in Africa and beyond. The article concludes that it is unreasonable to expect UN peacekeeping operations to adhere to the principles of consent, impartiality and non-use of force except in self-defence in cases of complex emergencies. A qualitative research approach was used to arrive at these assertions.

INTRODUCTION

Since the inception of the UN, peacekeeping operations have been one of its methods of stopping and resolving violence and bringing about peace and security in conflict affected countries during the Cold War era and in its aftermath in the 1990s. For over a decade, the UN peacekeeping operations have traditionally adhered to its three core principles namely consent among the parties to the conflict, neutrality and impartiality, and non-use of force by UN personnel except in cases of self-defence. It

is vital to note that the UN was established immediately after the end of World War II for the purpose of saving the next generation from the scourge of war (UN Charter 1945). For this reason, the UN was mandated to ensure the maintenance of international peace and security among its member states. Chapter VI of the UN Charter advocates the use of peaceful settlement of conflicts such as mediation, negotiation, arbitration and good offices in order to restore peace and security (UN Charter 1945). Paradoxically, peacekeeping is not mentioned in the UN Charter, its roots are in chapter VI of the same Charter, which concerns peaceful settlement of disputes (Thakur and Albrecht 2001:39). Thakur further says that usually, peacekeeping forces aim to contain and stabilise volatile regions and interstate conflicts until such time as negotiations have led to signing of peace agreements (Thakur 2006:39).

In its practical terms, peacekeeping is based on the trinity principles of consent, impartiality and the use of force only in self-defence (Tsagourias 2006:22). These principles are also reaffirmed in the Brahimi Report (2000).¹ The same report highlights that the “consent of the local parties, impartiality and use of force only in self-defence should remain the bedrock principles of peacekeeping”.² These principles were introduced by the UN secretary-general in relation to the United Nations Emergency Force (UNEF) in 1957, the first peacekeeping operation, but they have been constantly affirmed and reaffirmed in UN documents or academic definitions of peacekeeping (Tsagourias 2006:22). Reflecting the changing nature of modern conflicts; UN peacekeeping operations expanded not just in numbers but also in the nature and scope of their missions (Thakur 2006:39). Today, peacekeeping operations have ambitious mandates that go beyond their traditional monitoring role and peacekeeping forces; they are now deployed in situations of complex emergencies.

Normally, in situations of complex emergencies, there has been a distinction between the military and the non-military domains. This is an approach that is built upon the principles of international humanitarian law that makes a distinction between combatants and non-combatants, protecting the latter from the attacks.³ However, in the cases of failing and failed states coupled with the changing nature of conflicts from that of interstate to intrastate or intercommunal that emerged after the end of the Cold War, to distinguish combatants involved in militia groups and innocent civilians has been difficult. Bassiouni argues that following the end of the Cold War, contemporary conflicts have changed their nature, actors and geographical centre of gravity (Bassiouni 2008:2). Tripodi and Wolfendale note that in the post-Cold War era, new wars are depicted as involving, besides states forces, non-state and irregular forces and state-recruited irregular armies (Tripodi and Wolfendale 2011:11). The other actors in these new wars come from the local communities; these include insurgent groups, criminal gangs, diaspora groups, ethnic parties, and mercenaries as well as irregular armies (Tripodi and Wolfendale 2011:11). Irregular forces such as guerrillas, insurgency groups and terrorists mostly target civilian populations directly or indirectly within

the communities through such tactics as ethnic cleansing attacks, terrorist attacks, hostage taking, systematic rape, hiding among civilian populations and the use of human shields (Tripodi and Wolfendale 2011:11).

Understandably, the above reasons make it impossible for the UN in its mandate of maintaining international peace and security to leave innocent victims at the mercy of the mass killings that might lead to genocide. Therefore, it is unreasonable to expect UN peacekeepers to adhere to principles of consent, neutrality and impartiality, and the use of force only in self-defence, in situations of complex emergencies. The aim of this article is to critically attempt to define the emergency complex situations, on one hand and on the other hand, to closely assess the viability of the UN trinity principles of peacekeeping operations in those perilous situations. Hence, the research question this article seeks to answer is whether it is still rational to expect UN peacekeepers to adhere to the principles of UN peacekeeping, namely consent of the warring parties; impartiality or neutrality of the UN peacekeeping forces; and the use of force only in self-defence.

In order to achieve the aim and answer to the research question, this article is divided into three thematic parts. In the first part, attention is paid to the definition of complex emergency situations, and then the threats these situations pose on the international peace and security. The second part is focused on defining the term peacekeeping and assessing both its historical context and its current practice in the emergency complex situations in an effort to help resolve violent conflicts. The third part is focused on discussing the UN peacekeeping principles, namely impartiality, consent, and non-use of force. The focus is also on the application of these UN trinity principles in times of complex emergency situations. The discussion is by and large drawn from the examples of cases of complex emergencies where the principles have been applied. To conclude, this article affirms that it is not reasonable to expect UN peacekeepers to adhere to the principles of UN peacekeeping when sent to help resolve a crisis in complex emergency situations.

DEFINITION OF COMPLEX EMERGENCIES

Complex emergencies are those “situations in which on top of everything else, vital aspects of society and the economy, the state and the government, are in disorder and at risk. Hundreds of human lives are being lost. It is a totally unclear situation and hard to know whether the war is civil or territorial, or whether a faction is a civil or a military or a political entity” (Apthorpe 1997:89). Furthermore, the UN Office for the Coordination of Humanitarian Affairs (UNOCHA 1999) defines a complex emergency as a “humanitarian crisis in a country, region or society where there is total or considerable breakdown of authority resulting from internal or external conflict and which requires an international response

that goes beyond the mandate or capacity of any single agency and/or the ongoing United Nations country program” (UNOCHA 1999:4). In this light, complex emergencies can be viewed as any situation in which people’s lives, especially vulnerable ones, are at such risk that extraordinary actions are urgently required to ensure their survival, protection and well-being.

It is vital to note that complex emergencies are generally characterised by (1) the extensive violence and loss of life; massive displacements of people; widespread damage to societies and economies; (2) the need for large-scale, multi-faceted humanitarian assistance; (3) the hindrance or prevention of humanitarian assistance by political and military constraints; and (4) significant security risks for humanitarian relief workers in some areas (UNOCHA 2000). This means that a complex emergency is any situation in which the lives and well-being of the population are at such risk that extraordinary action, like urgently required action beyond that routinely provided, must be mobilised to ensure their survival, protection and well-being. As evidenced in the above definitions, complex emergency situations may also be created by natural or technological disasters, epidemics or conflicts. An overlapping feature of the above definitions is that of a severe disruption of family life and community services that overwhelms the normal coping capacities of the affected people and society.

One can see that complex emergencies are essentially political in nature and can erode the cultural, civil, political and economic stability of societies, particularly when exacerbated by natural hazards and diseases such as HIV and AIDS, which further undermine livelihoods and worsen poverty. UNICEF distinguishes three main types of emergencies, namely “(1) sudden disaster emergencies, (2) slow onset emergencies and complex, (3) conflict-related emergencies” (UNICEF 2015). This means that complex emergencies are characterised by extensive violence and loss of life, gross human rights violations, and massive displacement of people, widespread damage to societies and economies, and state failure or lack of central government. This argument is captured by Thakur who argues that newer complex emergencies lead to the collapse of state structures, humanitarian tragedies caused by starvation, disease or genocide, large-scale fighting and slaughter between rival ethnic or bandit groups, horrific human rights atrocities, and the inter-mingling of criminal elements and child soldiers with regular forces (Thakur 2006:39). Zartman argues that in this situation of complex emergencies, structure, authority (legitimate power), law, and political order have fallen apart (Zartman 1991:1).

DEFINITION OF THE UN PEACEKEEPING

Peacekeeping has become one of the functions for which the UN has become well-known, with the blue helmets of its forces patrolling areas in different parts

of the world, monitoring the observance of commitments made by conflicting sides to peace and stability (Habte 2011:8). Osmancavusoglu defines UN peacekeeping as an operation involving military personnel, but without enforcement powers, established by the UN to help maintain or restore international peace and security in areas of conflicts (Osmancavusoglu 1999:1). Tsagourias argues that UN peacekeeping may be viewed as “a political mechanism that uses military means to create the conditions that will facilitate parties to settle their differences or, alternatively, it may be viewed as a military instrument that pursues military objectives and solutions using its physical authority” (Tsagourias 2006:18). Muzafer argues that UN peacekeeping refers to “UN-led international activity that involves the interposition of military personnel in units between conflicting groups, either to stop violence or to prevent it” (Yilmaz 2005:15). In this context, UN peacekeepers were established to help stop deadly wars and create a platform to enable peaceful means such as mediation or negotiations to take place in order to find mutual political solutions between the conflicting parties. In this manner, therefore, UN peacekeeping was seen as helping resolve conflicts which were considered to threaten peace and security in the international community.

Today, this definition could change because of the changing nature of modern conflicts and complex emergencies that pose threats to international peace and security. Contemporary threats to international peace and security include transnational organised crime; drug trafficking/illicit drugs; money laundering; illegal arms-trafficking; man-made and natural disasters; illegal movement of nuclear and chemical, biological and other potential deadly materials. For instance, the UN Security Council noted the threats posed by drug trafficking and organised crime in the emergence of conflicts in places such as Afghanistan (Res. 1817/2008 and 1890/2009), Haiti (Res. 1892/2009) and Guinea Bissau (PRST of 15 October 2008 and 5 November 2009).⁴ These threats required both military personnel and civilians (Humanitarian interventionists) to help deal with them. In this context, peacekeeping is hence understood as the use of military personnel, police and civilian forces deployed in complex emergencies to help the affected population deal with any threats to peace and security, restore and reconstruct the government capacity, and prevent any recurrence of the conflict in communities within the state.

EVOLUTION OF UN PEACEKEEPING OPERATIONS

The idea of forming the UN originated with four powerful victors of World War II namely: China, United Kingdom (UK), United States of America (USA) and France. The main point is that the UN is based on the realism theory which

understands might and power to be the basic principles in the international relations of world politics. Guéhenno the Under-Secretary-General for Peacekeeping Operations, in his report on peacekeeping operations, argues that the UN Charter was signed in San Francisco immediately after the end of the World War II, on 26 June 1945 and remains the foundation document for all the UN work (UN Peacekeeping Operations report 2008:13). Tsagourias argues that peacekeeping operations were built up by the UN after the failure of the collective security system, which required cooperation of the major states, envisaged in the Charter (Tsagourias 2006:11).

It is highlighted that the UN Charter was established to “save succeeding generations from the scourge of war” and one of its main purposes is to maintain international peace and security (Tsagourias 2006:11). It is worth mentioning that the UN Charter is mandated to use any available means to make sure that there is no outbreak of political insecurity that would likely compromise the lives of the next generation. If there is, the UN is mandated to apply any means to prevent such and bring back stability among the world citizens. For this reason, the UN peacekeeping operations, though not mentioned in the UN Charter, were established to help the organisation carry out its mandate.

Furthermore, Tsagourias (2006:12) notes that peacekeeping, although not explicitly provided for in the Charter, has evolved into one of the main tools used by the UN to achieve this purpose (Tsagourias 2006:12). In the UN peacekeeping operations history, its practice started in 1948 three years after the establishment of the UN when conflict in the Middle East became unbearable. The theory and practice began in 1948 when the first UN military observers were deployed to the Middle East (Tsagourias 2006:11). It can be argued that UN peacekeeping operations were established during the Cold War era (an ideological war which erupted between USSR and USA, the two superpowers by then) and these operations have continued even in the post-Cold War era. Habteselasse notes that the UN, which was conceived as a harmonising centre at its creation in 1945 became an ideological battle ground between the East dominated by the Soviet Union and the West led by the USA (Habte 2011:2). This in turn hampered the mission and goal of the organisation.

The goal and purpose was necessarily limited to maintaining ceasefires and stabilising situations on the ground, so that peaceful means such as arbitration, adjudication, and mediation efforts, to name but a few, could be given the first priority of finding mutual political solutions to the conflicts among and within the states. Muzafer argues that until the collapse of communism in the late 1990s, there were only 13 UN peacekeeping operations, most of which concerned conflicts that had arisen after European decolonisation (Yilmaz 2005:15). Therefore, because war remains endemic in human society, one can argue that peacekeeping operations evolved when the UN was still in its infancy.

More specifically, UN peacekeeping operations evolved as an alternative solution to the unbearable situations of conflicts which seemed to be difficult to deal with through peaceful means like mediation, negotiation and good offices as articulated in the UN Charter. Therefore, it became obvious that peacekeeping operations would serve as an alternative means to help the UN achieve its mandate and mission of maintaining international peace and security in world politics. Roberts argues that peacekeeping is often referred to as a “Chapter 6-and-a-half” activity, meaning that it fell somewhere between Chapter 6 (on the Pacific Settlement of Disputes) and Chapter 7 (on Action with Respect to Threats to Peace, Breaches of the Peace, and Acts of Aggression) (Roberts 1996:298). More significant, the UN Charter does not include a working definition of peacekeeping operations. Therefore, this lack of definition causes trouble about the limits of peacekeeping, but at the same time provides a wide capacity for peacekeeping to deal with different kinds of threats to international peace and security (Tzagourias 2006:11).

Undoubtedly, to maintain international peace and security, peacekeeping operations remain one of the most important works undertaken by the UN. However, its activities involve an enormous financial burden and the use of military forces coming from different countries (Habte 2011:2). As Habteselasse correctly puts it, the UN does not have a standing army; therefore, it relies on the willingness of its member states who agree to send troops. In order to distinguish UN peacekeeping troops from other troops, the organisation has become well-known, with the blue helmets of its forces patrolling areas in different parts of the world, monitoring the observance of commitments made by conflicting sides to peace and stability (Habte 2011:2). Nevertheless, it remains a controversial issue, pitting errant governments and their supporters against those who favour intervention for political or humanitarian reasons (Habte 2011:2). As seen in the cases of Rwanda in 1994; and Darfur in 2010, UN member states could not agree whether to deploy peacekeeping operations; thus genocide and massacres claimed lives of many in the face of the UN.

Speaking of the structure of the UN peacekeeping operations Habteselasse states clearly that as a rule, peacekeeping operations are established by the Security Council (Habte 2011:2). It is worth mentioning that the UN Security Council is the organ designated by the Charter as primarily responsible for the maintenance of international peace and security; the financial aspects of peacekeeping, on the other hand, are the responsibility of the General Assembly (Habte 2011:2). The Security Council Resolutions made by five permanent states detect the breach to peace and security in world politics, and establishing peacekeeping forces defines the mandate of the force, including enforcement measures, and where humanitarian assistance is one of the objectives, to establish in the area of operation a secure environment for assistance (Habte 2011:2).

UN PEACEKEEPING PRINCIPLES AND COMPLEX EMERGENCIES

The principle of impartiality or neutrality

In times of political unrest, impartiality means not taking sides with warring parties, and/or the act of non-discrimination and proportionality. It was earlier explained that the idea of a peacekeeping force intervening in a country in order to stabilise a conflict area was developed in the Security Council in response to the Suez crisis in 1956 (Krasno 2004:18). It was considered crucial that the UN acted impartially since some of the permanent members of the Security Council were involved in the conflict (Mingst and Karns 2007:7). When the UN Emergency Force was established in 1956, the principles of neutrality and impartiality were reaffirmed (Krasno 2004:19). The idea that the UN should be neutral and impartial was strongly emphasised during the Cold War, when tension between the two superpowers, the USA and Russia, created conflicts regarding peacekeeping around the world (Boulden 2005:42). Impartiality was then regarded as important in order to maintain cooperation between the superpowers in the Security Council (Mingst and Karns 2007:7).

Resolution 46/182 of the UN General Assembly (1991) talks about humanitarian emergency assistance and claims that humanitarian assistance must be provided in accordance with the principles of humanity, neutrality and impartiality. The UNOCHA report argues that in a humanitarian crisis the UN peacekeeping operation has to be impartial regarding the civilians and all the victims of violence, that is, to treat them equally, without any discrimination regarding which they are (UNOCHA 2000:3). Here the argument is that impartiality is built on the essential idea that everyone is equal and has the right to assistance and help when they are suffering. Tsagourias argues that no matter what side of the conflict civilians belong to and what political, religious or ethnic groups they belong to, they are seen as inherently equal and entitled to the same rights (Tsagourias 2006:18). He further says that impartiality is an important value of the UN (Tsagourias 2006:18).

However, UN peacekeeping operations today are involved in a variety of activities of complex emergencies besides strictly humanitarian relief work. There is an increasing need to deal with underlying causes of conflicts and to engage in conflict prevention and conflict resolution and transformation (Donald 2002:12). In some highly politicised conflicts around the world it is especially difficult to follow the principles of neutrality and impartiality (Tsagourias 2006:19). This means that in highly complex emergency cases such as Somalia, where there was no central government to work with, the principle of impartiality becomes very difficult and impossible to follow. Donini, Minear and Walker argue that the crisis in Iraq is another example of a conflict where the lines between humanitarian and

political action have been blurred and consequently affected the principles of neutrality and impartiality (Donini, Minear and Walker 2004:26).

The report of the panel on United Nations peace operations (the Brahimi report) in 2000 states that impartiality for the UN must mean adherence to the principles of the Charter and to the objectives of a mandate that is rooted in those Charter principles (UN General Assembly, A/55/305, 2000:9). This report claims that when one of the parties to a conflict or to a peace agreement is violating international law, the UN Operations cannot continue equal treatment but must take action to prevent further violations. Former Deputy Secretary-General, Luis Frechette claimed that the UN cannot be impartial between those who respect international, humanitarian and human rights and those who grossly violate it (UN, DSG, SM/242 2005:10). This means that in the cases of complex emergencies, the UN Security Council mandates might not be seen to adhere to the principle of impartiality. Nevertheless, this impartiality will particularly depend on the nature of the conflict. Anderson argues that there are a lot of grey areas where impartiality is problematic and where it is not possible to act according to the principle of impartiality due to the political nature of the conflict (Anderson 2005:56). The former UN Secretary General Kofi Annan, criticises some of the UN peacekeeping operations in the 1990s, such as in the case of genocide, when he says that impartiality does not mean and must not mean neutrality in the face of evil (Annan 1999:43). He continues, arguing that there can be no standing aside, no looking away, no impartiality—there are perpetrators and there are victims, there is evil and there is evil's harvest (Annan 1999:43). The argument is that in complex emergencies UN peacekeeping missions find it impossible to adhere to the principle of impartiality.

The principle of consent

The principle of consent is closely connected to the principle of impartiality. When there is no consent the principle of impartiality becomes difficult. Consent works in situations where there is a central government. Tsagourias argues that before the UN peacekeeping forces are deployed, the host state's consent plays an important role (Tsagourias 2006:19). He continues by arguing that in view of the principle of sovereignty and non-intervention, the deployment of a peacekeeping force within a state and its presence and operations therein are subject to that state's consent because otherwise Article 2(7) of the UN Charter will be violated. In the absence of consent, such deployment will constitute unlawful intervention (Tsagourias 2006:19). Tsagourias points out that the host state's consent has been a constant feature in PKOs (Tsagourias 2006:20). The most illustrious example that affirms this argument is UNEF I, which was deployed on Egyptian territory following the Suez crisis, with Egypt's consent because Israel did not agree to have the force deployed within its territory (Tsagourias 2006:21).

It is important to note that when Egypt revoked its consent in 1967, the UNEF I was immediately withdrawn.⁵ Similarly, in the same line of argument, when Croatia requested UNPROFOR's withdrawal, it was replaced by UNCRO, a smaller operation⁶ and when Rwanda revoked its consent, UNAMIR was terminated (Tsayourias 2006:3). This means that, host state consent is paramount. However, in situations of complex emergencies such as Somalia and the like it should be known that at first the UN Operation in Somalia I (UNOSOM) forces were sent into Somalia during the time when there was no central government, no rule of law and order. Hence, during this time, to adhere to the principle of consent became problematic. Thakur and Schnabel argue that within collapsing states there are rival warlords, thugs, factional leaders, paramilitary forces, and even criminal groups, none of whom is bound by the UN Charter, let alone international humanitarian laws; they do not care about either nor do they have any reason to respect them (Thakur and Albrecht, 2001:218). Also, Muhammad and Rehman argue that in the case of intra-state conflicts and failed states the picture is complex, it is difficult to identify all parties and obtain their consent (Latiff and Rehman 2010:237).

The question to ask is where could this consent come from? Tsayourias argues that as far as the UN Security Council is concerned, it can organise peace-keeping operations by relying on Chapter VII of the UN Charter which recommends member states be obligated to abide by and carry out the said decision (Tsayourias 2006:22). In this case, host state consent does not give legal effect to the UN Security Council's decision but permits the deployment of the force within a particular state (Tsayourias 2006:22). For example, the Secretary General reminded the Congolese authorities that the relationship between the UN and the government of the Republic of Congo is not merely a contractual relationship. It is rather a relationship governed by mandatory decisions of the Security Council (Tsayourias 2006:19). The article argues that consent of parties to UN peacekeeping in times of complex emergencies is difficult to follow, and cannot be applied as past experiences show us the miserable massacres and calamities that occurred whenever UN peacekeepers tried to follow this principle. For example, the UN's inaction in the early months of the Somali famine because of the absence of any Somali governmental consent was later deemed a mistake (Thakur and Schnabel 2001:219).

The principle of use of force in self-defence

The principle of use of force only in self-defence is also closely linked to the principle of consent and impartiality. In the situation of complex emergencies, where the application of the principles of consent and impartiality become difficult, UN peacekeepers mostly enter by force for the purpose of rescuing and protecting

people's rights. The use of decisive force is an essential element, if not the key element, for a military force if mission objectives are to be achieved. Yilmaz argues that non-use of force of UN peacekeepers, at times, made peacekeeping forces ineffective thus leading to massacres and ethnic cleansing in many places in the world (Yilmaz 2005:16). As observed in Cyprus in 1974 and in Lebanon in 1982, the adherence of UN peacekeeping to the principle of non-use of force except in self-defence hampered UN peacekeepers to prevent the breakdown of order and subsequent foreign invasions. Equally, in Rwanda in 1994, due to the adherence to the principle of non-use of force except in self-defence by UN peacekeepers; this principle made it impossible for the UN peacekeepers to stop the internal crisis which eventually culminated in ethnic cleansing that claimed thousands of people's lives.

The general rule for the use of force, only in self-defence, in peacekeeping operations is purposed to protect and respect the sovereignty of the host states where the armed UN peacekeeping troops have been deployed. Though, it seems to be narrow, it is however, adequate for the operation because the UN troops are charged to maintain a ceasefire on a front line between two orderly armed forces (Cox 1999:27). The typical case of complex emergencies where the UN peace operations found it impossible to adhere to the use of force only in the self-defence situation is the ONUC peacekeepers in Congo. Cox argues that due to the disorder and violence in Congo, it became evident that "ONUC could not achieve its objective of halting the civil war whilst it was limited to the use of force within the confines of 'personal self-defence'" (Cox1999:27). Therefore, the increase of violence led to the Security Council authorising ONUC to take "all appropriate measures to prevent the occurrence of civil war in the Congo, including arrangements for cease-fires, the halting of all military operations, the prevention of clashes, and the use of force, if necessary, in the last resort" (Sloan 2007:385).

Furthermore, Chapter VII allowed the peacekeeping force UNOSOM I established by Resolution 751 (1992) to take military enforcement measures to consolidate, expand and maintain a secure environment throughout Somalia (UNSC, Res 814/26/ March/ 1993). The mandate was later expanded by Resolution 873 (1993), when UNOSOM II was authorised to take all necessary measures against all those responsible for the armed attacks against it and to establish effective authority throughout Somalia including arresting those responsible for inciting such attacks (UNSC, Res 814/26/ March/ 1993). Here, one can see that these two UN resolutions on Somalia, UNOSOM I and UNOSOM II assumed a coercive nature. UN peacekeepers operated independently from the consent of all concerned parties and abandoning the restricted use of force to cases of self-defence, resorted to military enforcement methods. Langford argues that UNOSOM II applied military enforcement which on several occasions degenerated into serious attacks on local militias (Langford 1999:237). Similarly, Sutterlin argues that the

UN Security Council decided that the human tragedy caused by the conflict in Somalia constituted a threat to international peace and security and authorised the member states “to use all necessary means to establish as soon as possible a secure environment for humanitarian relief operations in Somalia” (Sutterlin 1995). In order to justify this use of force, the UN Security Council considered the humanitarian crisis in Somalia a threat to international peace and security, justification which was supported by the use of enforcement measures under Chapter VII of the Charter (Frederking 2007:41).

In complex emergencies where the state had failed, the heart of the matter is the coercive nature of the UN peacekeeping operations. This implies a fundamental shift from the logic of peacekeeping to the logic of war. As long as military coercive operations are restricted to neutralising unorganised groups, or are tolerated by concerned parties, the force may continue to carry out a peacekeeping operation. When military enforcement measures are directed to one or more belligerent parties, however, the UN peacekeeping operation assumes a hostile nature (UNSC, Res 814/26/ March/ 1993). Somalia serves as a recent case in which armed forces of UN peacekeepers have been granted all the measures to rescue people from the slavery of militia groups through the use of force. Furthermore, AMISOM (African Mission in Somalia) peacekeepers backed by the UN and USA had entered Somalia and carried out severe forceful operations fighting openly against the militia groups of Al-Shababb (an Arabic name that means youth) in the entire state. This is because Somalia, which was once a failed state, threatened regional and international security and peace. For this reason, the use of force became necessary for the UN peacekeepers to restore peace and security in Somalia and the entire region.

CONCLUSIONS

In the present social scientific literature, it has been viewed that during complex emergencies, to adhere to the UN peacekeeping principles is difficult. Nonetheless, the argument of this article is neither to allow nor justify the UN peacekeepers not to adhere to the UN peacekeeping principles. This is because there are some cases where the principles of consent, impartiality, and non-use of force are required to be upheld. In the cases where there are interstate conflicts (examples include the current rivalry between China and Japan over the South Island) the UN peacekeeping principles still are reasonable and should be adhered to. In cases where there is a functional government, the UN peacekeepers must adhere to its principles. For example, in the internal conflict in Burundi, fuelled by ethnicity and marginalisation, UN peacekeepers were accorded consent from the then government, and they were able to adhere to the other two principles; impartiality and non-use of force, from their arrival on Burundi territory to their

departure. Their presence and their adherence to the principles helped the mediation which was taking place in Arusha to resolve the conflict under the chief mediator former president of South Africa Nelson Mandela, and later, Jacob Zuma who was by then the vice president of South Africa; to succeed. As UN peacekeepers were seen to be impartial, the rebel movements and government soldiers trusted them and thus a constitutional government in Burundi was restored.

However, in the cases of complex emergencies where there is no central government, this article argues that UN peacekeepers find it difficult to adhere to the UN peacekeeping principles. Tsagourias argues that modern peacekeeping operations often have coercive powers in situations of complex emergencies where there is a defined enemy of international society against whom the force is used, operation is neither impartial nor neutral, use of force is a central instrument, a solution is imposed by using force and it does not require any consent from the state (Tsagourias 2006:4). Therefore, it is not reasonable to expect UN peacekeepers to adhere to the principles of consent, impartiality, and use of force only in self-defence in times of complex emergencies.

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NOTES

- 1 Report of the Panel on United nations peace Operations of 21 August 2000, UN Doc.A/55/305, S/2000/809 (hereinafter referred to as Brahimi Report). The SC welcomed the report, affirmed its principles and urged action to implement it in SC Res 1318 (2000) and SC Res 1327(2000).
- 2 Ibid. para. 8
- 3 UN Office for the Coordination of Humanitarian Affairs
- 4 Threats to international peace and security: concept paper in preparation of the briefing by the executive director of UNODC
- 5 Report of the Secretary-General on the Withdrawal of the United Nations Emergency Force, U.N., GAOR, 5th Emergency Special Sess., Annex, Agenda Item 5, U.N. Doc A/6730 (1967); Higgins, *supra*, pp. 361–362
- 6 Letter dated 12 January 1995 from the Permanent Representative of Croatia to the United Nations addressed to the Secretary-General at 4, UN Doc. S/1995/28 (1995); SC Res 981 (1995)

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Oversight Role of Parliament and the Management of Public Finances in Uganda

A Financial Approach

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ABSTRACT

The oversight role of Parliament is a contested but fundamental concept in the structure of managing public finances in democratic counties. This article attempts to analyse key issues in terms of Parliament's oversight role and managing public finances in Uganda. Uganda has been implementing PFM reforms since the beginning of the 1990s. Despite remarkable improvements in many areas, there are still numerous challenges regarding the effectiveness and efficiency of government spending and the quality of service delivery using government funds (Ministry of Finance, Planning and Economic Development 2011:34). The article uses a mixed-method approach to provide contextual insight into the practical institutional obstacles that the Parliament of Uganda faces as an oversight institution. Furthermore, the article argues that the weaknesses in the structural and institutional framework exacerbate the many challenges the Parliament of Uganda faces in terms of its oversight role.

INTRODUCTION

Managing public finances refers to collecting sufficient resources from the economy in a proper manner, along with allocating and using these resources efficiently and effectively to constitute good financial management (Kivumbi 2013:70 and Okello 2012:29). Public financial management (PFM) covers the processes and institutional arrangements (stakeholder roles and responsibilities) involved in planning, budgeting, managing and reporting of both financial and non-financial public-sector resources (*Public Expenditure and Financial Management Handbook* 2012:19). In this article, the management of public finances is measured in terms of the budget formulation, budget execution, accountability and reporting.

For the purposes of this article, an understanding of the concept ‘accountability’ is necessary. Accountability can be seen as a key concept in financial management and is central to managing finances within the public sphere. Traditionally, accountability meant “being answerable for one’s behaviour or actions” (Van der Walldt, Van Niekerk, Doyle, Knipe and Du Toit 2002:264). Visser and Erasmus (2002:365) explain the concept of accountability as, “Relating to the obligation to account for responsibilities conferred to an individual, and covering the full range of resources under the control of institutions and includes performance accountability”. Therefore, accountability refers to an administrative authority’s legal obligation to report to, and reason on, its functioning to other organs that have the right to give effect to its responsibilities (Majam and Du Toit 2017:66).

Within the context of PFM, the broader view of accountability in financing reporting is more relevant. In general, the broader definition is applicable to both private and public institutions. However, one can argue that public institutions’ financial affairs create more public interest than that of private institutions. For this reason, the wider definition of public accountability seems to be more appropriate in financial management within the public sector. Importantly, managers in the public sector are all accountable for their decisions and actions, including the financial implications or consequences that these decisions may have (Majam and Du Toit 2017:66).

To maintain accountability within government, financial control is necessary. Financial control is required so that public funds are not misused, as well as to ensure that financial transactions are recorded in a transparent manner. A distinction can be drawn between external and internal control. With external control, institutions outside the organisation exercise control. In turn, internal control refers to exercising control measures by responsible units and persons from inside the relevant institution (Majam and Du Toit 2017:66).

External control deals with the “control exercised by the legislators at the conclusion of the financing process” (Cloete 1998:207). Within the national sphere of

government, it is Parliament that has to accept responsibility for all financial transactions that public executive institutions have to incur. To ensure that Parliament is held accountable, the Legislature provides for a structuring framework where organisational arrangements are put in place to implement various financial functions. Furthermore, it prescribes work procedures to be followed when managing public finance.

Parliament is the only authority that can approve the allocation of funds for national government departments. Therefore, the highest and final authority for public income (revenue) and expenditure is vested in Parliament. In addition to approving the respective budgets, Parliament has the opportunity to evaluate budget objectives to ensure that they are in line with citizens' needs. Parliament's oversight role refers to its legislative duty to monitor public entities' financial planning, spending and accountability measures (Killick 2013:78).

CONCEPTUALISING PUBLIC FINANCE MANAGEMENT IN UGANDA

Undeniably, PFM underscores all government activities (Basheka 2012:45). As such, this article assesses the influence of Parliament's oversight role in managing Uganda's public finances.

Uganda has been implementing PFM reforms since the beginning of the 1990s. While recent assessments show impressive improvements in many areas (Kivumbi 2013:23), numerous challenges remain. Particular challenges relate to the effectiveness and efficiency of government spending and the quality of service delivery using government funds (Ministry of Finance, Planning and Economic Development 2011:34). Government has launched a new PFM strategy to address these challenges (Uganda PFM Reform Strategy 2011/2012–2016/2017).

The strategy aims to implement financial reforms such as improving the participation of citizens and civil society groups in managing finances to guarantee full compliance to existing laws (Muzaale 2013:43) and to sanction public officials who divert public funds (Okello 2013:40). Institutions such as Uganda's Office of the Auditor-General (OAG) and the Inspector General of Government have tried to ensure they work hand-in-hand with the public and civil society organisations (CSOs) to ensure effective PFM (Muzaale 2013:49). However, government has not supported the various partners to help refine and streamline PFM reforms and systems. Notably, the reforms aim to improve predictability in releasing funds to end-users, as well as increase the participation of citizens and civil society groups (Ochieng 2016:56). This particularly relates to determining how the funds should be spent, improving procurement planning and management, ensuring timely follow-up on all audits and inspecting findings (Kivumbi

2013:34), improving record keeping in public administration bodies and increasing awareness of the PFM legal framework (Ministry of Finance, Planning and Economic Development 2011).

Despite reforms, Kivumbi (2013:76) maintains that many gaps concerning managing public funds in Uganda remain. Public sector entities are characterised by gross breaches of financial regulations, misappropriations, improper use of government assets, missing vouchers, large-scale diversion of funds, long-term reconciled and irreconcilable accounting figures, inflated payrolls, extensive failure to collect revenue and debts, as well as the fact that important financial decisions are made with little regard to their effects (OAG Reports, 2011/2012, 2013/2014, 2015/2016).

Corruption in Uganda is widespread and is seen as one of the greatest obstacles to the country's economic development (Gibbins 2014:57). Along with widespread corruption, limited transparency and accountability threatens both access to, and quality of, public services (Kivumbi 2013:81). Citizens view corruption as a severe and growing problem. However, the political will to address this seems to be lacking, which poses a true challenge to implementing the proposed reforms (Kasozi 2010:76).

There are growing cases of financial irregularities in many of Uganda's public institutions (Auditor-General's Report 2012). Massive public funds are misappropriated resulting in low levels of social services being rendered to the country's citizens (Mugambwa 2014:23). Several other cases involving financial malpractices in the public sector have been reported in the media (World Bank Report 2010). These cases of financial malpractices relate to fund embezzlement and misappropriation (World Bank Report 2009).

In Uganda, procurement is one of the government sectors most vulnerable to corruption (Basheka, Oluka and Tumutegyeize 2012:34). The extensive funds spent through procurement, along with the high levels of bureaucracy often involved in such processes, provide opportunities for rent-seeking behaviour (Kivumbi 2013:58). As such, one of government institutions' key goals is to increase the effectiveness, efficiency and transparency of public procurement systems to improve procurement performance.

Despite recent reforms, such as regular audits of public institutions and placing more emphasis on procurement planning and management, public procurement remains a complex and vulnerable area for corruption in Uganda. Furthermore, procurement performance has been affected by a lack of effective reporting systems, procurement agencies' poor record management and a failure to investigate and punish corruption (Inspectorate of Government 2011).

Despite the rules in place, findings from value-for-money audits conducted by the Auditor-General show that Uganda's procurement processes have many flaws (Kasozi 2010:33). For instance, the audits reveal that, in many cases, there

is a lack of adequate needs assessments and widespread wastage of funds. Furthermore, audits reveal that procurement is often carried out outside pre-established procurement plans; contracts are signed without confirming the availability of funds; and bidding processes are often manipulated to limit the number of bidders (Inspectorate of Government 2011:45). Another common corruption scheme in the procurement sector is where the public official deliberately delays planning to justify emergency processes, which are often carried out with limited or no competition (Magezi 2016:15).

Due to these common irregularities and weak legal structures, the OAG has found it challenging to examine the accounts of the Ministry of Finance, Planning and Economic Development (MoFPED) thoroughly (Kivumbi 2013:67). As extensive public funds are misappropriated, the quality and level of social services rendered to citizens have been affected (Mugambwa 2014:23). The Public Accounts Committee (PAC) has reported cases of fund misappropriation (Kivumbi 2013:13). The PAC is a committee of selected members of Parliament that has been mandated to audit the revenue and expenditure of the Government of Uganda (PAC 2015). The PAC is re-elected every five years and includes no more than 30 members (Okello 2012:34). The Chairperson is always a member of the opposition. Its chief function is to examine the audit report of the Comptroller and the Auditor-General (CAG) after it is submitted to Parliament for review (PAC 2015). Moreover, it has been found that the PAC does not review the audit reports on time. Although the audit reports for the 2015/2016 financial year have been published, they have not yet been examined by the PAC, which causes a backlog in audit functions (PAC Report 2015).

According to the Parliamentary PAC Report (2015:42), the Ugandan Government has lost trillions of shillings through embezzlement. This is contradictory to the institution's responsibility to instill a culture of good financial management to guard public funds, among other things (Okello 2012:45).

Several other cases of financial malpractices within the public sector have been reported in the media (World Bank Report 2010). Notably, cases of financial malpractices mainly revolve around embezzlement and fund misappropriation (World Bank Report 2010). Although these may not be conclusive, they provide an indication of the extent to which Ugandan finances are mismanaged. Audit institutions have failed to report some cases of funds misappropriation and the culprits have not been brought to book (World Bank Report 2010). Even in cases where funds were spent and not accounted for, the reports delayed exposing such inefficiencies and they were merely referred to the concerned audit structures (World Bank Report 2010).

As far as managing Uganda's public finances are concerned, the Parliament of Uganda, along with the PAC, the Inspectorate of Government, the Police, Judiciary and the OAG play an oversight role.

METHODOLOGICAL APPROACH

A cross sectional survey research design was adopted, as it provides a systematic, factual and accurate description of the subject under study. As noted before, the article applied a mixed-method approach by triangulating quantitative and qualitative research methods. A sample of 140 respondents was drawn from a population of 178. This included 30 members of Parliament's PAC, 10 officials from the OAG, 10 officials from the Inspectorate of Government, 20 officials from Civil Society organisations and 108 members of the public (opinion leaders).

Quantitative data was generated from the surveys. As part of the deductive process, an interview guide was developed, piloted, refined and updated throughout the course of the empirical work. Interviews were conducted in a guided conversation style and most interviews were carried out face-to-face. However, certain interviews were conducted telephonically, as busy respondents were more prepared to find time for telephone interviews in their schedule.

Data was analysed using the Statistical Package for Social Scientists (SPSS) program. The researcher applied regression analysis to test the degree of relationships between the study variables. Qualitative data was analysed using both thematic and content analysis.

EMPIRICAL FINDINGS

The findings revealed that Parliament does not examine the reports that various public entities send on time. Furthermore, interview findings revealed that Parliament has not examined reports on irregularities relating to PAC meetings and the frequency of recesses throughout the year in a timeous fashion. The aforementioned results are in line with a study by Muzaale (2014:56), which found that the PAC does not examine audit reports on time. In line with the above, one research respondent noted that: "Cases of deliberate witch-hunt and bribery groping the committee and infighting within the committee with some members has slowed down the process of examining the reports on time". In doing so, the PAC has missed the target. Some members of the PAC have also been linked to corruption, with reports indicating that they are bribed, a factor which explains delay (Muzaale 2013:56).

Notably, audit reports for the 2015/2016 financial year have been published. However, they have not yet been examined by the PAC, which causes a backlog in auditing functions. Regarding the aforementioned results, Kivumbi (2013:45) states that the existing auditing structure delays bottom-up communication, as there is a three-year turnaround time from the time an audit report is submitted and discussed to when the PAC takes action. A PAC member, who

was a respondent in the current research, noted that, “The existing backlog in Parliament is due to the many commitments PAC has and yet the number of sittings of the committee are few. This has affected the operations of PAC towards preventing the mismanagement of funds” (Interview Kampala 2015).

Olupot (2016:34) highlights that Parliament is responsible for the audit process, including the committees’ respective roles in reviewing audit reports. Similarly, it was observed that Parliament emphasises effective follow-up procedures to ensure that audit recommendations are implemented.

However, Okalany (2015:45) points to a number of reasons why the PAC has not exercised its oversight function. Okalany (2015:56) states that committee members’ sub-standard levels of qualification and experience negatively affects the PAC’s performance, as some members lack the skills to read, understand and interpret the audit and financial documents presented to the committee. This problem stems from failure to constitute the committee members based on good qualifications.

To remedy this skills gap, Ochieng (2016:67) recommends that PAC members’ appointments should be based on professional competence and experience. Furthermore, the regulatory framework should be overhauled; the timeframe for submitting financial and audited reports, and review by the PAC, should be strictly in line with the Constitution of the Republic of Uganda, 1995; and non-compliance should be punished.

Mugambwa (2014:45) states that, where there is no internal reformative committee in place, the PAC and civil society put external pressure on government to be more transparent and accountable. In line with this, study findings revealed that the 10th Parliament of Uganda has not maintained effective oversight of government’s finances through the PAC, as many had expected at the start of President Yoweri Museveni’s fifth term in power. President Museveni’s term, which will come to an end in 2021, labelled, *Kisanja Hakuna Mukyezo*, can be translated in English as “A term where there is no mercy for thieves who steal public money” (Mugambwa 2014:45). Parliament continues to harass and subpoena anyone it chooses during investigations of those who appear before the PAC. However, Parliament is yet to launch workshops to familiarise members with the scope, approach and methods of auditing procedures

Uganda’s legislative framework is sufficient to bind government to adhere to good audit and financial management principles. Kakuba (2013:56) states that gaps are still evident, despite the fact that Parliament emphasises effective follow-up procedures to ensure that audit recommendations are implemented.

The Constitution of the Republic of Uganda, 1995, gives the Auditor-General the power to audit the accounts of, or appoint auditors for, government statutory corporations, commissions, authorities, agencies and other bodies, as established by an Act of the National Assembly. However, due to the OAG’s limited staff

corps, it is impossible to audit over 800 public entities within a year. This lag time is exacerbated when the PAC fails to examine the handful of generated reports on time.

Although the OAG cannot directly appoint auditors for statutory corporations, it is expected to provide such corporations with a list of qualified practitioners from which the bodies are expected to appoint their external auditors (Ochieng 2016). In view of the alleged cases of malpractice in certain state corporations, Muzaale (2013:45) suggests that the Auditor-General takes full control of auditing these corporations or be allowed to appoint the auditors that will be 100% permanent and functional in these institutions.

As noted earlier in the article, Kivumbi (2013:55) states that this oversight role is tapered, since scheduled sessions to review OAG reports do not take due cognisance of other role players' schedules. For example, review meetings are scheduled when Parliament is in recess.

In relation to Parliament's mandate, Kakuba (2013:31) states that the oversight role is lacking. Hence, there is a need to streamline processes. Although the Parliament of Uganda is divided into committees and specialised oversight committees to supervise independent investigative bodies, these committees' roles should be scrutinised. In addition, government departments, agencies and Bills should be strengthened and supported. This creates what Kivumbi (2013:78) describes as "shadow oversight roles". Indeed, the oversight role remains a challenge. This could be attributed to Parliament's delays in examining documents forwarded by PFM institutions such as the OAG.

Three respondents cited that Parliament is lax in acting on the OAG's audit recommendations. Given that the PAC lacks the mandate to initiate independent investigations, it has not been particularly active in its oversight role (Tendo 2016:87). As such, the PAC is dependent on the OAG. A case in point is where Parliament failed to act when the pension scam case reached a dead end after police and the judiciary initiated the case at the beginning of 2013 (Muzaale 2013:23). The authors of this article support the observations by Muzaale (2013:23) that, at times, Parliament has failed to be proactive about high-profile cases, such as the 2013 pension scam.

In the current research, 60% of respondents revealed that Parliament has an obligation to support the various audit institutions. In line with this, Magezi (2016:58) notes that the Inspector General of Government (IGG) needs to be vested with more power to prosecute the 'big fish' without any interference. A case in point is where former IGG, Justice Faith Mwendha, failed to prosecute the perpetrators in the *Temangalo* corruption scandal where the National Social Security Fund (NSSF) lost billions of shillings.

The survey's findings reveal that political influence in government matters have hampered the fight against public fund mismanagement. In the current study, one

member of the PAC revealed that the 10th Parliament of Uganda has to create a committee that will directly support the country's auditing functions. Regarding the aforementioned, Kakumba (2016:87) raises an important question: If existing committees in Parliament (including the PAC) are failing, what unique role will the audit function structure committee perform?

Current research findings revealed that mechanisms exist for committees to obtain information from the executive to exercise their oversight function. On the contrary, the Parliamentary Service Commission (PSC) (2014) states the mechanisms for oversight committees to obtain information from the Executive are not clearly defined. The oversight committees do not have adequate power to request and receive responses on the Executive's actions on recommendations. However, sometimes they receive reports from the Executive on actions taken based on the Executive's discretion. Okalany (2015:34) highlights that the Executive should respect Parliament's recommendations. Kivumbi (2013:13) argues that Parliament's powers are derived from the Rules of Procedure for the Parliament of Uganda, the Constitution of the Republic of Uganda, 1995, as well as the Budget Act and the Access to Information Act.

While Okalany (2015) agrees with the aforementioned recommendation, PAC members who were interviewed argue that there is a need to streamline existing laws, so that they are in line with Parliament's mandate. Furthermore, these respondents call for legislative amendments to strengthen these powers. As such, there is need for follow-up mechanisms to ensure that committee mechanisms are implemented. Seabright (2006:42) states that, in general, parliaments are responsible for oversight. In the case of the Ugandan Parliament, this oversight function starts with the PAC. Parliament's primary scrutiny function entails whether government funds are spent appropriately, as well as to control reports on taxation and revenues. Usually, parliamentary engagement with the budget has several stages (Naluwairo 2013:23). First, Parliament votes on public funds, after which it monitors budget execution. Finally, Parliament considers whether budget implementation complied with its wishes.

Parliament scrutinises the economic value-for-money, efficiency and effectiveness of public spending and generally holds the government and its civil servants accountable for delivering public services with financial resources (Schiavo-Campo and Tommasi 2009:56). Committees' mandates have changed in line with delivery models for public services. To make the most of taxpayers' money, mandates have spread beyond government departments to examining public bodies and private companies that provide public services (Ruthrock 2007:34).

On the contrary, the researcher has found that the PAC has been reduced to a toothless watchdog. Various authors are of the opinion that the fault lies at the door of the government. They state that politicians in power and bureaucrats have developed a personal stake for secrecy, shying away from accountability to

Parliament and the people. Despite examples of misappropriation of state funds, many go free because they are well placed in political circles.

A research respondent who supports the aforementioned view states that: “I am surprised that the present Public Accounts Committee has appeared to be impotent in discharging the responsibilities of the nation and there ought to be no excuses for that, why should the corrupt appear before PAC and after left free”. This might explain why the PAC reports remain on the shelves year in and year out. Robinson and Peter-Stella (in Muzaale 2013:34) state that, “Governments have perfected the art of treating parliamentary committees as sinecures and their reports as documents to be consigned to the dust-gathering morgue of secretarial shelves”. As such, ministers and bureaucrats are not inhibited by the thought that the PAC would be questioning them about any profligacy on their part (Kivumbi 2013:44).

According to Muzaale (2013:47), it is unfair that East African governments treat parliamentary committees as unimportant addendums. Given the many topics legislators have to handle, the author blames Parliament for being sluggish in handling issues tabled before it. This is supported by Okello (2012:31), who states that, as Parliament has several matters to deal with; members take their time to deliberate on issues relating to the management of public finances. This is exacerbated by irregular parliamentary sittings, which undeniably slows down the process of examining OAG reports on managing public finances

Table 1: Regression analysis for the relationship between ‘the oversight role of Parliament’ and the ‘management of public finances’

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	0.512 ^a	0.262	0.214	0.51018
a. Predictors (Constant), oversight role of Parliament				

Table 1 provides the *R* and *R*² values. The *R* value is 0.512, which represents the simple correlation and, therefore, indicates a moderate degree of correlation. The *R*² value indicates to which extent the dependent variable, ‘management of public finances’ can be explained by the independent variable ‘oversight role of Parliament’.

The standard error of the estimate is .51018 and the adjusted *R*² value is 0.214. Therefore, the adjusted square value of 0.214 implied that ‘oversight role of Parliament’ predicts the ‘management of public finances’. In other words, the management of public finances is dependent on the oversight role of Parliament by 21.4%.

Table 2: Analysis of variance showing the results on the relationship between the ‘oversight role of Parliament’ and the ‘management of public finances’

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.360	1	0.360	1.385	0.242 ^a
	Residual	30.453	117	0.260		
	Total	30.813	118			
a. Predictors: (Constant), oversight role of Parliament b. Dependent Variable: management of public finance						

Source: (Primary data 2016)

Table 2 represents the degrees of freedom associated with the sources of variance. The total variance has $N-1$ degrees of freedom. The regression degrees of freedom correspond with the number of coefficients estimated at minus 1. Including the intercept, there are five coefficients, so the model has $5 - 1 = 4$ degrees of freedom.

The Error degree of freedom is the df total minus the df model: $118 - 1 = 117$. The mean square is the mean squares, the sum of squares, divided by their respective dfs . The F-statistic is the mean square (regression), divided by the mean square (residual): $0.360/0.260 = 1.385$.

In testing the null hypothesis that all the model coefficients are 0, the p-value is compared to some alpha levels. The full model is not statistically significant

Table 3: Summary statistics showing the coefficient for the ‘oversight role of Parliament’ and the ‘management of public finances’

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Standard Error	Beta		
1	(Constant)	2.579	0.192		13.429	0.000
	Oversight role of Parliament	0.061	0.052	0.108	1.177	0.242
a. Dependent Variable: management of public finance						

Source: (Primary data 2016)

($F = 0.380$, $df = 118$, 1 , $\text{sig.} = 0.242$), even though the 'management of public finances' was statistically significant ($p > .05$) by itself.

The value for this table had total degrees of freedom of 118, as four observations had missing data and were not included in the analysis. The other degree of freedom corresponds to the intercept (constant) of the regression line. F-statistics is 1.385 and, given the strength of the correlation, the model is statistically significant ($p > .0005$).

As per the SPSS statistics generated, the equation ($Y = \beta_0 + \beta_1 \times 1 + \beta_2 \times 2 + \beta_3 \times 3 + \beta_4 \times 4 + \epsilon$) becomes: $Y = 2.579 + 0.061 \times 1$. The above regression equation has established that taking all factors into account (adoption of an oversight role of Parliament), constant at zero for 'effective public fund management' will be 2.579.

The findings also show that, taking all other independent variables at zero, a unit increase in the scores of the 'oversight role of Parliament' would lead to a 0.061 increase in the scores of 'effective public fund management'. At a 5% level of significance and a 95% level of confidence, processes show a 0.242 level of significance. Overall, the 'oversight role of Parliament' had the greatest effect on 'effective public fund management' ($\text{beta} = .108$).

The focus is on three predictors: Whether they are statistically significant and, if so, the direction of the relationship. The average class size (oversight role of Parliament, $b = .061$) is significant ($p = .242$), but only just so, and the coefficient is positive which would indicate that larger class sizes is related to management of public finances.

The effect of 'oversight role of Parliament' ($b = .061$, $p = .242$) is significant and its coefficient is positive. This indicates that, the greater the systems, the higher the management of public finances. For example, the standard error of the strength coefficient is 0.052. A 95% confidence interval for the regression coefficient for strength is constructed as (0.061 ± 0.052) , where k is the appropriate percentile of the t distribution with degrees of freedom equal to the Error df from the ANOVA table.

The t-test for systems equals 1.177, and is statistically significant. This implies that the regression coefficient for the 'oversight role of Parliament' is significantly different from zero. Note that $(1.177)^2 = 1.385$, which is the same as the F-statistic (with some rounding error).

The coefficient for the 'oversight role of Parliament' is 0.061. This implies that for a one unit increase in the 'oversight role of Parliament'; we would expect a 0.6.1 unit increase in *api00*. As such, for every one standard mark increase in the 'oversight role of Parliament', the model predicts an increase of 0.061 which is the same as a 6.1 score. The constant is 2.579, which is the predicted value when the 'oversight role of Parliament' equals zero.

The results in table 4 show that the 'oversight role of Parliament' explains 0.333 of the variation in management of public finances (adjusted $R^2 = 0.333$). The R

Table 4: Regression summary of ‘oversight role of Parliament’ and ‘management of public finances’

Management of public finances	Standardised β	Sig. P
Oversight role of Parliament	0.199	0.006
Adjusted R ² = 0.333, F = 1.385, p = 0.000		
a. Dependent Variable: Management of public finances		

Table 5: Summary statistics showing the test of between subject effects

Tests of Between-Subjects Effects					
Dendent Variable: management of public finance					
Source	Type III of Squares	df	Mean Square	F	Sig.
Corrected Model	29.740 ^a	111	0.268		
Intercept	659.111	1	659.111		
Legal framework	4.804	8	0.601		
Institutional framework	5.486	15	0.366		
Oversight role of Parliament	0.460	8	0.058		
Legal framework* Institutional framework	0.000	0			
Legal framework* Oversight role of Parliament	0.000	0			
Institutional framework* Oversight role of Parliament	0.000	0			
Legal framework* Institutional framework* Oversight role of Parliament	0.000	0			
Error	0.000	0			
Total	916.302	112			
Corrected Total	29.740	111			
a. R Squared = 1.000 (Adjusted R Squared = .)					

value is 0.012, which represents the simple correlation and, therefore, indicates a moderate degree of correlation.

The R^2 value indicates to which extent the dependent variable, 'management of public finances' can be explained by the independent variable. Therefore, the adjusted square value of 0.333 implies that the 'oversight role of Parliament' predicts the 'management of public finances'. In other words, 'management of public finances' is dependent on the 'oversight role of Parliament' at a value of 0.333.

The regression model was good/ significant ($F = 1.385$, $p = 0.000 < 0.05$). The 'oversight role of Parliament' ($\beta = 0.199$, $p = 0.006$) significantly positively influenced 'management of public finances'. The magnitudes of the respective betas suggest that the 'oversight role of Parliament' positively predicted 'management of public finances'.

In relation to the results in table 5, the p value of 0.000 is less than the standard α of 0.05. This suggests significant differences between the means listed in the table. Raising the α level however, would allow the researcher to accept the alternative hypothesis of equality between means.

According to the values in the 'genre' row of this table, and based on the standard α of 0.05, subjects in the three independent variable categories do not have significantly different recall of characters ($F = 0.00$, $p = 0.000$). They do, however, have significantly different recall of the story's setting ($F = 0.00$, $p = 0.000$) and plot ($F = 0.000$, $p = 0.000$). The differences in these dependent variable scores provide a mathematical explanation for the differences in canonical variate scores.

While calculating the results, the analysis considered differences in the management of public finances in the three independent variable conditions. Hence, the designation of a Type III Sum of Squares value in the 'Tests of Between-Subjects Effects' table.

DISCUSSION

The Constitution of the Republic of Uganda, 1995, gives Parliament budgetary oversight powers. For instance, it has mandated Parliament to manage and approve the country's annual budget, while the Legislature has to approve supplementary budgets once in a while. However, due to the Legislature's interference, Parliament has to dance to the Executive's tune. Ramkumar and Shapiro (2010:97) note that the budgetary process mirrors the nation and reflects planned and actual revenue and expenditure. Conversely, a prior study by Thomas and Robert (2008:41) states that an unplanned budget might not reflect the true and planned expenditure and revenue.

When handling financial management, Parliament has to abide by established laws. Despite having many members who are not accountants, the PAC has failed

to seek the services of legal and financial experts to help crack down on malpractices. Hendrick and Hendrick (2011:57) point to the absence of personnel with the required skills, knowledge and financial experience within the ranks of the PAC. The authors ascribe this situation to an absence of established laws and guidelines on who can be members of the PAC.

The PAC's inability to take decisive action to implement recommendations is because the Ugandan Constitution does not confer on the Legislature any powers to enforce decisions. The study by Hendrick and Hendrick (2011:51) states that previous research on government financial decision-making and financial condition analysis relied mainly on single or multiple case study analyses on Parliament's role, with a specific focus on the PAC. However, Tanzi (2008:75) looks at the PAC from the point of view of how it examines the OAG's reports.

Parliament has overseen public finances at all levels. For example, it has reviewed and approved annual budget estimates, approved the establishment of public funds, as well as monitored budgets and public finances and related matters. Furthermore, it has approved the budget policy statement (BPS) and the Budgetary Review and Outlook Paper (BROP). Concerning Parliament's oversight role; Rakner, Mukubvu, Ngwira, Smiddy and Schneider (2011:32), state that Parliament approves the allocation of public funds, as well as monitors budgets and public finances and related matters.

As part of its oversight role, Parliament has the power to establish an emergency fund and has taken responsibility for macro-economic policy formulation and management. It has often formulated economic and financial policies in co-operation with other spheres of government. According to the findings in the PAC Report (2013) Parliament relates well with CSOs in Uganda (PAC Report 2013). CSOs attend sittings and, to some extent, have been whistleblowers on corrupt acts of government officials. They also sensitise the public to parliamentary activities. Where Government delays to take appropriate action on the recommendations made by the PAC and CSO, they hold public demonstrations and debates that place more pressure on the Executive.

The research highlighted that Parliament does not examine the reports sent by the Auditor-General on time. In line with this, Magezi (2016:23) similarly noted that audit reports of the 2014/2015 financial year have been published, but not yet examined by the PAC, which causes a bottleneck in auditing functions. The existing audit structure delays bottom-up communication and there can be a turnover time of up to three years from when an audit report is submitted and discussed to when the PAC takes action (MoFPED 2015). In line with this, Hendrick and Hendrick (2011) note that, although parliaments emphasise effective follow-up procedures to ensure that audit reports are examined on time, this may not be the case in developing nations, such as Uganda. As such, systems should be put in place and procedures should be followed to ensure that audit reports are examined on time.

CONCLUSIONS

In its oversight role, it was found that Parliament has ensured transparency, accountability and sound management of the revenue, expenditure, assets and liabilities of all public institutions. Parliamentary systems have redressed the budgetary imbalance of power and promoted transparency between the Executive and the Legislature. Public transparency has also become more prominent.

The research has found that Parliament has provided systems to encourage the simplification of procedures and transparency. This has helped make budget forecasts easier to understand and more credible. Although it has proved to be slow and mostly works under the influence of the Executive, it was found that Parliament has provided overall oversight over public finances at all levels.

Furthermore, Parliament has fulfilled its task of approving the allocation of public funds, budgets and finances and related matters, as well as reviewing annual budget estimates. However, it was condemned for passing supplementary budgets from State House, beneficial to the President. Despite strides in the right direction, Parliament's decisions on PFM were not always made judiciously and some members of the PAC have also been linked to bribery and corruption,

RECOMMENDATIONS

Parliament should be strengthened with a system of familiarising the members with the audit scope, approach and methods through workshops and vested powers should their recommendations not be implemented. As a matter of administrative routine, Parliament should provide all the necessary access and services to the media to facilitate their coverage of proceedings, so that the general public can familiarise themselves with parliamentary activities. Undeniably, this participative process will help support the fight against the mismanagement of public finances. Parliament should not use a lack of resources as an excuse to skip sittings and not deliberate on key matters. Instead, Parliament should fulfill its mandated role to the best of its ability using the limited resources available.

NOTE

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Historicising the Role of Public Administration and Management in the Strengthening of South Africa's Democracy

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ABSTRACT

The year 2017 marked 23 years of South Africa's democracy. During these 23 years, great strides have been made in advancing democratic principles. However, despite the above, democratic rule in South Africa has been criticised for the challenges it faces in attempting to strengthen democracy. This article delves into the history of Public Administration and Management in post-apartheid South Africa and its envisaged role of strengthening democracy. Furthermore, it interrogates how, in the context of South Africa, the historical evolution of this discipline appropriated and applied the concepts of democracy and democratic principles in attempts to strengthen democracy in South Africa. In the academic literature, little attempt has been made first, to chronicle the history and development of Public Administration and Management in South Africa; second, in historicising it, little effort has been made to show its appropriateness to the strengthening of democracy in South Africa. It historicises the intended functions of Public Administration and Management in its pursuit of strengthening democracy. An attempt is also made to point out the challenges it experiences.

INTRODUCTION

Historically, the transition to democratic rule in South Africa involved a myriad of governance challenges. Despite the fact that issues of democratic rule have been profoundly studied by historians and political scientists, little has been documented in the form of an historical account on the strengthening of democracy through Public Administration and Management. In this article, the researchers contend that the evolution of Public Administration and Management as an academic discipline and the question of the strengthening of democracy should be traced through their relationship with the subjects of History and Political Science.

As mentioned before, before assuming the status of an independent academic discipline, Public Administration and Management was viewed as being part of History and Political Science. An explanation for this will be discussed at the end of this article. The article provides different reasons as adduced why, as an academic discipline, Public Administration and Management should be trusted with the strengthening of democracy in South Africa. It should, however, be noted that the purpose of this article is not to determine the stage of democratic strengthening in South Africa nor to gauge it but to discuss the role Public Administration and Management can play in this regard.

It is argued in the discussion that the problematic idea of strengthening democracy in South Africa that affirms or denies the challenges of governance cannot be fully comprehended without understanding both the pre- and post-democracy history and objectives of Public Administration and Management. Failure to do the above might result in missing some of the nuances of this article.

RESEARCH DESIGN AND METHODOLOGY

The article traces the role of Public Administration and Management by using the traditional methods of historical research. This approach is relevant when tapping into the historical nature of Public Administration and Management in order to fully comprehend its role in the strengthening of democracy in South Africa. Consequently, the article describes, analyses and interprets the past. Documents in the form of secondary data comprising official documents and a literature review of scholarly perspectives form the basis of the qualitative data collection. The uniqueness of this article is that it transcends interdisciplinary boundaries. In this instance, History as a discipline is used to understand the overt and covert roles of Public Administration and Management. Therefore, a large quantity of sources used for this article comes from History, Political Science and Public Administration and Management.

The article attempts to answer the following questions: “Is South Africa’s democracy moving in the right direction?” and “Is the South African state becoming less democratic?” In the discussion to follow the authors therefore seek to argue and propose a two-pronged approach to analysing and historicising the role of Public Administration and Management in strengthening democracy in South Africa. The first one is a general approach that provides the contextualisation and historical background of Public Administration and Management, democracy and the underpinnings of Public Administration and Management. The second is the narrative approaches that argue about whether it is possible for Public Administration and Management to pursue the ideals and initiatives of strengthening service delivery (McLennan 2009:19; Hemson & Owusu-Ampomah 2005:512–513) without any attachment of democratic principles. Therefore, the two approaches combined are set to address the limits of both historicism and presentism as espoused in Public Administration and Management.

DEFINITIONAL AND HISTORICAL ORIGINS OF DEMOCRACY AND DEMOCRATIC PRINCIPLES IN UNDERSTANDING PUBLIC ADMINISTRATION AND MANAGEMENT

The concepts of democracy and democratic principles derive their historical etymology from other disciplines such as History and Political Science. The logic behind this has an historical background because during the initial stages of the establishment of Public Administration and Management as a discipline, it was categorised in the same group as the humanities and the arts.

The origins of Western democracy can be traced to Ancient Greece. The concept of democracy was derived from the Greek words *demos* (the people), and *kratia* (to rule). It entails a system of government that allows the citizens the freedom to decide on their desired government (Strauss 2008:187). Through its evolution over time, there is limited consensus on its definition. Democracy evolves because of some political changes found in the different countries. Political conditions aligned with extensive competition from the political parties and the use of force to gain power within the purported space of democracy are some of the contributing factors.

The concept of democracy is referred to in several places in the South African Constitution. The Constitution employs the concept of democracy in three ways: representative democracy, participatory democracy and direct democracy. Democracy should be adequately understood as a theory that establishes some basic, mainly socio-political principles according to which a good government, whatever its form, must be run. Such principles include those of justice, freedom, equity, accountability, rule of law and liberty. These social principles are

universal criteria for distinguishing between good and bad governments (Oluwule 2005:219–403). The African National Congress (ANC) is concerned with a constitution and multi-party elections as manifestations of democracy. Therefore, one may consider that democracy is strengthened when the Constitution is adhered to.

Hamilton (2007:3) argues that democracies cannot survive without a strong, technically competent, effective, efficient, and responsive public service. The above is an indication that for democracy to function there is a need for Public Administration as a field of study in order to create conditions that would ensure that the public service promotes and supports democratic principles. Therefore, in this article the authors agree with the above statement by Hamilton (2007:3); however, it is noted that the latter fails to demonstrate convincingly and unequivocally how the public service tends to sometimes contradict democratic principles. South Africa is a typical example of the above: there is evidence of public service and democracy failing to complement each other.

In the South African context, Kotzé (2004:26–27) introduces the notion of four layers of democracy. The first layer implies the implementation of the general will of the people as part of the social contract with the citizens. The second layer constitutes balancing majority rule with minority rights. This means dividing, limiting and containing the power of the majority with the view of having public institutions deriving their authority from society in order to retain some legitimacy. The third layer concerns the minorities being accommodated in coalitions. This gives them the power to veto issues significant to their constituencies. The fourth layer is the integration of the concept of freedom into democracy. In this regard, freedom represents the opportunity to act spontaneously in a variety of fields outside the control of government and other centres of power.

The strengthening of democracy can be determined by whether the procedures of democracy are sustained periodically (Mattes, Davids & Africa 2000:1; Choi 2007:243–265; Liebenberg 1999:22–35). In the South African historical context, the above four layers, as posed by Kotzé (2004:26–27), pose a challenge due to the fundamental misconceptions that democracy can be imported without taking cultural differences into consideration. Therefore, in any attempt to strengthen democracy, Public Administration and Management should take the above into consideration. By analysing the relationship between Public Administration and Management and democracy (that is, the knowledge and interpretation of democratic principles), the authors submit that such a relationship is inherently significant. The historical epistemology of the concepts of *Public Administration and Management* and *democracy* pose a serious challenge in understanding the attempted goal of strengthening the latter. For example, how does one study Public Administration and Management in general and democracy in particular without tapping into the historical epistemologies of the two? A tentative answer to this question is provided in this article by submitting that democracy should

be studied through an analysis of discourse because its manifestations are a discourse. Furthermore, the literature on Public Administration and Management focuses mainly on its functions and pays little attention to its relation with democracy in the diverse context of South Africa's democracy.

Although there are many democratic principles, for the purpose of this article, the following will be briefly discussed, namely, citizens' participation, majority rule and minority rights, and political tolerance. Therefore, following Public Administration and Management as a discipline, the above principles are viewed as possible vehicles for the strengthening of democracy in South Africa. However, what remains to be seen is how Public Administration and Management over the past 23 years of democratic rule in South Africa has promoted and institutionalised the above principles. An attempt is made in the paragraphs that follow to interrogate the above-mentioned principles of democracy.

Citizens' participation

The history of citizens' participation in the question of strengthening democracy can also be traced back to ancient Greece. This became important in Africa in the 1960s for the possible growth of contemporary democratic governments. This was to ensure that the citizens have a voice in public decisions. In endorsing the above, Rolfe (2016:99) argues that the participation of community members in governance is an important right for all citizens. Lues (2014:790) adds another dimension to this by providing the example that when citizens pay taxes and vote in elections, they are actually contributing to democracy. Equally, democracy can be strengthened if citizens also condemn ineffective service delivery and unethical behaviour by public service leaders.

Majority rule and minority rights

In the South African context, and under the leadership of the ANC, the issue of majority rule and minority rights sounds contradictory. Firstly, it provides an expression of supreme power that can ultimately be misused. The authors in this article agree that democracy must guarantee the expression of the popular will through majority rule. While the above is guaranteed, democratic principles should guarantee that the majority does not abuse its power and violate the basic and inalienable rights of the minority. The majority rule principles of governance and the protection of minority rights should be viewed as the two elements that will hold democracy together. Park and Smith (2015:1) maintain that, in order to have functioning democratic institutions, the balance between majority rule and minority rights is a central issue in their design and operations. This includes the citizens' willingness to support basic democratic institutions and processes.

Political tolerance

Public Administration and Management emphasises the role of politics in order to strengthen democracy. Studies by Prothro and Grigg (1960:276–294), McClosky (1964:361–382); and Rohrschneider (1996:422–446) suggest that in many democratic countries, there is a weak and superficial public commitment to democratic values and thus a potential threat to a healthy democracy. This is compounded by a failure to recognise free expression. Gibson (2011:3) alludes to the fact that political tolerance in a democracy requires that all political ideas (and the groups holding them) get the same access to the marketplace of ideas as the access legally extended to the ideas dominating the system.

Thomas (1960:235) maintains that the culture of political tolerance depends on the democratisation of the ANC itself. This implies that the organisation has to take the lead in this regard. However, there are many instances in South Africa in which the ANC publicly proclaimed that they were promoting the matter of political tolerance. On the contrary, in most cases the ANC and the opposition parties lambast each other on the lack of political tolerance. This became evident in many of the post-apartheid elections. For example, as highlighted by Bruce (2009:3), between 2008 and early 2009 there were several clashes between the ANC and supporters of the Congress of the People in places like Duncan Village and Kou-Kamma in the Eastern Cape, and in Verulam in KwaZulu-Natal. In most of these cases the ANC supporters were accused of disrupting Congress of the People's meetings.

HISTORICAL BACKGROUND OF PUBLIC ADMINISTRATION AND MANAGEMENT

Historically, the evolution of Public Administration and Management as an academic discipline in South Africa has taken place in tandem with the development of democracy as well as of democratic principles in the post-apartheid era. This has had a profound impact on the system of governance. According to Fayemi (2009:2), since the early 1990s the wave of democratisation on the African continent has aped foreign practices of democracy. This was modelled on the demand for improved governance and led to pro-democracy movements in African states. In view of the above, the broadly construed questions here are: Can South Africa's democracy be strengthened? Given its historical origin, can Public Administration and Management be trusted with the task of strengthening democracy in South Africa?

According to Chipkin and Meny-Gibert (2012:102), South Africa has a long history of what is referred to as 'state administration'. This is in relation to the legacy of apartheid and the nature of the political transition to democracy. These authors

assert that weak institutions of governance and, to a certain extent, limited resources in the post-apartheid nation-state threaten the strengthening of the hard-earned democracy in the country. Therefore, the study of Public Administration and Management should assist in addressing the above-mentioned situation.

Scholars of Public Administration and Management agree that Public Administration is both an art and a science. They agree that administration as an activity is as old as humankind, because in one way or another, prehistoric man practised administration. This was referred to as a cooperative activity, with two or more people engaged in working together in pursuit of a common objective (Sindane 2003:2). Like most other Public Administration and Management scholars, Hanekom (1983:41) posits that steps were taken in various European states to study Public Administration formally. For example, it is argued that when Woodrow Wilson first conceptualised the concept 'The Study of Public Administration' in 1887, little did he know that it would grow and become a discipline to be reckoned with. In South Africa, throughout evolutionary years, Public Administration and Management has undergone changes. Sindane (2003:1–2) states that the terms associated with both the discipline and activity are *admin-ister*, *admin-istration*, *admin-istrator*, *bureaucracy*, *bureaucrats*, *efficiency*, *effective-ness*, *public interests*, and *public welfare*, to name but a few predominant ones.

Given the limited understanding of the historical and methodological development offered by the theory of South African Public Administration and Management, it is certainly easy to agree with the concluding summary of the publication *Key Aspects of Public Administration* in which the editors (Hanekom, Rowland & Bain 1986:231) state: 'South African academic thought on a general theory of public administration seems to have been suspended in a state of limbo since the late 1960s and as a result has become stagnant'.

Scholars of Public Administration and Management have traced its origins in their different publications. For example, Hanekom (1983:41) argues that Public Administration is both an academic discipline and a practice. However, he points out an interesting aspect in this regard: he highlights that, as an academic discipline and a practice, Public Administration did not follow the same course, nor did it take place at the same tempo. Furthermore, it did not have the same degree of impact. In fact, he argues, the development of Public Administration as an academic discipline, with capital P and A, is of fairly recent origin (Hanekom 1983:41). Concurring with the above and linking history, the relevance and importance of Public Administration and Management, Basheka (2012:28) asserts the importance and relevance of History, and that it should be regarded as an important tool for any discipline. This means that disciplines such as Public Administration used History as building blocks for it to be a stable academic discipline. Interestingly, Raadschelders (1998) both agrees and disagrees with the views held by Basheka (2012). According to the author, the study of Public

Administration and Management is not new but ancient. Nevertheless, the fact remains that serious theorising of Public Administration and Management as an academic discipline is not that old.

Basheka (2012:47) explains that, 'In the post-war years, public administration changed its character, scope and methods of investigation. What was left was a very "sick" discipline of public administration'. This dichotomy was declared non-functional in the 1950s. This was confirmed when Gaus (1950:161–168), a leading scholar, published his article, 'Trends in the theory of public administration'. The article appeared in the leading *Public Administration Review* and it states that, 'a theory of Public Administration in our times means a theory of politics also'. With this confusion, public administration was never the same again.

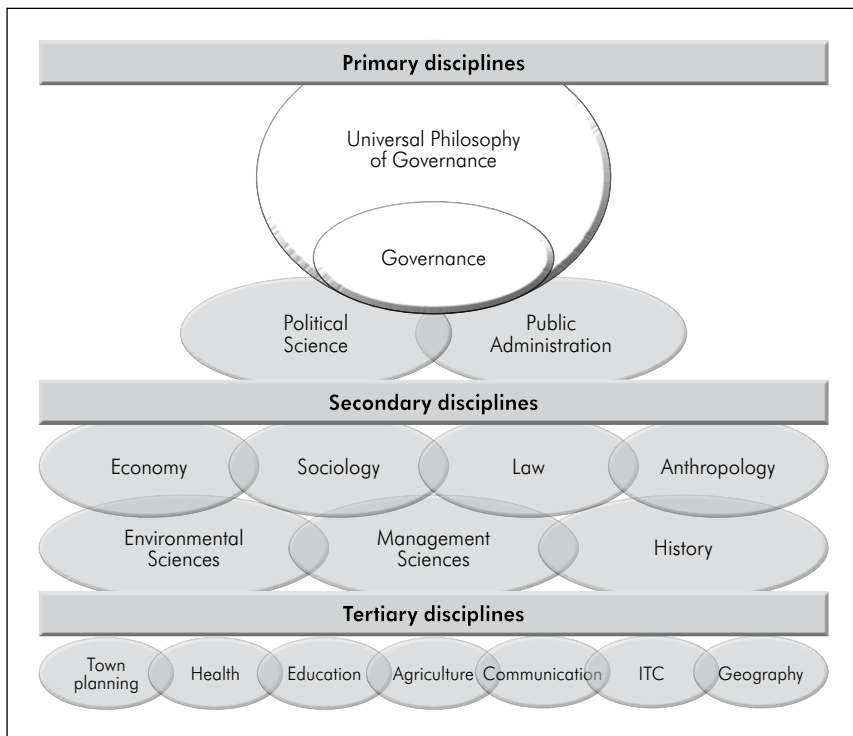
Von Stein, a German economist, sociologist and professor in Vienna was regarded as the real founding father of Public Administration in Europe. He opined that the science of Public Administration represented a combination of several disciplines, such as Sociology, Political Science, Administrative Law and Public Finance (see Figure 1). On South African soil, scholars such as Cloete (1985:45) also concur with Von Stein on the above argument. Little more is expected of officials, even those holding the highest posts, than knowledge of how the different political and executive institutions are constituted by law (Cloete, 1985:45). In interrogating the field of Public Administration and Management, Kasdan (2012:626) concludes that it is important to acknowledge the historicity of research in this discipline. However, Wessels and Thani (2014:47) aver that the issues pertaining to research paradigms contribute to the discipline's being alienated by other disciplines.

In providing a historical evolution of Public Administration and Management, Henry (1910) classifies the phases as follows:

- Phase 1: The Politics-Administration dichotomy (1900–1926);
- Phase 2: Principles of Public Administration (1927–1937);
- Phase 3: Public Administration as Political Science (1956–1970);
- Phase 4: Public Administration as Management (1950–1970);
- Phase 5: Public Administration as public administration (1970 to the present); and
- Phase 6: Governance (1990 to the present).

Henry (2010:27) describes and traces these developments from the politics and administration dichotomy through to politics and administration. Jordaan (2013:24–27) also uses the above synthesis of the evolution of Public Administration and Management. In assessing the above periodisation by Henry, Basheka (2012:34) argues that the inclusion of Public Administration as a science, as well as the inclusion of management within the same period from 1956–1970 reflects the unhealthy tension that existed in the historical development of the Public Administration discipline.

Figure 1: Disciplinary knowledge construction



Source: Adopted from Van der Waldt, 2014:74

PUBLIC ADMINISTRATION AND MANAGEMENT AND THE STRENGTHENING OF DEMOCRACY IN THE POST-APARTHEID ERA

The Mount Grace Conference held at Magaliesburg in 1991 provided scholars of Public Administration and Management with an opportunity to discuss issues concerning the type of the post-apartheid public service they envisaged and the public-sector training needed. It was clear during this conference that from the outset Public Administration and Management was often positioned as a vocational pursuit and, to a certain extent, downplayed the significance of research and scholarship theory (Public Administration) and practice of public administration (Chipkin & Meny-Gibert 2012:103). The conference helped to maintain and develop a vibrant theory and practice of public administration. Thornhill (2006:801) asserts that this conference provided a platform where practitioners and academics engaged in details on the survival of academic schools of Public

Administration. Such academic schools were significant in the creation and sustainability training and research coupled with public administration practice. It was also during this conference that the aforementioned stakeholders adopted what became known as the 'Mount Grace Resolution'.

With the Mount Grace Resolution, South Africa experienced the growth of Public Administration as an academic discipline. At some universities, such as Witwatersrand, Stellenbosch, Fort Hare and the Western Cape, the disciplines of Public Administration and Development merged. At these universities, the principles of Public Management and Governance were included in curricula at the universities of Witwatersrand, Stellenbosch, Pretoria, Western Cape and Johannesburg (Vale & Fourie 2014: 214).

Those who attended the aforementioned conference included the liberation movements' activists who had returned from exile. One of the core mandates of the conference had to deal with the issue of strengthening South Africa's democracy. This was evident with the establishment of the Graduate School of Public and Development Management at the University of the Witwatersrand in 1993. The mandate of the School was to offer training and form a new cadre of post-apartheid managers (Chipkin 2008:136). The School changed its name to the Wits School of Governance in 2013 and continued to provide space to explore how the world works, analyse regional and global trends, and review practice as a basis for innovations and enabling social change.

The significance of Public Administration and Management as an academic discipline includes the contribution towards

- positioning democratic principles among citizens (Ariely 2013:747–766);
- a framework for the functions of government; and
- the separation of powers, namely legal (judiciary), political (legislature) and managerial (executive) (Rosenbloom 2013:386).

Unfortunately, traditional Public Administration and Management excluded citizens from participating, creating the so-called closed system. In most cases, such an approach had the potential to compromise democratic governance. Citizens' needs demanded an increased transparency from public sector institutions which contributed to the demise of the closed system of government (Thornhill & Van Dijk, 2009).

According to Bachrach (1969), classical democratic theory is focused on gaining public interest by satisfying the needs of the community, while simultaneously allowing for public participation in the broader process of strengthening democracy. Pateman (1970) also explains that there has been an attack on the notion of democratic theory as a theory of means and ends. The above statement therefore suggests that when used in disciplines such as Public Administration and Management, uncertainties about democracy could be created (Thornhill, 2016).

Giving an American perspective on democracy and public service, Hamilton (2007) argues that the issue of public service in a democratic state continues to be key and central to the effectiveness and efficiency of Public Administration and Management. The author further contends that democracies cannot survive without a strong, technically competent public service. However, the above is contradicted by Hamilton's (2007:3) assertions that the existence of these guidelines for strengthening democracy has the potential to weaken the principle of democracy, namely, that of adhering to the notion of government by the people.

It should be noted that the 1970s brought a new discourse to the fore which continued through the 1980s. New Public Management (NPM) was introduced in response to the critique of traditional Public Administration theory. NPM encompassed private-sector principles (functions and skills) regarding leadership, management and organisation of public sector institutions. Consequently, the significance of NPM brought about an increase in responsiveness of service providers to service user and community needs (Theron & Schwella, 2000:3). This attributed NPM with a concern for performance management, public service delivery, public procurement and partnerships with non-governmental organisations (NGOs).

NPM did not prove to be the most practical approach, as complex societal problems could not be solved by mere efficiency in public service delivery. The responsiveness of government, the organisational culture, and this complexity of service delivery needs all contributed to this predicament. NPM was supposed to be a movement to make public servants more aware of the need for efficiency and effectiveness. However, because it tried to ignore or disregard the administrative principles and the system guiding the management function, it failed.

In the 1980s, a debate was introduced at South African universities on the question of whether management should be included in the study of Public Administration. Cloete (1985:37) argues that management was mainly concerned with the management of private enterprises and used to refer to the functions performed in creating and running a private undertaking whose goal was to make profit. Significantly, in 1991 Cloete changed the title of his seminal book to *Public Administration and Management*. An article entitled *Public Administration or Public Management – another perspective or why not Public Administration* appeared in the *SAAIPA Journal of Public Administration* 20(1), in March 1985. In this article the author argues in favour of the (re)introduction of the terminology *management* into the academic literature. In the literature on South African Public Administration, this represented a major shift in the approach to the study of the discipline. Thereafter, the discipline was broadened and concepts from the private sector were utilised to complement the core discipline. It enriched the discipline and contributed to the improvement of the quality of the public service

by exposing employees to new theories and practices formerly considered the sole domain of the private sector.

Assisting with service delivery issues

The first significant contribution of New Public Governance (NPG) (21st century public administration) was the fact that interdependent and plural relationships between government and citizens resulted in a people-centred approach where citizens and service users play a principal role in the design and delivery of public services (Chakrabarty & Chand 2012:190). However, one shortcoming of the NPG was its separation between the planning and design of services and the delivery of services.

In general, it is argued in mitigation that the idea that South Africa's democracy needs to be strengthened also depends on the provision of the service delivery project by the ruling party. In a post-apartheid matrix of power within the spatio-historical temporality of democracy, delivery of basic services is deemed important. However, this cannot be achieved by merely focusing on its meaning, but also on seeking an answer to the question of what fundamentally can be done to strengthen it.

Over the past few years, South Africa has witnessed the emergence of a type of democracy where community protest ranked alongside voting and elections as a legitimate means to effect representation, service delivery and accountability. This 'new political animal' as referred to by Booysen, accepts and uses elections with limited reliance on mandated elected representatives to see through the delivery process (Booyesen 2006:10). On many occasions, the service delivery protests are felt within the local sphere of government. According to Mulaudzi and Liebenberg (2013:142–161), local government is strongly associated with deepening democracy in state and society. It is clear from the above that, addressing the issues of service delivery became paramount to the question of strengthening democracy.

South Africa's attempt to address its service-delivery challenges is hampered by the main challenges, namely, limited economic growth and poverty. This is hamstrung because programmes do not really reflect what poor people want. Neither of these challenges can be addressed by Public Administration and Management by just placing public sector management techniques ahead of respecting the decision-making processes of the ruling party. The aforementioned line of argument was expanded by Crous (2004:574–589). He stated that Public Administration and Management should first give priority to inclusion in decisions of all who differ from members of the racial minorities in business or the professions. Second, the descending voices of the trade unionists on economic policy, should also be considered. Third, the rights of individuals should be recognised.

The professionalisation and alignment of the different public services post-1994

In providing a historical analysis of the public service prior to democratisation, it is important to note that the ANC government did not inherit a fully effective and efficient public service. Hence, during Nelson Mandela's presidency, the Public Service Commission (PSC) was tasked to restructure the fragmented apartheid public services and undertook a complete abolition of all departments and established new ones with revised organisational structures and mandates. In this article, the authors tend to agree with the observation by Chipkin (n.d: 1–2) that, since apartheid, the ANC government has become a forceful agent because it had to provide public service reforms. With the provision of public service reforms, whether Mandela inherited a fully functional and effective public service is a moot point. However, the authors argue that not all public services were effective during the Mandela era. This was evident with the post-apartheid government's drawing together the fragmented bureaucracies into a single public service with an overarching goal under the Reconstruction and Development Programme (RDP) (Mabasa 20147–8, 50–72).

When it assumed power in 1994, the ANC envisaged a totally different public service for South Africa. This was confirmed by Chipkin (n.d.1) in his article entitled *Histories and Cultures of the Public Service in South Africa*. He states that: '... the state of the public sector in South Africa is a result of particular histories related to the legacy of Apartheid and the nature of the political transition from Apartheid, as well as global histories related to the play of ideologies of the State, models of the public service, measures of efficiency and notions of how to achieve it'.

In his article, Chipkin (n.d.2) argues that the post-independence African states' histories are littered with failures of democracy due to ineffective public service. This was complicated by the complex nature of the post-apartheid South African state which was administered by a combination of governments, agencies, departments, and legislatures during the apartheid era. After 1994 the ANC had to deal with the issue of merging all the aforementioned. One challenge was the incorporation of the public service officials from the Bantustans into the main stream. Given the historical and apartheid challenges South Africa was faced with, the incorporation of the Bantustans' public services was further complicated by the fact that the systems of administration were geared to different outcomes. As postulated by Picard (2005:293), during the apartheid era, the South African government consisted of 14 legislatures and 151 departments.

With the above situation facing the ANC government, it needed to professionalise the public service with the intended results of strengthening democracy. It was therefore in this context that Public Administration and Management became

valuable as a vehicle to achieve the above. For example, the fact that many of the public servants in the Bantustans were the least qualified but were in fact experienced became a challenge on its own. One striking feature of the Bantustan political dynamics was the fact that most of the senior government officials were white males who came from the South African civil service (Picard 2005:295).

Having created democratic systems of government by using Public Administration and Management, South African democracy needed to be strengthened to the extent that it benefited all. Above all, what was needed most was the professionalisation of the public service. The debate on the focus on the professionalisation of the public service in South Africa evolved considerably since the transition from the apartheid government to the ANC government. Many scholars argue that the ineffectiveness and sometimes the non-existence of a meritocratic professional bureaucracy, coupled with day-to-day political interference, had the potential to compromise the public service sector. Therefore, in order for it to be strengthened, this democracy needs to be defended against the indifferent conduct of those within the ruling party and outside destined to compromise it. As postulated by Lues (2014:789–807), in the South African context, democracy and its strengthening are viewed as a creative and constructive process for which citizens need practical judgement, and a shared platform of civic knowledge.

The role of Public Administration and Management as an academic discipline

This section reflects on the fact that Public Administration and Management's active role in a post-apartheid setting has been at pains to withhold criticism of the government, and the need to embrace a new brand of activism informed by a philosophy of 'direct' and 'active' accountability in as far as the equitable provision of services is concerned. In terms of this philosophy, Public Administration and Management seeks to hold the elected politicians and public officials directly accountable for the performance of their duties and responsibilities (Coetzee, 2004:96–101). On many accounts, civil servants have been criticised for the slow pace of the delivery of services despite the ruling party's having the entire necessary project plan to fast-track the above.

Furthermore, where Public Administration and Management disciplines are taught, academic institutions should assume appropriate roles of constructively criticising the government for it to 'find its feet' in terms of the delivery of basic services to the citizenry. These institutions cannot continue to withhold such criticisms under the pretext and claim to be strategic in doing so. Contrary to the view that there have been attempts to strengthen democracy in South Africa, it is critical to recognise that the state of development and provision of services needs to be intensified. Phosa (2007:12) confirms that elected representatives of

the voters should ensure, through the government, parliamentary oversight and goal-oriented administration, that the goal is effective and fast service delivery.

The authors agree with Van der Waldt (2014:69) that the construction of past knowledge in Public Governance as a field of scientific inquiry is of the utmost importance in efficient administration. He asserts that the nature and scope of the production of knowledge in public governance is mostly shaped by the political thinking of those in government. This implies that the classical theories of state administration are influenced by contemporary thinking as exhibited in the discipline of Public Administration and Management.

South Africa's democratic institutions are tasked with the delivery of public services. Consequently, they should be in line with the citizens' socio-political and economic rights. These rights should be addressed in a way that represents the most efficient and effective use of available public resources. After the adoption of the Constitution in 1996, the new democratic state committed itself to uphold democratic values and to defend human rights. It also committed itself to the progressive realisation of socio-economic rights, such as health, housing, social welfare and access to water. While elsewhere in the world such protests may reflect a working, mature democracy, in South Africa the violent nature of these actions threatens democracy because of the underlying tensions and widespread dissatisfaction with service delivery (Khumalo 2012:13).

It is worth noting that the relationship between Public Administration and Management and democracy has been tentative in post-apartheid South Africa. This intangible relationship manifested itself in the fact that democracy was not strengthened. The relationship between Public Administration and Management and democracy is complex, fraught with problems and uncertainties. The problem is that almost all existing institutionalised democracies are located in capitalist economies – but not all capitalist societies are democratic. Existing democracies also differ in significant ways. This section of the article interrogates how Public Administration and Management can create conditions that will strengthen democracy. It reviews the relevance of this discipline in relation to the above concern.

In the article entitled *Research in Public Administration and Management: A view on pragmatic research undertakings*, Cameron (2010:683) explains that 'the discipline of Public Administration and Management requires a process of "redefining political-administrative relationships in South-Africa and re-thinking of its focus and area of operation"'. The above statement by Cameron implies that, for the discipline to survive, researchers in the field have to observe certain responsibilities and respond to the challenges presented in a postmodern world.

The striking characteristics of Public Administration as a field of study have been influenced by many approaches and paradigms, all of them aimed at improving the functioning, effectiveness and efficiency of public-sector institutions for better service delivery. Thornhill (2016:48–51) is of the opinion that new paradigms in

Public Administration should be developed to solve new problems. In an article in *The Times*, Schwella (2011:17) argues that South Africa does not have a shortage of institutions where good public policy and management are taught at the highest level. According to him, these institutions should attempt to assist the government to find solutions to continental problems. He adds: 'The reason for the existence of the established schools and institutions is to assist public leaders to translate public policies into actions ... But even if all these policies were relevant, there are still problems/challenges/challenges with implementation'.

In attempts to strengthen democracy, the ruling party launched the National School of Government on 21 October 2013. According to Sisulu, the then Minister of Public Service and Administration, the School was expected to train more than 1.8 million public servants across the country. It aimed to address past weaknesses in the training of public servants. It was also envisaged that through this training public servants would receive certificates after completion of the training. Therefore, future considerations for promotion would be based on such certificates. This School was preceded by the South African Management Development Institute formed in 1999 and the Public Administration and Management Academy formed in 2008 (Dlamini & Masombuka 2013:35). Both interventions had limited success in strengthening democracy. With the establishment of the new School, it was clear that the contributions made by the two older institutions were not sufficient to meet the challenges of neither building a developmental state as visualised in the National Development Plan (NDP), nor the strengthening of democracy.

It is clear from the above that there was no shortage of institutional capacity regarding good governance that promotes solid democratic institutions and the strengthening of democracy (RSA Constitution 1996). The fact that there was already an active professional network of higher education schools and departments in the disciplines of Public Administration, Public Management, and Public Governance and Development Management evidences the strengthening of democracy. To show the seriousness of the role of Public Administration and Management in strengthening democracy, the Association of Southern African Schools and Departments of Public Administration and Management (ASSADPAM) was established in 2002 to promote the interests of these disciplines and of scholars active in these fields (Subban & Vyas-Doorgapersad 2014:499–514).

Subban and Vyas-Doorgapersad (2014:507) highlight some critical challenges related to the relevance of Public Administration and Management in South Africa and the methodologies employed, namely that:

- the wholesale transfer of public administration theories, concepts, and tools cannot be expected;
- public administration education and training should respect cultural differences;
- there should be a distinction regarding teaching and learning; and

- faculties should be able to experiment with different educational and training approaches.

Furthermore, it was observed by the authors of this article, that the diversified nature of South African society has not made it easy for the departments of Public Administration and Management at the institutions of higher education in South Africa to resolve the challenges of administration.

IS SOUTH AFRICA'S DEMOCRACY MOVING IN THE 'RIGHT DIRECTION'?

The answer to the above question is not easy. Our preliminary observation reflects that there are problems with the direction in which South Africa's democracy is heading. South Africa's democracy can be strengthened if the country's Constitution can be adhered to. Over the past few years, the ANC as the ruling party in South Africa has had different challenges to its leadership which has compromised the issue of strengthening democracy. The following challenges attest to such challenges: uncontrollable service delivery protests and factionalism within the ruling party, which is sometimes dubbed as the struggle from within. Both of the above challenges and many others related to the leadership of the ruling party in South Africa contribute to the direction that the South African democracy is taking.

As indicated previously in this article, one of the pillars needed to strengthen democracy depends on the government's ability to deliver basic functions and extend social programmes in response to people's needs (Hemson, Carter & Karuri-Sebina 2009:151). The many service delivery protests engulfing the whole country are an indication of the paralysis in terms of providing services to the communities. The government's capacity to provide services is questionable.

Despite the above attempts to correct the system, over the past 23 years South Africa has experienced high levels of instability in the top levels of administrative leadership. In the main, this was due to the changes in the political leadership, which had an impact on the administration levels. These negative effects can be viewed as an indication of a strong correlation between the performance of departments in terms of meeting their targets in their respective annual performance plans and the stability of their senior management. Contestation for leadership positions from within the ruling party diverted the attention from providing services. Although the issue of factionalism within the ruling party is an old phenomenon, things became worse after the Polokwane Conference in 2007 (Mukwede 2015:117–134; Sarakinsky & Fakir 2015:60–84; Twala 2005:109–131). Section 195 of the Constitution highlights that democracy demands that government activities should be transparent, responsible and accountable. Therefore Public Administration and Management should

prepare the public service servants for the demands of what democracy requires. Having a democratic constitution does not necessarily mean that democratic principles are applied in human action and doing (Kader-Boye 1998:37–47).

IS THE SOUTH AFRICAN STATE BECOMING LESS DEMOCRATIC?

This section of the article provides diverse viewpoints, responses and opinions to elucidate the historical arguments as to whether the South African state is becoming less democratic or not. Brooks mentions that, since the dawn of the democratic era in South Africa, the ANC has succeeded in projecting the nation's young democracy into the limelight. The author refers to a number of examples to justify the above, namely, the question of voting largely according to racial identity. In a sense this is entrenched in the political dominance of the ANC (Brooks 2004:122–123; Hoeane, 2005:335–353).

In this section the authors confine themselves to the fact that democracy refers to the social levelling or the collapse of legally maintained class hierarchies; the poor should have been more powerful than the rich in South Africa. The section argues that the fact that the poor are in the majority and the government is for majority rule, then the majority should be supreme. The use of the term *democracy* in the post-apartheid context simply attempts to achieve a one-sided advantage in accessing the levers of power. South Africa is not immune to the challenges facing the strengthening democracy. As Adar, Hamdok and Rukambe (2008:96–97) put it: 'One-party domination in Africa gives rise to the possibility of declining government response to public opinion, loss of accountability, the overall erosion of democracy principles and development of authoritarian methods of rule'.

During her inaugural lecture at the University of Johannesburg on 13 June 2016, Prof Jane Duncan criticised the ANC's approach in dealing with the social concerns of the masses and lamented the fact that politicians have not mobilised resources to assist the poor. Duncan maintained that this was also complicated by the failure of the government to manage crowds, hence the democratic challenges in the country such as the Marikana incident (Duncan 2016:1–17). The above suggests that the ruling party should devise other strategies for strengthening democracy.

CONCLUSION

As highlighted in the article, one of the most contentious questions facing the ANC in South Africa is the issue of strengthening democracy. The article has attempted to examine the role and challenges of Public Administration and

Management which justify the significance of strengthening democracy. The contents of the article moved from the ANC's generalisation that by virtue of being the ruling party in the post-apartheid South Africa, democracy is strengthened. Therefore, the article serves as a reminder to the ANC that the involvement of Public Administration and Management through its historical establishment necessitates the streamlining of approaches in strengthening democracy. It is argued in the article that the ANC should take advantage of its established structures such as the Public Service Commission to engage with the Public Administration and Management departments in the different institutions of higher learning to assist with strengthening democracy in South Africa.

NOTE

- * This manuscript also constitutes part of the MAdmin thesis in Public Administration and Management of Dr C Twala (PhD: History).

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Partnership between Traditional Leaders and Municipalities with Special Reference to Bojanala District Municipality

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ABSTRACT

The article investigates the role played by traditional leaders in service delivery in Bojanala Platinum District Municipality and its constituent local municipalities. A qualitative and descriptive approach is followed, within the fields of public administration and public financial management. The research relies on the collection of qualitative data and case studies. Through deductive methodology, within a conceptual framework, the gathering of data is systematised and interpreted. It clarifies the different dimensions of an area in which traditional authorities are situated within the boundaries of a district municipality.

This article analyses the role of traditional leaders in municipal communities by partnering with the council and the appointed officials when compiling integrated development plans and in executing those plans. Data was collected from relevant books, journals, official reports, conference proceedings, published articles, relevant government policy documents, speeches, newsletters and newspapers. Methodological, participant and interdisciplinary triangulation was applied during the data collection and analysis.

The objectives of this article are to provide a broad overview of service delivery in the Bojanala Platinum District Municipality's (BPDm) five constituent local municipalities of the North West Province to establish whether these municipalities' integrated development plans (IDPs) are compiled with the participation of traditional leaders; to investigate the role played by traditional leaders in the development of municipalities' integrated plans

and to determine whether traditional leaders facilitate effective and efficient provision of service delivery by municipalities.

INTRODUCTION

The goal of any government should be to improve the lives of all the people in the country. It does so by providing services to the community. As communities increase and become more sophisticated, the need for more and improved services increases. The public service was created to deliver these services, because citizens are unable to satisfy all their own needs, or to perform the complex activities required for public administration. This implies that the outcomes of public administration are aimed at service delivery. The purpose of public administration is therefore to improve the general welfare of the people by facilitating service delivery. However, it has become increasingly difficult for the existing formal governmental structures to meet the needs of the people, so other stakeholders need to become actively involved in assisting municipalities.

The South African government is cognisant of the importance of efficient and effective service delivery for sustainable development and the well-being of its citizens, that is, individuals, families and communities. In its efforts to promote sustainable, efficient and effective municipal services, the focus of the South African government has increasingly shifted to the role of the local sphere of government to achieve these goals. The South African National Department of Co-Operative Governance and Traditional Affairs (COGTA), is pursuing ways and means to achieve value-for-money service delivery in all municipalities and to be accountable to the citizens for its stewardship.

South Africa is defined and regarded as a developmental state (RSA 1996a). A developmental state implies that municipalities assume a greater and significant role in economic and social development. The impetus that informs the drive for a developmental state that promotes growth and development hinges on the capacity of the local sphere of government to effectively discharge its responsibilities (Koma 2010:111). The assertion adopted in this article is that local government is required to effectively attain its mandatory mission of delivering services that are adequate and responsive to the needs of the community in partnership with traditional leaders. Rural communities are in need of effective local government, but are sometimes considered to have the weakest local government structures, lack information, skills, funding and capacity (Sibisi 2009:14). There is thus a need to partner with traditional leaders, in areas where they could play a role in advising and providing information relevant to their peculiar needs.

The signing of the new *Constitution of the Republic of South Africa*, 1996, shaped local government as the epicentre of the government delivery system and at the heart of poverty eradication initiatives (Mogale 2003:227). Local government is often the first point of contact between an individual and a government institution (Thornhill 2008:492). Being the government closest to the people, it is to be expected that a core role of municipalities is the rendering of a variety of basic but essential services to the community within its jurisdiction (Roux 2005:69).

SERVICE DELIVERY

In Sections 152(a) and (e) of the *Constitution of the Republic of South Africa*, 1996 (RSA 1996a), municipalities are mandated to provide democratic and accountable government in their communities. Municipalities are required to involve communities and community organisations in matters of local government. The Constitution provides that a municipality must strive, within its financial and administrative capacity, to achieve the objectives as set out in the relevant sections. The developmental duties of municipalities are embedded in sections 153(a) and (b) of the Constitution, which stipulate that a municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.

A municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance (Section 16(1) of the *Local Government: Municipal Systems Act 32 of 2000* RSA 2000b). For this purpose, the municipality must encourage, and create conditions for the local community to participate in the affairs of the municipality, including in the preparation, implementation and review of its IDP; the establishment, implementation and review of its performance management system; the monitoring and review of its performance, including the outcomes and impact of such performance; the preparation of its budget; and strategic decisions relating to the provisions of municipal services. Municipalities must also contribute to building the capacity of the local community to enable it to participate in the affairs of the municipality; councillors and staff to foster community participation; use its resources; and annually allocate funds in its budget.

Service delivery in South Africa's North West Province's municipalities is an important requirement for individuals, families, communities and a prerequisite for sustainable development. Improvement in the provision of municipal services is of primary importance. Lack of an acceptable level of efficiency in service provision has resulted in various community protests. These were particularly prevalent especially in the Mothutlung, Majakaneng and Hebron areas in the Madibeng local municipality in the BPDm.

To achieve the national goal of provision of sustainable, efficient, effective and economical municipal service, in areas in which traditional leaders operate they should be involved in the development of plans to promote services in this region. Most of the developmental backlogs in the North West Province are in the rural areas, which are inhabited by indigent and poverty stricken communities located within the areas of jurisdiction of traditional leaders. It is, therefore, imperative for them to be actively involved in the process of addressing backlogs in service provision through the formal structures of community participation in the formal municipal structures. However, gaining active participation from the local rural population is challenging in some areas of BPDM without the involvement of traditional leaders.

THE NORTH WEST PROVINCE

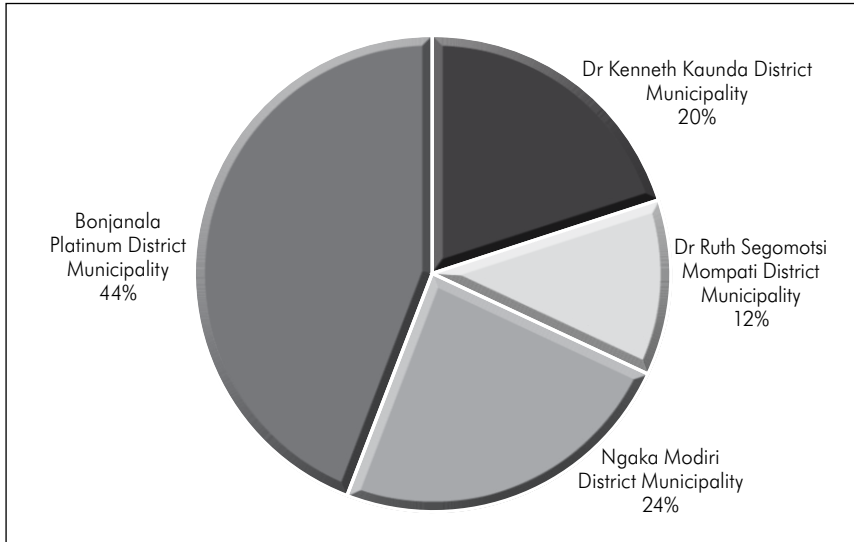
The North West Province (the focus of this study) has 3.8 million people of the total population of 56.54 million in the country (StatsSA news report 31 July 2017). When compared with other district municipalities in the North West Province, BPDM accounts for 44.7% of the total population in North West. BPDM ranks as the most populous district municipality, followed by Ngaka Modiri Molema, with a total population of 889 108 (Census North West Municipal Report 2016). The North West Premier’s 2016 State of the Province Address (SOPA) confirms that the population of North West Province is likely to grow due to mining. Arguably, the unemployment

Table 1: Population, households, area, unemployment rate and population growth rate for North West

Municipality	Area in square km	Population	Households	Unemployment rate	Population growth (p.a)
Dr Kenneth Kaunda District Municipality	14 642	742 821	240 543	29,7%	1,5 % p.a
Dr Ruth Segomotsi Mompati District Municipality	43 700	459 358	127 103	35,8%	0,8% p.a
Ngaka Modiri District Municipality	28 206	889 108	269 977	33,7%	0,97% p.a
Bojanala Platinum District Municipality	18 333	1 657 148	611 144	30,7%	2,37% p.a
North West province	104 881	3 748 836	1 062 014	32,8%	1,4% p.a

Source: (Adapted from Statistics South Africa 2016)

Figure 1: Population – Bojanala and other district municipalities in North West



Source: (Adapted from BPDM 2016b:60)

rate in North West can be reduced should the expected industry indeed develop. A reduction of the unemployment rate contributes to economic growth, because more people would be able to afford to pay for the provision of basic services.

THE BOJANALA PLATINUM DISTRICT MUNICIPALITY (BPDM)

The BPDM derives its name *Bojanala* from the Setswana word for tourism. The BPDM is located on the north-eastern side of the North West Province. It is a Category C municipality in terms of section 155 of the Constitution (RSA 1996a). As a Category C municipality, it has executive and legislative authority in an area that includes five constituent Category B local municipalities, namely Kgetleng Rivier, Madibeng, Moretele, Moses Kotane and Rustenburg. It is bordered by the Dr Kenneth Kaunda District municipality (KKDM) to the south, the Ngaka Modiri Molema District municipality (NMMD) to the west; the Tshwane metropolitan municipality and West Rand District municipality to the south east (Gauteng Province) and the Waterberg District municipality (Limpopo Province) to the north.

In terms of its assigned powers and functions, the BPDM does not provide basic services directly in its area of jurisdiction, but coordinates and supports

local municipalities in terms of section 88(2) of the *Local Government: Municipal Structures Act*, 117 of 1998 (RSA, 1998c). The population of the BPDM was estimated to be 1 657 148 in 2016 (Statistics South Africa, 2016:2). In 2016, the BPDM's population consisted of 91.25% Africans (1.46 million), 7.3% Whites (117 000), 0.75% Coloureds (12 000) and 0.70% Indians/Asians (11 200) (BPDM 2016b:34).

Table 2: Total population of local municipalities of Bojanala District Municipality

	2003	2008	2013	Average Annual growth
Moretele	185 000	184 000	188 000	0.17%
Madibeng	370 000	429 000	503 000	3.13%
Rustenburg	426 000	498 000	581 000	3.15%
Kgetleng Rivier	39 400	45 900	54 200	3.25%
Moses Kotane	240 000	240 000	243 000	0.13%
Bojanala	1 260 122	1 396 692	1 569 891	2.22%

Source: (Adapted from BPDM 2016b:60)

The Madibeng, Kgetleng Rivier and Rustenburg local municipalities display an average annual growth of 3.12%. The annual average increase can be attributed to the economic activities taking place in these areas. The BPDM's economy is dominated by the mining sector (43%), trade (15.4%), community services (13.6%) and manufacturing (6.1%), as illustrated in Table 3. Mining and trade in these areas are the main economic drivers and contribute to the annual growth of the population (BPDM 2012b:39).

Table 3: Major employer by sector in BPDM

Sector	% Employment
Mining	43%
Trade	15.4%
Community services	13.6%
Manufacturing	6.1%

Source: (Adapted from BPDM 2012b:39)

Table 4: Demographic profile of the Bojanala Platinum District Municipality

Municipality	Size (km ²)	Population	Households	Wards
BPDM	18 332	1 657 148	611 144	No wards in Category C
Kgetleng Rivier LM	3 974	59 560	18 787	6
Madibeng LM	3 812	537 500	193 857	36
Moretele LM	1 369	189 900	55 270	28
Moses Kotane LM	5 215	243 600	80 654	31
Rustenburg LM	3 492	626 500	262 576	38

Source: (Adapted from Statistics South Africa 2016:14)

The BPDM uses the executive mayoral system of government (Section 7(b) of the *Municipal Structures Act* (RSA, 1998c). The executive mayor performs the executive powers and functions assigned to him/her by the municipal council. The BPDM is headed by the Office of the Executive Mayor as political office-bearer. The executive mayoral system assigns specific functions and powers to the occupant of the post as a result of his or her political affiliation (Thornhill & Cloete 2014:76). The executive mayor and mayoral committee members in most cases belong to the ruling political party and perform the governing function and oversee the administration of the municipality to ensure effectiveness and efficiency in service delivery. In the BDPM, the primary political office bearers are the executive mayor, the members of the mayoral committee, the Speaker, the Whip of Council and the chairperson of the municipal public accounts committee (MPAC) elected in terms of section 79 of the *Municipal Structures Act* (RSA 1998c).

TRADITIONAL LEADERS' ROLE IN PUBLIC PARTICIPATION

Traditional leaders were major role players in rural communities in Africa long before the arrival of Europeans. Each tribe in the Southern part of Africa settled in a specific area that eventually became known as the Republic of South Africa. The result is that six of the nine provinces constituting the Republic still have areas in which a tribal system is implemented and operates as a system of traditional authorities, namely in the Eastern Cape, the Free State, KwaZulu-Natal, Mpumalanga, Limpopo and North West (Thornhill & Cloete 2014:38).

Section 211 of the Constitution (RSA 1996a) provides that the institution, status and role of traditional leaders are recognised, subject to the Constitution.

A traditional authority that observes a system of customary law is recognised, subject to any applicable legislation and customs. The Constitution (RSA, 1996a) further states that the courts of law must apply customary law in cases where that particular law is applicable (subject to the Constitution and any legislation dealing specifically with customary law). Section 212(1) of the Constitution (RSA 1996a) requires that national legislation may provide for the role of traditional leadership as an institution in the local sphere, on matters affecting local communities which are subject to the authority of a traditional leader.

Section 5 of the *Traditional Leadership and Governance Framework Act 41 of 2003* (RSA, 2003b) provides that traditional leaders should be part of democratic leadership and governance structures in the local government sphere. In this co-operative relationship with municipalities, traditional leaders should facilitate public (community) participation. This applies especially to service delivery and policy decisions affecting rural communities. Municipal councils are not demarcated along traditional leaders' jurisdiction of power in all areas in South Africa (except in some management areas), which are located within municipal boundaries (RSA 2003b). With these two types of government in rural areas, viz. traditional governance and formal municipal government and administration, it is unavoidable that there will be some contestation for power. This conflict arises because municipalities cover the whole country, including the rural areas. However, traditional authorities are only established in some areas; for example, in the BPDm only in some areas which are under the jurisdiction of traditional leaders.

One example of conflict arises around the payment of rates and taxes to a municipality in which a traditional leader still demands an allegiance fee (the right to live in the chief's area). This practice implies that inhabitants are required to pay municipal rates and taxes and simultaneously have to pay an allegiance fee to the relevant chief of the area. This anomalous situation results in such communities preferring to pay the allegiance fee which provides them the right to reside in the area. The argument seems to be that requiring the community to pay municipal taxes would imply double taxation.

Sections 4(c), (d), (e), (f), (g) and (h) of the *Traditional Leadership and Governance Framework Amendment Act, 2003* (RSA 2003b) provide that the functions of traditional councils are to support municipalities in identifying community needs; facilitate the involvement of the traditional community in the development or amendment of a municipality's IDP in the area where the community resides; recommending, after consulting with the relevant local and provincial houses of traditional leaders, appropriate interventions to government that will contribute to development and service delivery in the area of jurisdiction of the traditional council; participate in the development of policy and legislation in the local sphere; and promote the concepts of cooperative government, sustainable development and service delivery.

Section 81(1) of the *Municipal Systems Act* (RSA 2000b) provides that the traditional authorities that observe a system of customary law in the area of a municipality may participate through their leaders, who have been identified in terms of subsection (2) in the proceedings of the municipal council. The *National House of Traditional Leaders Act, 10 of 1997* (RSA 1997e) provides for the establishment of the national, provincial and local houses of traditional leaders. It also determines its objectives and functions. For the municipal term of office for 2011–2016, the chairpersons of the respective House of Traditional Leaders which were citizens of the Bojanala municipality were *ex officio* members of the BPDM according to the prescribed formula. It can be deduced that traditional leaders could play a significant role in planning for all the projects in their areas of jurisdiction in terms of section 4(1) of the *Traditional Leadership and Governance Framework Act* (RSA 2003b).

Part 6 of the *Municipal Structures Act* (RSA 1998c) provides for the participation of traditional leaders in municipal councils. Traditional authorities that traditionally observe a system of customary law in the demarcated area of a municipality may participate through their leaders in the proceedings of the council of that municipality. Those traditional leaders must be allowed to attend and participate in any meeting of the council. The number of traditional leaders that may participate in the proceedings of a municipal council may not exceed 10% of the total number of councillors on that council. If the council has fewer than 10 councillors, only one traditional leader may participate. When participating in the proceedings of a municipal council, a traditional leader is subject to the

Table 5: Composition of wards and villages located in traditional authorities in local municipalities

Municipality	No of wards	Total no of traditional leaders	No of villages under a traditional leader	Total no of wards under the traditional authority	Total no of wards under one traditional leader
Kgetleng	6	0	0	0	0
Madibeng	36	4	43	22	4 (17 villages)
Moretele	28	4	66	26	14 (32 villages)
Moses Kotane	31	21	107	29	16 (29 villages)
Rustenburg	38	4	43	17	10 (29 villages)
Total (BPDM)	139	33	259	85	46 (98 villages)

Source: (Adapted from BPDM ())

appropriate provisions of the Code of Conduct applicable to councillors. Table 5 shows the number of traditional authorities that could play a role in planning within the BPD's area of jurisdiction.

The national government promulgated the *Spatial Planning Land Use Management Act, 16 of 2013* to assist national, provincial and local government during their respective planning processes (RSA 2013b). This Act provides a framework for spatial planning and land use management in the Republic of South Africa. The Act applies to the entire area of the Republic and is enacted in terms of section 155(7) of the Constitution (RSA 1996a) insofar as it regulates municipal planning. The Act specifies the relationship between spatial planning and land use management systems and other kinds of planning. It provides for inclusive, developmental, equitable and efficient spatial planning in the different spheres of government. It also provides a framework to monitor, coordinate and review the spatial planning and land use management system.

It can be deduced that the *Spatial Planning Land Use Management Act* (RSA 2013b) complements section 81 of the *Municipal Structures Act* (RSA 1998c) and the *Traditional Leadership and Governance Framework Act 41 of 2003* (RSA 2003b) which provide that a municipality, in the performance of its duties must allow the participation of a traditional council. Traditional leaders are not elected to serve on municipal councils as full councillors. They are designated to serve on municipal councils, by the MEC responsible for local government in a province.

In the case of the BPD, traditional leaders are included together with the democratically elected leaders on the municipal councils, in terms of the *Traditional Leadership and Governance Framework Act* (RSA, 2003b). Traditional leaders are sworn in as members of the municipal council in the same way as is the case of formally elected councillors. The BPD has 10 traditional leaders who are members of its council. The number exceeds 10% of the total number of councillors in the municipal council, as the BPD has a total of 68 councillors. Thus the composition of the BPD does not conform to section 81 of the *Municipal Systems Act* (RSA 2000b) in terms of the number of traditional leaders permitted. In this case it is seen as an advantage, since many of the 98 villages in the municipal area are represented. The BPD introduced new rules of order to make provision for traditional leaders to become more actively involved in council matters, by allowing them to put forward traditional matters in their areas of jurisdiction (Thornhill & Cloete 2014:39). Traditional leaders attend council meetings, which are held in terms of the approved corporate calendar of the municipality. Each one of the traditional leaders in the municipality serves on a portfolio committee. Each of these leaders is allocated a laptop computer and an iPad. They are paid a travelling allowance per sitting of the council.

In South Africa, wards are geopolitical subdivisions of municipalities used for electoral purposes. Table 5 illustrates that the BPD's 139 wards are located in its

constituent local municipalities. Of those, 85 wards are located under traditional authorities, which constitute 61.2% of the total number of wards. Table 5 also shows that the BPDM has 259 villages, which constitute 85 of the total number of wards. The result shows the influence that traditional leaders could wield in planning in the BPDM, because the majority of the wards are located on land owned by them.

Table 5 also shows that the Moses Kotane Local Municipality has 107 villages, controlled by 21 traditional leaders, which constitutes 41.3% of the total number of villages in the BPDM. The Moses Kotane Local Municipality has 31 wards, and 29 of the wards are located in the villages in the relevant area. It can be observed from the Table that 93.6% of the wards in the Moses Kotane Local Municipality are located in rural areas controlled by a traditional authority. Only two wards, which constitute only 6.4% of the total number of wards in the Moses Kotane Local Municipality, are located in the Mogwase and Madikwe townships.

A total of 51.6% (16) of the wards in the Moses Kotane Local Municipality are located under one traditional authority, that is, the Bakgatla-Ba-Kgafela Traditional Authority (BBKA), which has jurisdiction in 32 villages. It can be deduced that the Moses Kotane Local Municipality is a rural municipality, because the majority of the wards are located in rural villages. This implies that community participation in municipal affairs is conducted under the auspices of traditional leaders. It could be argued that in municipalities with such a composition, planning has to take note of the needs of traditional leaders as well. The contribution of traditional leaders in the compilation of the IDPs of these municipalities is significant.

During the 2010/11 IDP processes in Moses Kotane, all 16 wards located in the 32 villages of the BBKA identified water as a priority. IDP meetings in rural areas were well attended because the *dikgosi* (tribal chiefs) became involved in coordinating such meetings. Ward councillors, ward committees and representatives of the tribal authorities cooperated in coordinating these meetings. All the plans were compiled per ward and were then consolidated by the ward councillor, ward committees and representatives of the tribal authority before they were presented to the *kgosi* concerned (Moses Kotane Local Municipality 2012).

Section 24 of the *Municipal Systems Act* (RSA, 2000b) determines that areas of cooperation between the municipalities and traditional councils include IDPs as explained earlier. The Act further provides that planning can no longer be regarded as an activity separate from traditional leaders – their involvement should be considered an integral part of the process, which must gain equal commitment from traditional leaders and councillors to deliver services and prioritise development. It is imperative that municipalities and traditional leaders should forge a meaningful partnership to promote the provision of basic services to their local communities in an efficient, effective, economic and transparent way.

It is on this basis that the BBKA partnered with BPDM for the construction of a 15 mega litre reservoir in Moruleng to supply water to the 32 villages which

constitute the 16 wards. The project was completed in 2012, and provided 65 employment opportunities to the citizens of the BBKA during the construction stage. Both the BBKA and the BPDm funded the project, in line with the signed service level agreement, which provided a detailed explanation on the implementation of the project (BPDm 2012a:38).

Table 5 indicates that the Moretele Local Municipality has 66 villages, controlled by four traditional leaders. This constitutes 25.5% of the total number of villages in the BPDm. The Moretele Local Municipality has 28 wards. A total of 26 wards in the Moretele Local Municipality are located in the 66 villages mentioned above. It can be deduced that 92.9% of the wards in the Moretele Local Municipality are located in rural areas controlled by traditional authorities. Only two wards, which constitute 6.1%, of the total wards in the Moretele Local Municipality, are located on communal land (that is, areas under the jurisdiction of traditional authorities). Only 14 (50%) of the wards in the Moretele Local Municipality are located under one traditional authority, the Bakgatla-Ba-Mosetlha Traditional Authority, which has jurisdiction in 28 villages. Thus it is obvious that the Moretele Local Municipality is also a rural municipality, because most of the wards are located in rural villages.

Table 5 also illustrates that none of the wards in the Kgetleng Rivier Local Municipality is controlled by a traditional authority. Table 5 indicates that the Rustenburg and Madibeng local municipalities have 43 villages each. The 43 villages in the Rustenburg Local Municipality constitute 17 wards; in the Madibeng Local Municipality, the 43 villages constitute 22 municipal wards. In the BPDm, the Royal Bafokeng tribe owns large portions of land, on which 98% of the world's platinum is mined. They have access to relatively large funding opportunities from royalties. Although it is located in the Rustenburg Local Municipality, Royal Bafokeng itself delivers a variety of municipal services to people living in its area of jurisdiction. This could have an effect on this municipality's capacity to compile an IDP for the municipality in its entirety as the Royal Bafokeng could argue that they provide the finance and could therefore decide how it should be utilised.

Traditional leaders in the BPDm attend meetings held by the municipal councils within their areas of jurisdiction, but their actual attendance is very poor, according to the *Annual Report* of the BPDm (2015). They may not vote and can only speak if invited to do so by the Speaker of the council – this situation seems to be untenable. Traditional leaders argue that they can make no meaningful contribution and therefore prefer not to attend council meetings. Traditional leaders play a significant role in the identification of community needs and facilitation of the involvement of the community in their respective areas in the development and amendment of the IDP of the BPDm and its constituent local municipalities in terms of sections 4(1)(c) and (d) of the *Traditional Leadership and Governance*

Framework Act (RSA 2003b). Before a municipal council makes a decision on any matter directly affecting the area of a traditional authority, the council is supposed to provide an opportunity to the traditional leader to express a view on the matter. Tables 6 and 7 list projects in which the traditional leaders in the BPDM cooperated with the residents, ward councillors and ward committees, to identify the needs of communities. These projects are located in five constituent local municipalities of the BPDM. It can be deduced that partnership between a municipality and traditional leaders can result in maximum benefits for the local residents.

Table 6: Projects implemented by the BPDM in the 2012/13 financial year

Project Name	Budget	Local Municipality	Number of beneficiaries	Employment
Borolelo Water Reticulation	R3.6m	Kgetleng River	820 households	30
Water meter provision in Maubane (Ph2)	R4m	Moretele	1486 households	24
Communal standpipes provision in Skirlik	R1.6m	Moretele	200 households	32
Madikwe Bulk Water Reticulation	R1.44m	Moses Kotane	500 households	20
Borolelo Sewer Reticulation (Phase 1)	R7m	Kgetleng River	250 households	25
Upgrading of Mmakau Sports facility(Phase 1)	R7m	Madibeng	1000 households	28

Source: (Adapted from BPDM 2016c:25)

The following peculiar constitutional arrangement in one of the provinces in South Africa is mentioned to illustrate the diverse composition of the country. It also illustrates the role of traditional leaders due to historical reasons. Although it only affects one province it identifies the challenges faced by government in its endeavours to reconcile traditional systems with formal systems created by national laws. It also highlights a municipal council's dilemma of enforcing municipal by-laws and resolutions in their respective areas of jurisdiction as the tribal land referred to in the following paragraph is within the boundaries of a specific municipality.

In KwaZulu-Natal, the Ingonyama Trust was established in accordance with the *Ingonyama Trust Act* 3 of 1994 (RSA 1994b). When the democratically elected government came into power, it became the *KwaZulu-Natal Ingonyama Trust Act* 9 of 1997 (RSA 1997d). The Ingonyama Trust is a corporate body established by law and is the registered owner of various pieces of land in KwaZulu-Natal

Table 7: Projects implemented by the BPDM in the 2013/14 financial year

Project Name	Budget	Local Municipality	No of Beneficiaries	Employment
Tweelaagte Water Supply	R6.5m	Moses Kotane	150 households	21
2.5 megalitre reservoir in Swaruggens	R3.2m	Kgetleng River	1000 households	15
Makapanstad & Mathibestad Boreholes	R2.8m	Moretele	13 villages	5
Lethlabile elevated reservoir	R3m	Madibeng	500 households	10
Borolelo Sewer Reticulation (Phase 2)	R6m	Kgetleng River	217 households	30
Upgrading of Mmakau sports facility (Phase 2)	R5.5m	Madibeng	1000 households	32
Roads Programme Upgrading (Mabaalstad)	R7m	Moses Kotane	150 households	20
Expanded Public Works Programme (EPWP)	R1m	Madibeng Rustenburg Moretele	130 people employed	130

Source: (Adapted from BPDM 2016c:26)

which have been part of the Zulu kingdom dating back to various Zulu kings who occupied the land in the area before the unification of South Africa in 1910. His Majesty the King is the sole trustee of the land. The Trust holds all the land that was owned or belonged to the KwaZulu-Natal government prior to the 1994 national and provincial democratic elections. The mandate of the Trust is to hold land for the benefit, material welfare and social well-being of the tribes and communities living on the land. Municipalities and the provincial government in KwaZulu-Natal have to request approval for land use if they intend to develop any project in an area belonging to the *Ingonyama Trust*. As a result of the Act challenges arise if a municipality wants to expand its boundaries and the King of the Zulu nation refuses to grant permission to allow the municipality to encroach onto his land (Thornhill & Cloete 2014:38).

INTEGRATED DEVELOPMENT PLANNING (IDP)

Prior to 1994, municipalities were mainly concerned with providing services and implementing by-laws, provincial ordinances and national legislation (Subban &

Theron 2012:21). After the adoption of the Constitution (RSA 1996a) and related new legislation and policy frameworks were introduced, local government's functions and powers were greatly expanded. Municipalities are now required to be developmental in their approach and activities. The value of the IDP process for municipalities lies in formulating focused plans and developmental priorities (Subban & Theron 2012:21). The approach assists in avoiding wasteful expenditure and perpetuating unwarranted spending patterns, viewed as common challenges in municipal government. The aim of adopting a more business-based approach is thus not to manage councils like companies, but to ensure that scarce resources are spent effectively, efficiently and economically.

The compilation of an IDP is a process through which municipalities prepare a strategic development plan, for a five-year-period. The IDP guides and informs all planning, budgeting, management and decision-making in the municipality. According to section 25 of the *Municipal Systems Act* (RSA 2000b), all municipalities have to comply with the prescribed process to compile an IDP. Because the IDP is a legislative requirement, it has legal status. It supersedes all other plans that guide development in the local government sphere. Its timing is closely related to the municipal budgeting cycle. It is reviewed every year, and the review could result in amendments if necessary (Thornhill *et al.* 2014:222). An IDP allows a municipality to identify its priority goals or challenges, which determine its vision, objectives and strategies, followed by the identification of projects to address the issues concerned.

Due to the extensive nature of the IDP on a municipal community, participation is of critical importance. In this regard the traditional authorities in the local municipalities consisting of rural communities could play a significant role. The *dikgosi* in those areas have an important role to play to obtain the views of the respective communities and endeavour to reconcile expectations with realities regarding the implementation of plans due to financial constraints, natural resource limitations and policy prescriptions of other spheres of government.

CONTROL AND ACCOUNTABILITY

Auditor-General

Section 188 of the Constitution (RSA 1996a) provides that the Auditor-General of South Africa (AGSA) must audit and report on the accounts, financial statements and financial management of all national and provincial state departments and administrations; all municipalities and any other institution or accounting entity required by national or provincial legislation to be audited by the AGSA. The AGSA submits reports to any legislature that has a direct interest in the audit,

and to any other authority prescribed. The AGSA has a constitutional mandate. As the Supreme Audit Institution of South Africa, its purpose is to strengthen the country's democracy by enabling oversight and accountability and governance in the public sector through auditing.

In addition, the AGSA may report on whether the auditee's resources were procured economically and used efficiently and effectively and based on this information, the members of the public need to be informed of the findings of the AGSA. The public should be enabled to establish the performance of municipalities and determine if the municipal performance management system yields the expected results concerning the output of its officials. Municipal communities should be enabled to establish whether the set targets were achieved by the employees of council adhering to the set performance indicators. The AGSA expresses an audit opinion after the auditing process. The opinion can be unqualified, qualified, adverse or a disclaimer, as shown in table 8.

Table 8: Audit opinions of the AGSA in the BPDM municipalities

Municipality	2011/12	2012/13	2013/14	2014/15	2015/16
Kgetleng	Disclaimer	Disclaimer	Qualified	Qualified	Unqualified
Madibeng	Disclaimer	Qualified	Qualified	Qualified	Qualified
Moretele	Disclaimer	Disclaimer	Qualified	Qualified	Qualified
Moses Kotane	Qualified	Qualified	Unqualified	Qualified	Qualified
Rustenburg	Qualified	Qualified	Qualified	Unqualified	Unqualified
BPDM	Unqualified	Unqualified	Unqualified	Disclaimer	Disclaimer

Source: (Adapted from AGSA 2011–2016)

Table 8 shows a slight improvement, between the 2011/12 and 2013/14 financial years in all the constituent local municipalities regarding the financial statements. It fairly represented in all material respects, the financial position of the municipalities, financial performance and cash flows for the year ended in accordance with the South African Standards of (Generally Recognised Accounting Practice) GRAP and the requirements of the *Municipal Finance Management Act* (RSA 2003a) (MFMA) and the *Division of Revenue Act* (DoRA) (ISA 705:703). Thus, it could be argued that the political oversight of the municipal administration and the involvement of communities in matters concerning local government have resulted in an improvement of the audit results. Traditional leaders play an important role in coordinating community meetings where the local municipality presents its annual report, which includes the performance of the municipality in

relation to the audit opinion. An improved audit opinion gives the local communities confidence that the funds of the municipality are used efficiently, effectively and economically.

Consequences of Auditor-General's reports

Section 131 of the *MFMA* (RSA 2003a) compels a municipality to address any issues raised by the AGSA in an audit report. The mayor of a municipality must ensure compliance by the municipality on issues raised by the AGSA. The MEC for local government in the province must assess all annual financial statements of municipalities in the province, the audit reports on such statements and any responses of municipalities to such audit reports. The member of the executive council of a province (MEC) must determine whether municipalities within their particular province have adequately addressed any issues raised by the AGSA in audit reports. A municipality must report within 60 days to the provincial legislature if there is any omission to address the issues raised adequately. It can be deduced that when a municipality addresses issues raised by the AGSA in the audit report, it convinces residents that the money allocated to the municipality is used efficiently, effectively and economically. This could be proven by the increased collection of rates and taxes in the municipality proving that all expenditure could be justified. The Rustenburg Local Municipality received an unqualified audit report from the AGSA in the 2013/14 financial year. This contributed to a 60% collection rate in the municipality which represented an improvement on the previous year's collection rate (Rustenburg Local Municipality 2015:43).

Municipal oversight structures

COGTA in cooperation with the National Treasury has issued guidelines for the establishment of MPACs in each municipality. In terms of these guidelines, an MPAC had to be established by 30 November 2011 in accordance with section 79 of the *Municipal Structures Act* (RSA, 1998c). The MPACs assist the council to hold the executive and municipal administration to account and to ensure efficient and effective use of municipal resources. All constituent local municipalities of the BPDm established MPACs in their municipalities in terms of the guidelines.

When preparing the oversight report, the BPDm's MPAC holds meetings with the MPACs of the constituent local municipalities of Moretele, Madibeng, Moses Kotane, Rustenburg and Kgetleng Rivier. The district MPAC committee uses the framework provided by National Treasury in *Circular No 32*, of 15 March 2006, to guide the committee during the evaluation, verification and oversight process. The district MPAC undertakes site visits to selected sites and projects in local municipalities where projects funded by the BPDm are implemented by

the respective local municipality. In every ward where the MPAC does site visits, the MPAC committee meets with the ward committee members. The committee performs its functions in collaboration with the Office of the Speaker of a local municipality, traditional leaders, ward councillor and ward committee members, of the relevant wards affected by the particular issue under consideration. The committee invites public comments through the local press, loud hailing and newspapers. Traditional leaders play an important role in encouraging residents to attend MPAC meetings.

Section 166 of the *MFMA* (RSA 2003a) provides for the establishment of an Audit Committee to exercise oversight over all executive obligations of the council. An Audit Committee is an independent advisory body consisting of members who have particular expert knowledge of municipal finance. The majority of the members may not be employed by the municipality. An Audit Committee may be appointed for a district municipality for example, Bojanala and for each of the five constituent local municipalities. This Committee approves the Internal Audit Charter of a municipality and advises council on the quality of the audit reports. It also provides the council with an authoritative and credible view of the municipality's financial position.

Oversight reports on annual reports

Section 129(1) of the *MFMA* (RSA 2003a) provides that the council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control. Not later than two months from the date on which the original annual report was tabled in the council (in terms of section 127), the council must adopt an oversight report containing the council's comments on the annual report. This must include a statement on whether the council has approved the annual report with or without reservations, has rejected the annual report, or has referred the annual report back for revision of those matters that should be revised.

The meetings of a municipal council at which an annual report is to be discussed or at which decisions concerning an annual report are to be taken must be open to the public and any organs of state (as defined in section 239 of the Constitution, 1996), in terms of section 130(1) of the *MFMA* (RSA 2003a). A reasonable time must be allowed for the discussion of any written submissions received from the local community or organs of state on the annual report; and members of the local community or any organ of state must be allowed to address the council. Representatives of the AGSA are entitled to attend, and to speak at any council meeting. Ward committees and residents from both the formal ward committees to those ward committees operating within the area of a traditional leader in the BPD, regularly attend council meetings in which both the annual

and oversight reports are tabled (BPDM 2014b:74). This is a clear indication of the incorporation of all communities within BPDM when the results of council's actions are evaluated.

Section 127(5) of the *MFMA* (RSA, 2003a) provides that immediately after the annual report is tabled in council, the accounting officer of the municipality must publish the annual report, making it available to every member of the community. The Act requires the accounting officer to invite the local community to submit representations in connection with the annual report. A ward committee has to mobilise residents to attend community meetings to participate in the discussion regarding the annual report. In the BPDM, the Municipal Manager publicised the 2011/12 financial year's annual report for public comments after it was tabled in council in terms of the Act. During a public consultation meeting in the Moses Kotane Local Municipality, the residents of Magong (one of the areas within the local municipality) complained because the sunflower oil project that the annual report of the BPDM reported as completed had in fact not been completed, thus the stated goals had not been achieved as reported. Similarly, in the meeting held at the Madibeng Local Municipality, the residents of Jericho village protested that the Jericho feedlot project was not completed as reflected in the BPDM's 2011/12 *Annual Report*. The complaints raised during these public participation meetings led to the municipal council of the BPDM approving the annual report with reservations, in line with section 129(a) of the *MFMA* (RSA, 2003a) (BPDM 2013:R363/12/13). Thus it can be deduced that traditional leaders play a significant role, in areas in which they exercise jurisdiction, in measuring, monitoring and evaluating the work of municipal councils.

CONCLUSION

This article analysed how planning can be integrated into local government and administration by obtaining community participation in district municipalities in the North West Province of South Africa. The IDP processes, municipal financial performance drivers and community participation were assessed with the purpose of establishing whether stated goals are achieved and the quality of life of all citizens in the BPDM is improved.

Traditional leaders play a significant role in planning in wards where they own land – 61.2% (85 wards) of land in the BPDM. It was found that service delivery protests are more frequent in townships than in rural villages, due to the respect that residents in rural areas accord their traditional leaders. In townships, residents receive proof of residence from the municipality through a ward councillor, but in rural areas they are accorded the right of residence by the traditional leader. Apart from paying allegiance to the traditional leader they are also required to

pay normal municipal rates and taxes, which could be viewed as double taxation. Thus they are reluctant to pay property rates and taxes. This has a serious detrimental effect on the revenue of the BPDM. Thus, although the traditional leaders contribute to coordinate community activities in areas under their jurisdiction, facilitating the composition of the IDP, the diverse composition of the BPDM community adversely affects its financial viability.

NOTE

- * This article is partly based on the unpublished thesis in Public Administration by K I Sirovha (2017) titled *Ward based planning to improve service delivery: The case of North West District Municipalities* at the University of Pretoria under the supervision of Prof C Thornhill.

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Challenges in Public Procurement

An Analysis of Public Health Facilities in Zimbabwe

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ABSTRACT

The purpose of this article is to analyse the procurement challenges in public health facilities in Zimbabwe. In terms of the research methodology, a case study approach which incorporated both quantitative and qualitative methods was applied in order to analyse the procurement challenges. Three major hospitals which are referred to as central or referral hospitals were used as cases. However, the need to have a holistic, balanced and comprehensive understanding of procurement entailed inclusion of suppliers of medical commodities. Thus, a total of 13 cases were selected. Separate questionnaires and interviews were designed for the hospital respondents as well as for suppliers. Documents were also analysed in that fashion. In terms of sampling, a non-probability sampling method, specifically purposive sampling, was utilised. A total of 60 hospital questionnaires were received as well as 20 suppliers' questionnaires. Then, for interviews 50 hospital respondents were successfully interviewed while 20 suppliers were also interviewed. Analysis of the quantitative and qualitative data indicated that there are serious procurement challenges facing the hospitals in Zimbabwe. First and foremost, lack of synchronisation and harmonisation of the procurement laws is a challenge and almost related to that, the straitjacket nature of the procurement laws is not reflective of the unique health set-up. Second, lack of procurement planning is compounding the challenges; followed by inadequate health financing.

Improper product specifications development where lock-out specifications are utilised, is also a procurement bottleneck. Selection criteria, where price is the overriding factor; add to the list of challenges.

INTRODUCTION

Public procurement is often complex and fraught with challenges. This seems to be related, to a greater extent, to the unique set-up and characteristics of public procurement. Arrowsmith (2010:1) defined public procurement as “the government’s activity of purchasing goods and services which it needs to carry out its functions”. Broadly, public procurement unlike private sector procurement is not only concerned with the acquisition of commodities but is also aimed at addressing quite a number of broader and strategic objectives for governments. The rationale behind utilisation of public procurement as a strategic tool is primarily hinged on its great contribution to a country’s Gross Domestic Product (GDP) and statistically, it contributes between 15% -20% in terms of GDP (Mukhopadhyay 2011:21).

The strategic objectives are political and socio-economic and shape the public procurement terrain and also present some challenges to public entities. It is, however, important to briefly examine and discuss these highlighted objectives.

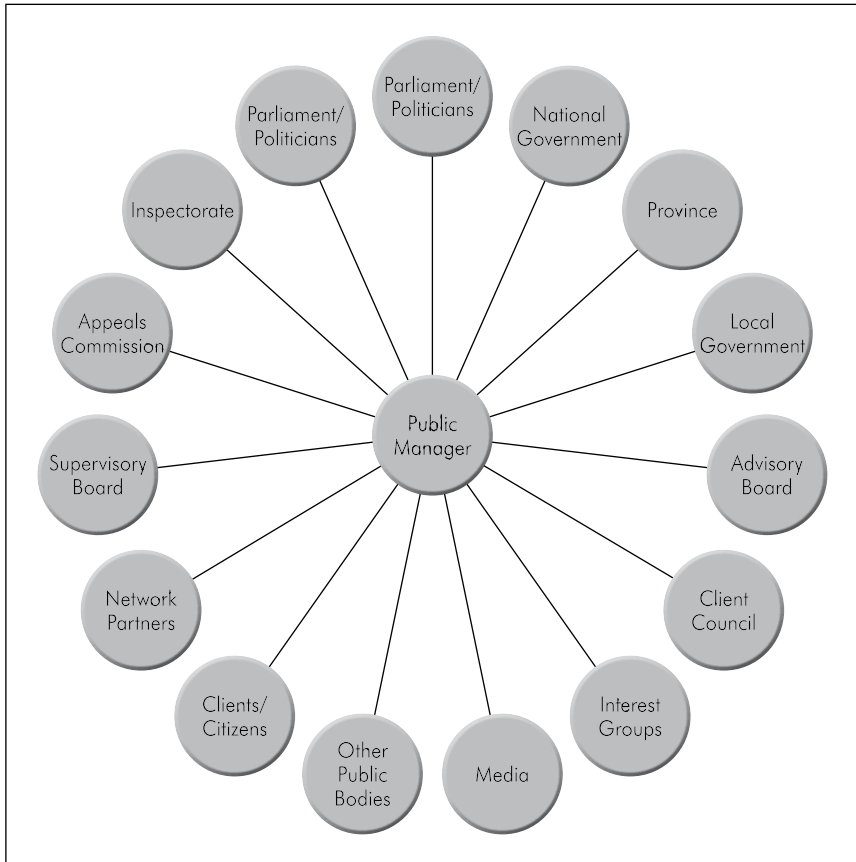
Political objectives

As Van Weele (2005:341) correctly stated, procurement decisions by public sector facilities are often shaped by the political objectives of that country. It does not necessarily follow that political objectives should make economic sense. Actually they may be at variance. A procurement decision can be made to contract a local construction company to build a hospital even if costs are higher than an international bidder, for the reason of encouraging local employment; and so, understanding of the respective political environment is necessary for procurement to be effective.

Socio-economic objectives

In the past, Africa and Asia experienced various forms of oppression and marginalisation during the colonial era that literally widened the gap between the rich and the poor (Chowa and Mukuware 2013:2). Following the attainment of independence by those governments, various economic reforms were deliberately crafted and employed in an effort to narrow the Gini co-efficient in those nations. For example, in South Africa, Black Economic Empowerment (BEE) was implemented in order to correct the economic disparities created during the apartheid era. In a similar manner, Zimbabwe also pursued the Indigenisation and Economic Empowerment Act (2010). The Act contains specific provisions that favour awarding of tenders to indigenous Zimbabweans and this is a typical example of the strategic use of public procurement by government entities.

Figure 1: Web of Public Accountability



Source: (Schillemans 2015)

Apart from the above discussions, there are also unique characteristics specific to public sector entities that are prone to some of the operational challenges. Of note is the nature of funding for public procurement which is mainly levied from companies and individuals and for that reason, the funds are classified as public funds. This scenario culminated in the existence of many stakeholders; internal and external who are interested in following religiously how public procurements are being conducted. There are “webs of accountability” as explained by Schillemans (2015:433), in the public sector and that also translates to public procurement officers and managers who will be accountable to both internal and external stakeholders. Figure 1, may be useful in illustrating the unique challenges faced by public entities inasmuch as accountability is concerned:

As strongly argued and articulated by Schillemans (2015:436), this web of accountability creates permanent pressure on public sector entities by forcing them to invest substantially in accountability capacity. Some people could be employed merely to fill in forms as may be required by the Inspectorate. Of all the listed stakeholders above, media has intensified the pressure borne by the public sector; dictating the operating landscape through providing a parochial view of issues. The potential risk of multiple accountability is that public managers or administrators including procurement personnel, will be grossly indecisive- a phenomenon well described by Koppel (2005) as “Multiple Accountabilities Disorder” (MAD).

In an effort to please all the stakeholders, they can lose focus of the most important decisions of the entity. This is the particular circumstance which public procurement is confined to concerning public accountability.

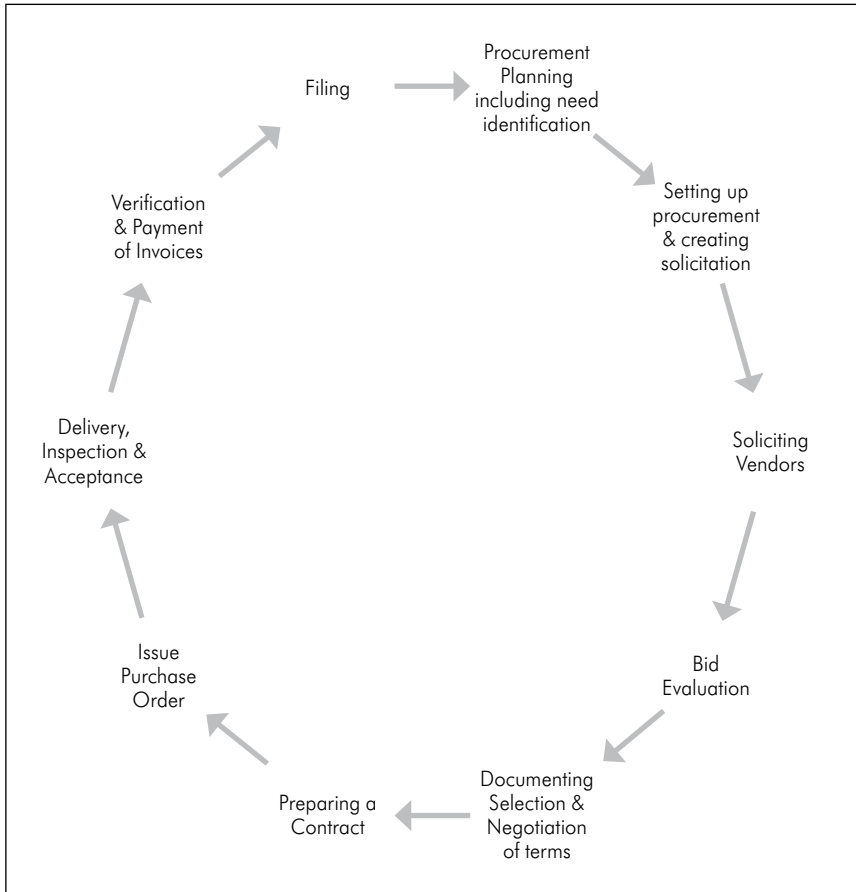
In addition to the above, in public procurement there are rules, procedures and regulations aimed at enhancing transparency, accountability, open competition and achieving best value for money on all procurements. Thus, the nature of rules in the public sector compels competition through invitation of many suppliers but this is quite different with private sector procurements because they may reduce the number of suppliers to manage risks (Arlbjørn and Freytag 2012:204). National and international procurement regulations influence the procurement decisions in public sector organisations. Thus, existence of too many rules and regulations result in inflexibility and also confine the level of interactions with suppliers to very formal platforms in public procurement.

Further, prior studies conducted provided a myriad of challenges in public procurement. In the United Kingdom for example, following concerns of inefficiencies in procurement at public entities, a Commission popularly known as the Winter Commission was appointed to identify the challenges that relate to procurement and a number of challenges were noted that include but were not limited to, extensive and lengthy procurement processes with several signatures being required to be appended for procurement documentation (Potoski 2008). It is of paramount importance to note that the lengthy procurement process can also be attributable to a cycle of stages and some of the stages are actually legal requirements, procurement policies and procedures.

For that reason, it is necessary to review the procurement cycle in general which is captured in Figure 2.

From the diagram above, the procurement cycle starts with procurement planning which essentially involves need identification. In literature, many authors do not clearly indicate procurement planning but it is imperative that the cycle begins with it. The procurement process begins with determination of requirements (goods and services) which could be for the whole year with particular timelines for each product as specified by the requesting department or user. Following this

Figure 2: Procurement Cycle



Source: (Author's representation)

stage, there is setting up of the procurement and solicitation. In other words, it is the process of coming up with product or service specifications, be it functional or technical and the appropriate solicitation mechanism that best fulfils the organisation's strategy and internal processes and general guidelines. After that process, the next stage will be tendering which essentially differs if it is a public entity or a private organisation because different avenues will be pursued. When bids are received, evaluation of the bids is done and subsequently, awarding of a contract or Purchase Order.

Evaluation or selection of an appropriate supplier is quite crucial and this will be extensively discussed in the coming sections. Goods are delivered and

inspected. The final stages are payment for the goods and services and filing of the procurement documentation. The last stages are equally important as failure to pay for the supplied commodities has serious supply chain consequences which will be discussed later. Also, filing is very important as procurement documentation should be properly filed for scrutiny by the Comptroller and Auditor General in the case of public procurement.

Pertaining to the procurement challenges in the public sector, both Larson (2009) and Uyarra (2014) concurred that poorly trained procurement professionals with a narrow perspective on procurement tools and techniques commensurate with the complex operating environment, is one of the greatest challenges. The net effect of that being that there will be issues of over-specification of product requirements and overly prescriptive specifications, which has the potential of increasing unnecessarily the costs of products. Even failure to provide feedback to suppliers is evidence of the insufficient training of procurement professionals. There is also the general propensity of focusing on short-term relationships with suppliers of products which is a symptom of inadequate competence on the part of procurement professionals.

Still on challenges, in Malawi the research conducted unearthed that procurement inefficiencies and lack of competitiveness of the practices were central to the unavailability of medicines in public hospitals (Kanyoma and Khomba 2013:27). Further, in terms of procurement, Kanyoma and Khomba (2013:29) determined in their research that the use of Information and Technology (IT) is limited in public hospitals to a point where inventory management is primarily based on experience instead of being data-generated.

In addition to the above, inadequate financing has been identified by Cohen, Reeh and Neroutsos (2011:7) as one of the key procurement challenges in low- and middle-income countries. Unpredictability in the timing and disbursement of funds is worsening the matter.

The public procurement system in Zimbabwe can now be examined and discussed in the following sub-section.

PUBLIC PROCUREMENT IN ZIMBABWE

Primarily, public procurement in Zimbabwe is governed by the Procurement Act (Chapter 22:14) and the Procurement Regulations of 2002. In terms of application, Part II of the Act clearly stipulates that it applies to all procuring entities except (a) such classes of procurement, or (b) such procuring entities; as may be specified by the President by the Statutory Instrument. By “procuring entities”, the Act referred to the State Procurement Board, any ministry or government department, statutory body and local authority. However, the Act remains vague under Section 3(1) (a)

and 3 (1) (b) by not specifying the classes of procurements. For the purposes of ensuring total adherence and compliance to this Act, clarity was necessary for those sub-sections.

The Procurement Act further provided for the establishment of the State Procurement Board (SPB) and its functions which are contained in Part II. From the described functions of the SPB, it is not difficult to see that they are “players” in the sense that they are involved in procurements and at the same time acting as “regulatory body” and therefore have a dual role.

In addition, it is quite interesting that Part II of the Procurement Regulations of 2002 clearly provide guidelines on tendering and the types of tenders which include Competitive, Informal, Formal and Special-Formal. Public entities need to religiously follow and comply with these prescriptive guidelines.

However, it is of paramount importance to note that there are also separate legislative framework that provides direction to public entities regarding procurement in general and these include the Indigenisation and Economic Empowerment Act of 2007 (Tsabora 2014:5).

PROCUREMENT IN PUBLIC HEALTH FACILITIES IN ZIMBABWE

Provision of healthcare service to the nation is and remains the mandate of the Ministry of Health and Child Care (MOHCC). Service delivery to patients is through a network of health facilities that include Clinics, District, Provincial, General and Central hospitals spread throughout the country.

In terms of resourcing the public health facilities in relation to pharmaceuticals, the procurement of the medicines is primarily done through the National Pharmaceutical Company of Zimbabwe (NATPHARM). Essentially NATPHARM is a parastatal that procures drugs, reagents and surgical consumables and sells to public health services on a cost-recovery basis. However, in recent years, NATPHARM has been incapacitated to provide the required medicines in sufficient quantities to the health facilities resulting in the individual facilities procuring most of the products on their own. According to the survey conducted by Osika, Altman, Ekbladh, Katz, Nguyen and Rosenfield (2010:87), 49 health facilities sampled show that they have not received the products they ordered through NATPHARM, while 48 reported that the reason why they have not received from NATPHARM is that the products were out of stock.

Therefore, in this study the following research methodology was adopted in order to have an in-depth and all-round understanding of the procurement challenges that are faced by the health facilities in the public sector.

METHODOLOGY

For this study, a case study approach was adopted, concentrating a spotlight on procurement challenges in Zimbabwe. The case study design infused both quantitative and qualitative methods. Of the health facilities in Zimbabwe, central hospitals which are the major health facilities in the country were selected because of the volume of purchases they handle. Their wide scope of services which range from general to highly specialised made them well positioned to provide a comprehensive understanding of procurement challenges affecting public health facilities. Some health centres like Clinics, in most cases, do not procure as standalone facilities hence the focus on the central hospitals. In view of that, three central hospitals were used as cases. However, the need to have a holistic, balanced and deeper understanding entailed incorporation of suppliers of medical products because they too are well positioned to give an insight into the procurement challenges. To that end, 10 suppliers of medical products were selected. Thus, a total of 13 cases were chosen in this multiple case design.

In terms of the sampling method, non-probability sampling, specifically the purposive sampling technique, was subsequently selected. It was the view of the researcher that the nature of the study required knowledgeable respondents who are well positioned to understand the procurement aspects. In the case of hospitals, procurement professionals, administrative and clinical staff were purposively selected. Given the need to preserve anonymity, the titles of the respondents could not be availed. Then, for suppliers of hospital commodities, sales and marketing personnel as well as the management of the respective suppliers were chosen due to their constant interface with procurement professionals.

Coming to data collection, a number of instruments were utilised. First, the questionnaires were in two forms: the hospital questionnaires and the suppliers' questionnaires. Regarding the hospital questionnaires, a total of 70 were hand-delivered to the hospitals and out of that, 60 questionnaires were collected fully completed giving a response rate of 85.7%. Then, for suppliers, 20 questionnaires were distributed to 10 suppliers of hospital products and all 20 were collected fully completed giving a response rate of 100%.

Apart from questionnaires, data was collected through personal interviews. Starting with hospitals, 60 were selected for interviews for the three hospitals and 50 were successfully interviewed. For suppliers, 20 out of the 20 selected were interviewed.

Further, data collected was also through document analysis of the Procurement Act, hospital procurement documentation and other legislative framework governing procurements.

Direct observations were also made during scheduled interviews.

Having provided the methodology, the next section will present the findings and subsequently the discussions.

FINDINGS AND DISCUSSION

Gaps in procurement legislative framework and processes

From documents analysis, it was found that there are various procurement laws that prescribe how state enterprises should conduct their procurements and that include the public hospitals. The variety and multiplicity of the procurement regulations as contained in the Procurement Act, Indigenisation and Economic Empowerment Act and the Trade Policy which also enshrined the Buy Zimbabwe Initiative; impact the procurement processes of public hospitals. Lack of synchronisation and harmonisation into one single procurement document which should guide procurements is of fundamental significance. This presented a challenge.

It is again imperative to note that there is no particular procurement legislative framework which is specifically customised to reflect the unique health set-up. This is because the existing regulations cut across all sectors like mining and agriculture. Related to that, 45 out of 60 hospital questionnaire respondents described the existing procurement legislative framework as restrictive and inappropriate to the health sector. This was further substantiated by interview respondents who highlighted the same and this interview excerpt indicated: “the procurement systems and processes are not best for patients and not ideal for hospitals. It is not customised for the health sector. For example, you need *Isofluorane* for theatre, the value alone is usually above \$10.000 threshold limit which follows that an informal tender should be floated in the newspaper but the patient with a specific condition which needs surgery within a specified period will be waiting”.

Both hospital and supplier respondents concurred about the irrelevance of the procurement system to the unique healthcare set-up.

Table 1 indicated that 17 out of 20 suppliers which translate to 85% described the procurement system as not relevant while 15% said it is relevant.

Therefore, the issue of relevance and applicability in the health sector is brought into question considering the key operations objectives typical of hospitals such as speed and flexibility in meeting existent, emerging and varied patients' needs.

In addition to the above findings, it was analysed from the procurement documentation that there is a multi-layered procurement cycle and processes and the net effect of that is sickness which cannot be postponed to a future day when all processes are finalised.

Table 1: Questionnaire response to the relevancy of the Procurement System to the health sector

	Frequency	Percent	Valid Percent	Cumulative Percent
No	17	85.0	85.0	85.0
Yes	3	15.0	15.0	100.0
Total	20	100.0	100.0	

Source: (Author's own data)

It was further provided in the findings that there are no clear provisions in terms of the procurement regulations for small purchases; for example for those below \$1 000 which ordinarily should be procured without going through a tender, upon solicitation of one or two quotations. This way, emergencies can be timely met.

Relating to the document analysis, the latest version of the Procurement Regulations was last done in 2002 which is almost 14 years ago and could mean some sections are no longer applicable in this volatile dynamic global business environment.

Lack of procurement planning

There was no documented procurement plan and it appeared during the interviews that the concept was strange to the procurement professionals. Of course one of the common answers provided during interviews and questionnaires was that procurement planning is discouraged by inadequate finances. "Why plan when you know you cannot purchase the product"? That was the question raised. Further, it was provided during the interviews that the Procurement Department will focus on the "noisy" requirements. By "noisy", it denoted hospital requirements which are urgently required and hospital wards make noise if the items are not procured hence the focus of the procurement department.

Lack of procurement planning was further confirmed by suppliers as 20 out of 20 suppliers which translate to 100%, indicated that they are not given realistic supply lead-time.

Therefore, absence of procurement planning, a critical function of the Procurement Department essentially means purchases are done in a haphazard manner with attention to the noisy items. There is a possibility, however, that an item can be "noisy" and yet not very important to the smooth running of the hospital and prioritisation should be informed by the criticality of the item. The argument may not hold much water because if funds are inadequate, it is when

prioritisation is greatly required hence procurement planning becomes an integral component of that.

Ideally, the existence of a comprehensive and consolidated hospital procurement plan identifies the requirements that need to be procured, the scope of the commodities, appropriate procurement methods to be employed as well as the timelines (Onyango 2014:448). Prior studies clearly indicated a direct relationship between procurement planning and institutional performance and hospitals are no exception. Failure to plan is actually planning to fail. Neglect therefore of this crucial procurement function by hospitals which should have directed and set the procurement processes in motion, implies that some of the so-called urgent requirements may not be really urgent but normal and routine needs which could have been properly addressed by standard or conventional procurement methods (Brahim, Abada and Muhindo 2014:227). Further, when purchases are handled in a piecemeal fashion; there is no leverage on consolidation of orders.

Unfortunately, the side-effects of lack of poor procurement planning do not end with the hospitals but permeate to the suppliers of hospital commodities. The findings showed that in most cases suppliers were given Purchase Orders to supply products which are already out of stock. This has a bearing on sourcing costs because of insufficient time to conduct market intelligence on the part of suppliers.

Inadequate health financing

Insufficient hospital financing to efficiently run the hospitals was very topical in both interviews and questionnaires from suppliers and hospitals. Three sources of finances were identified and these are: Government Annual Budget Allocation which comes through the Ministry of Finance, Hospital Service Fund (HSF) and Donor Funds which could be from NGOs or private companies such as mines. While donor funds are being greatly appreciated, the hospitals usually rely on Government Annual Budget Allocation and the HSF. This is because of the scope of hospitals' requirements which are broader.

From the hospital questionnaires, 60 out of 60 respondents indicated that finances to run the hospitals are inadequate; falling short of the Abuja Declaration that stipulated that about 15% of the national budget should be allocated to the Ministry of Health. An official statement in May 2016 from the Minister of Health and Child Care, Dr David Parirenyatwa, highlighted: "I have approached Treasury, and Finance Minister is looking at it. What we need is about \$65 million for the year but he can give us in tranches. What I am saying is do not continue prioritising other arms of government without looking at our arm too. For example, Treasury approved a budget of \$450.000 for Midlands Province but they were given \$3000". This disbursement is less than 1% of the budgeted amount and of

course shows another dimension of disbursement which will be discussed in the coming paragraph but the primary issue is on inadequate financing.

Table 2 illustrates the irregular frequency of disbursement of finances from Treasury to the hospitals.

Table 2: Frequency of funds disbursements to hospitals

	Frequency	Percent	Valid Percent	Cumulative Percent
Irregular	57	95.0	95.0	95.0
Quarterly	1	1.7	1.7	96.7
Yearly	2	3.3	3.3	100.0
Total	60	100.0	100.0	

Source: (Author’s own data)

It is therefore not a matter of figures being allocated, because 15% of the national budget can be allocated to the Ministry of Health; the real issue is the translation of figures into actual disbursements. Thus, in terms of the frequency of disbursement of finances, 95% of questionnaire respondents from the hospital indicated that it is irregular and therefore the timing of receipt of funds is not fixed; for example, monthly or quarterly.

Due to the issue of inadequate financing and irregular disbursements which culminated in late payments, about 96.7% of complaints received by hospitals from suppliers are related to payments for medical commodities supplied but not paid for after 3-4 years. The net effect of this is that it may lead to a precautionary pricing from suppliers because they are unsure as to when they should expect their payments. The worst case scenario is that the suppliers will refuse to supply continually.

Improper development of product specifications

Questionnaires and interviews from suppliers indicated that there is use of brand names and “lock-out” specifications in most of the procurements. This could mean that the specifications are largely influenced by suppliers of hospital commodities. Suppliers are taking a leading role in informing the needs of the hospitals and those hospitals may not really know what they exactly require (Strong 2013). It may also imply that use of restrictive specifications is intentionally targeted at monopolising the market, favouring one particular supplier to the detriment of others.

The other possibility is that the procurement personnel are not aware that the specifications are not generic. Use of brand names as a method of specification

is actually at variance with the principles of enhancing market competition and value for money. Ideally, product specifications should be generic so that there is maximum competition. The other issue being that highly prescriptive specifications can hinder innovation and unnecessarily increase the cost of purchase.

Consistent use of brand specifications could reveal lack of proper communication and guidance from the procurement professionals who should be the experts guiding correctly the course of procurement decisions. By asking relevant and clarifying questions of the users' departments pertaining to what exactly they require, use of brand names may be substituted with generic specifications. In terms of specifications development, there could be a "silo mentality" – an independent way of working on specifications and not as one functional team.

On the issue of sticking to outdated specifications, it means there is little market research and intelligence in line with global trends. In the case of medical equipment this could have disastrous effects in terms of continuous availability of spare components. Insistence on old specifications may signal issues to do with general training so that the surgeons or requesters of products are comfortable with the new products or machines on the market.

Imbalanced selection criteria

The procurement documents from the hospitals clearly showed that the selection criteria overly used was the purchase price because 534 out of 536 were adjudicated based on the lowest price upon solicitation of at least three quotations. One of the procurement documents out of the 536 which was for Naloxone, Normal Saline 0.9% and Ringers Lactate could not be approved because the lowest price selection criteria were not applied though the Procurement Committee cited availability as the variable.

Further, the questionnaire responses indicated the price has the highest weighting and importance in the selection criteria. From the hospital questionnaire, 50 out of 60 supported the issue of price being the overriding factor while 90% of suppliers' questionnaires showed price as the main variable and this is shown in Table 3.

Generally, the performance of the hospitals in terms of ensuring affordable and quality healthcare services hinges heavily on the performance of their suppliers. For that reason, the approach utilised in the selection and evaluation of suppliers has a bearing on the hospital's operations. It is against this background that the selection criteria used in the awarding of tenders is of material relevance to this study in light of this aspect being presented as a finding.

This myopic approach as stated by Boston Consulting Group (2015:5) is often driven "by a crude focus on short-term savings and does not address needs of the patients and clouds the true cost of care".

Table 3: Most Commonly Used Tender Evaluation Criteria

Evaluation Criteria	Frequency	Percent	Valid Percent	Cumulative Percent
Brand name	1	5.0	5.0	5.0
Price	18	90.0	90.0	95.0
Sample	1	5.0	5.0	100.0
Total	20	100.0	100.0	

Source: (Author's own data)

Insistence on the lowest price as the basis for supplier selection reflects the Procurement Act and while it appeared that there could be other factors to consider when selecting, the structure and nature of the selection seems to tilt more towards lowest price. Side-effects of imbalanced and inadequate supplier selection methods where purchase price is the main decisive factor exhibited serious effects in terms of re-tendering because suppliers simply under-quote in an effort to win a tender but fail to supply (Bergman and Lunderberg 2013:73). In some cases, cheaper sub-standard products could be supplied and in the case of medical equipment, unavailability of sufficient back-up services could be the result of premising selection on lowest price.

While this is the case, the responsibility lies with the procurement professionals in clearly highlighting the evaluation criteria and the corresponding weight of each factor in the solicitation documents given to suppliers at the time of tendering, so that evaluation could be done in line with the criteria specified, if it is determined that the variables are important.

Therefore, purchases should not be based on price alone but should holistically include other aspects such as quality, supply-lead time and back-up services. The concept of Total Cost of Ownership (TCO) which looks beyond price by quantifying and incorporating all total costs across the product life cycle is ideal in the public health sector (Garfamy 2006).

In addition to the above discussions, the selection criteria based on price upon solicitation of at least three quotations seems not to reflect the market or supply situations as well presented by Krlajic's model. This is particularly so considering the "Strategic" and the "Bottleneck Matrix". Products available from monopolistic and oligopolistic market structures like narcotics (Pethidine and Morphine Sulphate) may not be found everywhere hence, a non-competitive procurement method may be relevant. As far as "Strategic" matrix products are concerned there is a high dependency on a particular supplier(s), where an arm's length approach is necessary resulting that the lowest price principle may not be ideal. An example of this situation

is for highly customised diagnostic equipment like the Point of Care (POC) machines for Early Infant Diagnosis (EID). A partnership approach could be appropriate for the supplier to develop a specific machine. As a corollary, it may be stated that each supply context demands a relevant supplier selection model. Using a straitjacket approach to varying supply situations confirmed why respondents indicated that the procurement regulatory framework is irrelevant to the unique healthcare set-up because on the above example, lowest price may be difficult to justify.

Low recognition of the procurement function

Considering procurement as unimportant and a function which can be performed by anyone belies a total misunderstanding of the criticality of the department.

Global developments and increasing pressure to contain costs and to improve on medicines availability in public medical institutions, position correctly the role of procurement. However, in the findings, it appeared that the role of procurement professionals is at the periphery as shown by their exclusion in the deliberations of the Procurement Committee in most cases. While the reasons could be to manage the possible influence in procurement decisions, the exclusion leaves non-procurement professionals at the epicentre of all purchasing decisions. Ideally, the inclusion of the procurement expert even if they may not have voting rights, will mean that procurement decisions made are sufficiently moderated in line with the best practices and also procurement regulations. It is imperative to appreciate that procurement is a technical speciality regarded in the same manner as medicine or surgery.

In addition to the above, use of the title Administration Officers in place of Procurement Officers substantiates lack of recognition for the procurement professionals.

It was further observed that the location of the Procurement Offices is in the backyard, close to the boilers and stores and not in the administration block. That could mean lack of recognition of the professional role of procurement.

Unhealthy supply chain relations

It came out strongly from questionnaires and interviews of suppliers of medical commodities that there are unhealthy supply chain relations. 95% of suppliers highlighted that they have not attended any supplier symposium or any conference where they would discuss issues with the aim of improving their supply relations with procuring organisations. Further interviews from the suppliers indicated that they can only be called for a meeting when “they want to cool us on late payments” and this showed the general state of relationships. Even failure to provide feedback to all suppliers who participated in a tender was highlighted as frustrating and discouraging to a point where they were unsure if they should keep on tendering.

As Wilding (2008; 2013) correctly explained, supply chain management is all about managing relationships within the supply chain network and that implies that the corporate attitude towards suppliers in general should be healthy, positive, continuously engaging, mature and strategic. Supplier relationship is the centre-piece of organisational performance and that includes hospitals. Charkraborty, Bhattacharya and Dorbrzykowski (2014:677) state that barriers between the procuring organisations and suppliers should be removed and a collaborative, interactive approach adopted. Previous studies conducted on the importance of supply chain relationships like the three-year study in the automobile industry where Japan's Toyota, Honda and Nissan supplier relations were rated the highest, impacted greatly on cost and quality (Monczka 2009:7).

Limited use of IT in procurement

The findings indicated that the state medical institutions' procurement system is mainly manual and article-based. This system is used at a time when in some cases products are expiring while in others there are stock-outs. Suppliers of medical products also highlighted that the manual procurement system is increasing cost of doing business with the hospitals because they have to collect the tender documents physically and submit their proposal into the tender box in person. Online electronic bidding is where the progressive business world has already headed to.

In today's world, IT is actually the greatest enabler in terms of procurement and this is attributed to many factors that include, but are not limited to, globalisation, cost-containment and the need to manage supply-chain related risks (Simchi-Levi, Kaminsky and Simchi-Levi 2008:407). In view of globalisation, the disparate nature of business operations where the network of manufacturers, suppliers and distributors is scattered across the world requires some form of coordination and visibility in the supply chain network. Disjointed internal and external processes can be seamlessly brought together through IT. The procuring hospital should be in a position to see how the equipment ordered in Germany at Karl Storz, for example, reaches Zimbabwe and IT is pivotal. Further, sourcing from competitive sources requires extensive use of IT.

Referring back to the issue of inventory management, IT is crucial. A fully electronic, computerised integrated system should be able to indicate the levels of medicines for instance by the click of a button. IT can prevent expiry of pharmaceuticals. In addition, management of assets like IT equipment, diagnostic equipment and hospital furniture can be barcoded and linked to a central asset and tracking system that will provide the location and the state of an asset by the click of a button instead of writing an asset number with a marker and the input of details into a hard cover asset register. Further, demand forecasting and planning will be made much easier through use of accurate data which can be consolidated and analysed.

In addition, use of IT should not only be confined to direct procurement matters but broader aspects that have an impact on procurement. For example, management of patients in most developed countries is now being done through sophisticated cost-effective methods like Telemedicine where a doctor in South Africa can view a patient's diagnosis online and prescribe the medicines via that system without necessarily coming to Zimbabwe.

Another dimension which can exploit the merits of IT is in patient allocation. This may seem to be unrelated to procurement but it has an implication on resources hospitals require hence the involvement of procurement. If renal patients are concentrated at one hospital, as an example, it becomes manageable if there is an integrated IT system to reallocate patients to less busy health facilities. This also impacts patient turnaround time.

CONCLUSION

This article analysed challenges in procurement at public health facilities in Zimbabwe. The analysis was based on personal interviews, questionnaires, observations and document analysis from hospitals and suppliers of medical products.

From the analysis, it can be concluded that there are a number of procurement challenges facing hospitals. There are gaps in the procurement legislative framework in the form of lack of synchronisation and harmonisation of different laws.

Lack of customised procurement laws that govern the health sector was also noted to be a major constraint given the unique set-up of the health sector and implications of prolonged procurement processes. Further, inadequate financing was also analysed as a challenge in public health facilities. Polarised supply chain relationships and limited use of IT in the supply chain network added to the basket of health challenges.

NOTE

- * Dr Shonhe is a Procurement Specialist. This article is based on his doctoral thesis which he did at the Durban University of Technology, with Professor M S Bayat as his supervisor.

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Evolution of the Performance Management System of the Botswana Public Service

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ABSTRACT

Botswana is highly rated in indices that measure corruption, governance, democracy, peace, rule of law, and poorly rated on productivity levels and work ethic. Against this background, this study explores the evolution of the performance management system, which was implemented in 1999 to enhance the performance of the Botswana public service. Through literature review, this study identified the factors that led to the adoption of this programme such as weak implementation capacity; poor work ethic; and low labour productivity. This study contributes to the literature by developing an understanding of the origins and objectives of the performance management system of the Botswana public service. The existing literature focuses mainly on the implementation of the programme and pays scant attention to its origins and objectives.

INTRODUCTION

Botswana is highly rated in indices that measure corruption, governance, democracy, peace, rule of law, and poorly rated on productivity levels and work ethic. Transparency International consistently rates Botswana as the least corrupt country in Africa, and as one of the least corrupt countries in the world. The 2016 Corruption Perceptions Index rated Botswana 35th out of the 176 countries

surveyed. Similarly, Botswana was ranked 27th out of the 167 countries surveyed in the 2016 Global Index of Democracy (The Economist Intelligence Unit 2017: online). The 2016 Ibrahim Index of African Governance ranked Botswana second out of 54 African countries (Mo Ibrahim Foundation 2017: online). The 2016 World Justice Project Rule of Law Index rated Botswana 45th out of the 113 countries surveyed (World Justice Project 2017: online). Similarly, the 2017 Global Peace Index ranked Botswana among the world's most peaceful nations at 37th out of 163 countries (Institute for Economics and Peace 2017: online).

However, Botswana was poorly rated 64th out of 138 countries surveyed in the World Economic Forum's Global Competitiveness Report of 2016-2017 due to, *inter alia*, poor work ethic, inefficient government bureaucracy, and insufficient capacity to innovate (The World Economic Forum 2017: online). Against this backdrop, this study explores the origins and objectives of the performance management system of the Botswana public service.

Since 1999, there has been an exponential growth of case studies investigating the implementation of the performance management system of the Botswana public service, such as those of Dzimbiri (2008); Mothusi (2008) and Sisa, Van der Westhuizen and Naidoo (2015). However, there is limited literature exploring in detail the origins and objectives of the performance management system of the Botswana public service. This article attempts to close this gap in the performance management literature.

This article is structured into five main parts. First, it reviews the literature on performance management. Second, it discusses the research design and methodology. The third section presents findings and interpretations of the study. The fourth section charts the way forward; and lastly, is the conclusion.

LITERATURE REVIEW: DEFINITION AND ORIGIN OF PERFORMANCE MANAGEMENT

The literature review section defines performance management and examines its global origins. Definitions of performance management differ noticeably because the concept is a generic and multi-dimensional phenomenon which is always evolving and is defined differently in each country. On the one hand, Bukh and Mouritsen (2014) defined performance management as an unending formal process that institutions use to improve, measure and manage individual, group and institutional performance in order to achieve the strategic intent or objectives. On the other hand, Armstrong and Baron (1998:7) portrayed performance management as a "strategic and integrated approach to delivering sustained success to organisations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors". In turn, Armstrong (2015:9)

described performance management as a “continuous process of improving performance by setting individual and team goals which are aligned to the strategic goals of the organisation, planning performance to achieve the goals, reviewing and assessing progress, and developing the knowledge, skills and abilities of people”.

Despite these differences, most authors, however, are in agreement that performance management can be defined as a strategic, integrated and holistic approach to the management of individuals, teams and institutional performance. It encompasses a broad array of issues dealing with the measurement, management and improvement of performance such as objective-setting, performance planning, development of performance standards, performance review and feedback, performance monitoring and reporting, employee development, and recognition and reward of performance (Sisa, Van der Westhuizen and Naidoo 2015).

The concept “performance management” was first used by Beer and Ruh in 1976 in their study of the performance management system at Corning Glass Works of the United States of America entitled “Employee growth through performance management”(Armstrong and Baron 1998:43). However, its historical antecedents go as far back as Biblical times and the Chinese dynasties of the 221–206 BC. The Bible refers to performance evaluation in Exodus 35 in approximately 1350 BC wherein the Lord commanded the people of Israel to devote six days of the week to build the Tabernacle. The quest for measurements of performance and quality is traced to around 2500 BC when ancient Egyptians started constructing pyramids (Brudan 2009: online).

Historical accounts further show that Chinese dynasties such as Han and Wei used a type of performance management system. The Han dynasty that ruled from 206 BC– 220 AD reportedly used the merit principle by conducting examinations to recruit and promote those who served the emperor. Similarly, the Wei dynasty that ruled from 221–265 AD reputedly used an Imperial Rater for performance evaluation of the official family members (Armstrong and Baron 1998). The above analyses show that performance management has a long history and is not a new concept.

The second section of this article discusses the research design and methodology.

RESEARCH DESIGN AND METHODOLOGY

This study was part of a doctoral research that employed a mixed methods research design that combined a case study method, applied social research and the survey method to investigate the implementation of the performance management system in the Ministry of Foreign Affairs and International Cooperation of the Botswana public service. It used the model of social programmes, which is a holistic and comprehensive analytical framework that is used to assess implementation of social interventions or programmes, policies, systems and schemes or to

identify factors that can affect programme conceptualisation, design, implementation, monitoring and evaluation, and institutional change (Babbie and Mouton 2001; Sisa 2014; Sisa, Van der Westhuizen and Naidoo 2015).

The main study used purposive sampling and had a sample of 90 respondents from a total population of 526 employees of the Ministry of Foreign Affairs and International Cooperation. Data collection instruments included a literature review, document analysis, self-administered questionnaires and follow-up interviews. Questionnaires and follow-up personal interviews were used for the empirical study to collect primary data, while the literature review and document analysis were utilised to collect secondary data and to validate the data obtained using questionnaires and personal interviews. (For the findings of the empirical study see *Administratio Publica* 23(3) September 2015).

Given the nature of the research topic and questions, this study used the literature review and document analysis as data sources. The research topic was on evolution of the performance management system of the Botswana public service, which dealt with theoretical aspects such as definition and origin of the concept “performance management.” The research questions for this study were the following:

- What is the meaning of performance management?
- What are the origins of the concept of performance management?
- What are the factors that led to the adoption of the performance management system of the Botswana public service?
- What are the objectives of the performance management system of the Botswana public service?

Complex and multi-dimensional concepts such as performance management are best studied using the literature review and document analysis. The literature review is often used to identify and explain the research topic or problem, identify the relevant literature in the area of investigation, define concepts and to answer research questions that are inappropriate for empirical study; particularly those that research subjects may not know the answers to. The study on which this article is premised, used documentary sources such as books, journals, consultancy studies, master’s and doctoral theses, conference papers, speeches, newspapers, newsletters, press releases, policy guidelines, manuals, and national development plans; to investigate the research problem (Sisa 2004; Sisa, Van der Westhuizen and Naidoo 2015).

The third section presents findings and interpretations of the study.

FINDINGS AND INTERPRETATIONS

Based on the literature review and document analysis, this section identifies the factors that led to the adoption of the performance management system of the

Botswana public service. This is followed by a discussion of the objectives of the performance management system of the Botswana public service.

FACTORS THAT INFLUENCED THE IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM OF THE BOTSWANA PUBLIC SERVICE

The performance management system of the Botswana public service was introduced to address the problematic areas of performance of the Botswana public service such as weak implementation capacity, poor work ethic, low labour productivity, bureaucratic dominance and corruption and mismanagement; the shortcomings of the previous performance improvement programmes and to respond to the new realities and emerging challenges of the 21st century (Sisa 2014).

Weak implementation capacity

One significant factor that contributed to the implementation of the performance management system was weak implementation capacity, which became pronounced in the mid-1980s and early 1990s. This was evidenced by poor supervision and monitoring of government projects which resulted in delayed completion of projects, shoddy workmanship and huge cost over-runs; and limited policy analysis and management capacity which resulted in foreign consultants, particularly those from Western-based institutions such as Williams College in the United States of America and Toronto University in Canada dominating the formulation of the national development plans (Sisa 2014).

The problems of limited policy analysis and management capacity and poor implementation of government programmes and projects were addressed in the following ways. First, the Botswana Institute for Development Policy Analysis was established in 1995 to develop a strong policy analysis and management capability and build capacity in the Botswana public service. Second, on 1 September 2000, the office of the Vice President was assigned the task of overseeing the implementation of government programmes and projects to supplement and complement the coordinating role of the Ministry of Finance and Development Planning with a view to boost project implementation and coordination and public service delivery. Third, Ministerial Technical Units were established in 2007 to speed up project implementation and improve project management. Fourth, technical implementing departments such as the Department of Building and Engineering Services and *Boipelego* Education Project Unit were provided with additional resources to strengthen their implementation capacities (Sisa 2014).

Fifth, the Public Procurement and Asset Disposal Act of 2001 and the Environmental Impact Assessment Act of 2005 were amended to ensure speedy implementation of government projects by easing restrictions on retrospective approvals in case of emergencies and waiving the requirement for environmental impact assessments on a case by case basis, respectively. Sixth, in May 2007, the Government Implementation Coordination Office was established to oversee and monitor implementation of government policies, programmes and projects (Sisa 2014).

Finally, in March 2016, an eight member Presidential Inspectorate Task Team was appointed to undertake regular inspections of government programmes and projects, risk assessment and recommend mitigation strategies for programmes and projects that have been inspected and to advise the President of Botswana on matters pertaining to the successful execution of government programmes and projects (Botswana Press Agency 2016). Despite the introduction of the aforementioned measures, implementation capacity constraints still persist in the Botswana public service.

Poor work ethic

The second factor that contributed to the implementation of the performance management system was poor work ethic. The problem of poor work ethic of the Botswana public service was noted by Hope (2003), who observed that by the mid-1980s, complacency, laziness, negligence of duties and responsibilities, and a culture of indifference had crept into the service resulting in serious bottlenecks in public service delivery and a decline in performance. According to the Botswana National Productivity Centre (2015: online), poor work ethic has been Botswana's leading problem in doing business over the past decade. Poor work ethic, low labour productivity, delays in getting licenses and permits to start businesses, and slow Internet access, are cited as some of the factors that account for Botswana's continued decline in global competitiveness rankings. In 2008, the Global Competitiveness Report ranked Botswana 56th out of 134 countries surveyed, and this dropped to 66th in 2009, 76th in 2010, 80th in 2011 and 2012, 74th in 2013 and 2014, and 71st in 2015. In 2016, the World Bank Ease of Doing Business Report ranked Botswana 72nd out of 189 countries, a significant drop from 38th in 2009 (Sisa 2014; Republic of Botswana 2015; Republic of Botswana 2016a).

Low labour productivity

The third factor that contributed to the implementation of the performance management system was low and declining labour productivity. The 1982 Presidential

Commission on Economic Opportunities found that the Botswana public service's productivity, efficiency, and performance had not improved during the period 1980 to 1990 (Hope 1998). The annual growth rate in total factor productivity in Botswana was estimated to be 2.2% during the period 1974/75 to 1994/95 (Hope 1998). It declined to minus 1.45% during the period 1999 to 2001, and declined further to minus 1.64% during the period 2001 to 2011 (Republic of Botswana 2015). Similarly, the Botswana Vision 2016 document noted that "labour productivity remains low in many sectors...The performance of the Botswana public service in the implementation of policies has become a matter of concern, and the reform of the Botswana public service is a major challenge to the nation" (Republic of Botswana 1997:19). Productivity awareness in Botswana was estimated to be 7.7% in 1996 (Botswana National Productivity Centre 2005).

The problem of low productivity was attributed to poor work ethic, inefficient public service delivery, poor discipline, low morale, low salaries and shortage of staff. The problem of low salaries was partly addressed through liberalisation of the 1972 National Policy on Incomes, Employment, Prices and Profits in 1990 to have a competitive salary structure that is determined by market forces and compensates public servants according to job responsibility (Kiragu and Mukandala 2003: online). In 1993, a national productivity movement was launched through the establishment of the Work Improvement Teams and the Botswana National Productivity Centre. The latter was established in December 1993 to improve productivity in both public and private sectors (Hope 1998).

Moreover, the Botswana government is investing in human capital development, conducting productivity workshops and training and implementing a Smart Work Ethics Training Programme to address the problems of poor work ethic, mindset change and low and declining labour productivity (Republic of Botswana 2015). The principal objective of the Smart Work Ethics Training Programme is to create a strong work ethic by developing both technical skills and soft skills such as attitude, attendance, responsibility, accountability and initiative (Botswana National Productivity Centre 2014).

Bureaucratic dominance

The fourth factor that contributed to the implementation of the performance management system was bureaucratic dominance which raised fears that government policies, programmes and projects would favour bureaucratic interests rather than public interests. Public concerns about the bureaucratic dominance of the Botswana public service in public policy-making and implementation were raised in 1984 during the seminar of the ruling Botswana Democratic Party (Somolekae 1998). In particular, there was growing public concern that the provision of public services had largely been quantitative rather than qualitative, top-down and

supply-driven rather than bottom-up and demand-driven, with limited input, consultation and participation from the citizens (Jefferis 1998).

There were also public concerns about the quality of delivery of basic public services such as education, health, roads, and water (Somolekae 1998). The general perception was that the Botswana “nation does not get adequate value for the resources spent on the development projects” (Republic of Botswana 2000:9). To address public concerns about the accountability and transparency of the Botswana public service, the office of the Ombudsman was established in 1995 to investigate acts of maladministration and abuse of office (Mothusi 2008).

Moreover, there were public concerns that public servants were not adhering to some of the principles of the Botswana Public Service Charter that were adopted in 1966 such as regard for the public interest; political neutrality; and freedom from corruption. This was addressed through the review and revision of the General Orders Governing the Conditions of Service of the Botswana Public Service in 1996 to promote professionalism, ethical behaviour and instil discipline (Sisa 2014).

Corruption and mismanagement

The fifth factor that influenced the implementation of the performance management system was corruption and mismanagement. Prior to the 1991 three presidential commissions of inquiry, namely the Presidential Commission of Inquiry on the Supply of School Books and Materials to Primary Schools for the 1990 School Year, the Presidential Commission of Inquiry into Land Problems in Mogoditshane and Other Peri-Urban Villages, and the Presidential Commission of Inquiry into the Operations of the Botswana Housing Corporation, corruption and mismanagement were considered to be minimal or non-existent in Botswana (Good 1994; Hillbom 2012). However, following these commissions, there were public concerns that the Botswana public service was not as “corrupt-free” as internationally acclaimed which led to demand for greater public accountability (Sisa 2014).

Consequently, an anti-corruption institution known as the Directorate on Corruption and Economic Crime was established in 1994 to combat corruption and economic crimes (Somolekae 1998). In 1997, the office of the Auditor General of Botswana introduced performance (value for money) audits in addition to traditional financial auditing to assess the performance of programmes, projects, policies and operations to ascertain that public resources were used economically, efficiently and effectively, for the intended purpose and achieved the intended objectives (Republic of Botswana 2006b). On 2 July 2002, a statutory body called the Public Procurement and Asset Disposal Board was established to promote public accountability, transparency, efficiency, effectiveness and fair

competition in public procurement and asset disposal systems by introducing competitive public tender bidding (Republic of Botswana 2000).

In conclusion, it is worth noting that Botswana is still ranked as the least corrupt country in Africa by Transparency International (2016: online). Similarly, the Botswana public service is ranked as one of the least corrupt public services in Africa (Sebudubudu and Botlhomilwe 2012).

The performance management system of the Botswana public service was also adopted to address the shortcomings of the previous performance improvement programmes such as job evaluation, organisation and methods reviews, and Work Improvement Teams.

Shortcomings of the previous performance improvement programmes

Due to the aforementioned problematic areas of performance and scepticism about the effectiveness of the previous performance improvement programmes such as job evaluation, organisation and methods reviews, and Work Improvement Teams; the Botswana government commissioned consultants of the Academy for Educational Development from 1994 to 1997 to carry out investigations on the performance of the Botswana public service and to evaluate the effectiveness of these programmes. Similarly, the Directorate of Public Service Management reviewed the administrative reforms it had implemented since the late 1980s to improve public service delivery (Sisa 2014).

According to the consultants of the Academy for Educational Development, the performance management system of the Botswana public service was introduced to address three main limitations of the previous performance improvement programmes. The first limitation of the previous performance improvement programmes was that they were fragmented or stand-alone one-shot efforts, which were not system-wide. They lacked an integrated system or a holistic approach and as a result they were disjointed, ineffective and at times counterproductive. Therefore, the performance management system was introduced to integrate the previous programmes into one framework that is comprehensive and holistic (Academy for Educational Development 1996).

The second limitation was that previous performance improvement programmes were not systematic and comprehensive to make maximum performance impact or enable the Botswana public service to perform at higher levels of productivity and service delivery. The main reason for this was that previous performance improvement programmes were designed without considering the public service as a whole system but to address specific problems that confronted the public service and hence they were *ad hoc*, piecemeal, disconnected and narrow in scope (Bashe and Jongman 2006; Washington and Hacker 2009).

The third limitation was that previous performance improvement programmes dealt mainly with administrative, human and financial matters, and institutional operations, mandates and structures. They ignored other equally important matters of socio-economic development such as promoting and sustaining national growth and development, and improving the living standards of the population (Bashe and Jongman 2006; Nyamunga 2006).

Given the foregoing analysis, the consultants of the Academy for Educational Development recommended the performance management system as an appropriate programme that would provide a comprehensive, coherent, integrated and sustainable approach to Botswana's public service reforms. In particular, it was recommended because of its main characteristics: it is a holistic and integrated system for performance management; it is compatible with, and reinforces present management structures and previous performance improvement programmes; it provides managers with more disciplined and powerful tools to leverage performance to higher levels; and most importantly, it is permanent, self-sustaining, and self-reinforcing as it promotes continuous learning and improvement of performance (Academy for Educational Development 1996).

Apart from these three main shortcomings, there were other emerging factors that led to the implementation of the performance management system.

Other emerging factors that led to the implementation of the performance management system of the Botswana public service

The performance management system of the Botswana public service was also introduced to respond to the new realities and emerging challenges of the 21st century. It was introduced first and foremost as an important tool to facilitate the process of national development, in particular the achievement of the seven goals of the national vision (Vision 2016), namely (1) building an educated and informed nation; (2) a prosperous, productive and innovative nation; (3) a compassionate, just and caring nation; (4) a safe and secure nation; (5) an open, democratic and accountable nation; (6) a moral and tolerant nation; and (7) a united and proud nation. The performance management system links the national vision and the national development plans (Dzimhiri 2008). Government ministries and independent departments have to make a contribution towards the achievement of national development plans and Vision 2016 goals by improving delivery on goals and objectives relevant to their institutional mandate (Republic of Botswana 2009).

Second, the performance management system was introduced to lead the change process and to restore public confidence and trust in the Botswana government and the Botswana public service (Ayeni 2001). In sum, the performance management system was introduced to turnaround the Botswana public service

and to improve the quality of public service delivery (Republic of Botswana 2000; Republic of Botswana 2009).

Third, the performance management system was adopted to address the new demands and challenges of the 21st century. These included, among others, the need to continuously improve the performance of the Botswana public service to enable it to deliver high quality services and make it more competitive, innovative, creative, accountable and transparent, effective and efficient to meet higher demands and expectations of customers as well as international standards. Additionally, the performance management system was implemented to promote good governance, sustainable economic growth, develop the private sector and improve living standards; and to transform the mindset of the public servants to have a customer-oriented and performance-oriented public service (Republic of Botswana 1997; Republic of Botswana 2009).

Fourth, the performance management system was introduced to respond proactively to the challenges posed by the advent of globalisation and the advances in information and communication technologies which intensified international competition for labour, goods and services, markets, trade, foreign direct investment and official development assistance (Ayeni 2001; Republic of Botswana 2006a). As succinctly stated by Bare (2001:v), “a strong and achieving public service is a necessary condition for a competitively successful nation”. In brief, an effective and efficient public service is a critical success factor in a globalised world (Commonwealth Association for Public Administration and Management 2008).

Fifth, the introduction of the performance management system in the Botswana public service, as elsewhere in developing countries, was influenced by the public service reforms that were undertaken by the Organisation for Economic Cooperation and Development (OECD) member countries, especially Australia, Canada, New Zealand, the United Kingdom and the United States of America (Republic of Botswana 2002; Bashe and Jongman 2006). Besides these OECD member countries, other countries such as Malaysia and Singapore were generally presented as a successful model that other countries of the world should emulate (Ayeni 2001).

Sixth, the Botswana public service was impressed by the remarkable performance achievements made by both public and private sector institutions that implemented the performance management system, such as the Botswana Housing Corporation, Botswana Telecommunications Corporation, the New Zealand public service, the United States of America Navy, the United States of America Federal Government and the United States of America Postal Service (Republic of Botswana 2002). Generally, institutions that adopted the performance management system performed better than those that did not implement the programme.

Finally, as from 2000 to 2015, the performance management system has been used as an important instrument to achieve the following eight United Nations’

Millennium Development Goals, which were adopted in 2000: (1) eradicating extreme poverty and hunger; (2) achieving universal primary education; (3) promoting gender equality and empowering women; (4) reducing child mortality; (5) improving maternal health; (6) combating HIV/AIDS, malaria and other diseases; (7) ensuring environmental sustainability; and (8) developing global partnerships for development (Republic of Botswana 2009). Government ministries and independent departments contributed towards the achievement of the Millennium Development Goals by focusing on the delivery of goals that fall under their institutional mandates.

The following section discusses the objectives of the performance management system of the Botswana public service.

OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM OF THE BOTSWANA PUBLIC SERVICE

The performance management system of the Botswana public service was introduced to achieve the following objectives. First, the performance management system was introduced to enhance the capacity of the Botswana government and the Botswana public service to deliver public services more efficiently and effectively. Effective and efficient public service delivery is critical to promote and sustain national development, economic diversification, and global competitiveness, attract foreign direct investment and to improve living standards and dignity of citizens. For this reason, the performance management system of the Botswana public service is viewed “as an instrument to enable government ministries and independent departments to conscientiously work towards optimum delivery of public services to the nation” (Republic of Botswana 2002:2).

It is noteworthy that business process re-engineering has resulted in a 60% improvement in public service delivery in 2008, with remarkable service delivery improvements recorded in turnaround times for processing applications for passports (reduced from three months to five days) and registration of companies (reduced from 30 days to 10 days), and waiting periods for specialist care for road accidents having no waiting time at all (Sisa 2014). However, the problem of weak implementation capacity is still prevalent in the Botswana public service as evidenced by delays in completion of government projects, cost over-runs, poor workmanship and poor project implementation, supervision, monitoring and evaluation in successive national development plans.

Second, the performance management system was introduced to improve individual and institutional performance in a systematic and sustainable way. This objective has been achieved through the development and implementation of vision, mission and value statements; strategic plans; annual performance plans;

performance agreements for executive officers, and performance and development plans for non-executive officers (Republic of Botswana 2002). However, the main challenges have been poor formulation and implementation of the aforementioned documents; misalignment of individual objectives with ministerial and departmental annual performance plans, strategic plans, national development plans and budgets; weak monitoring and evaluation systems and lack of a results-oriented culture (Nyamunga 2006; Washington and Hacker 2009).

Third, the performance management system was implemented to provide a planning and change management framework that is aligned to the budgeting process, national vision (Vision 2016) and national development plan goals. This was to ensure that the Botswana public service delivers on set and agreed goals of Vision 2016 and national development plans. Furthermore, it was aligned to the national planning and budgeting processes to ensure that budgets of government ministries and independent departments were in accordance with the national priorities (Sisa 2014). This objective has been achieved through the introduction of the integrated results-based management approach in 2009 to strengthen linkages between strategic planning; budgeting; the personnel performance system; monitoring and evaluation system; management information system; and electronic government support system (Sisa 2014).

Fourth, the performance management system was introduced to inculcate a culture of performance planning, measurement, monitoring and evaluation, responsibility, transparency and accountability for performance results at all levels (Republic of Botswana 2002). This involved changing attitudes and mindsets of public servants to promote continuous improvement, learning, initiative, innovation, creativity, hard work and discipline; institutionalising quarterly performance reviews to track individual and institutional performance; identifying areas of poor performance and taking appropriate and timely corrective actions to rectify them; and emphasising the achievement of performance results (Republic of Botswana 2002; 2009). The implementation of the performance management system has promoted the emergence of a culture of strategic planning, consultation and teamwork; and recognition of the importance of performance planning, measurement, monitoring and management; stakeholder and customer orientation; and leadership-driven transformation (Sisa 2014). However, behavioural and mindset change have been slow due to entrenched paradigms, mindsets and work ethics; risk-averseness and deference to rank; and inadequate coaching, mentoring, supervision and provision of performance feedback (Sisa 2014).

Finally, the performance management system was introduced to quell public disquiet and discontent about poor performance through enhanced quality public service delivery and customer service (Republic of Botswana 2002). In this regard, customer service standards were introduced in the Botswana public service to raise standards of public service delivery and service quality. However, the two

customer satisfaction surveys that were conducted in 2005 and 2009 indicated 25% and 27% customer satisfaction levels, respectively, which are far below the 75% international benchmark (Sisa 2014).

WAY FORWARD

The performance management system remains an important instrument that is used by both developed and developing countries to improve the efficiency, effectiveness, accountability, transparency and responsiveness of public services; the capacity to discharge government functions and delivery of quality public services to the citizenry (Sisa, Van der Westhuizen and Naidoo 2015). In the case of the Botswana public service, the performance management system remains pivotal to the successful implementation of the 11th national development plan, achievement of Vision 2036 (the successor of Vision 2016) and the Sustainable Development Goals adopted by the United Nations General Assembly in September 2015. The programme is also likely to assist the Botswana public service to contribute to sustainable development, industrialisation, innovation, employment creation, economic diversification, poverty reduction and global competitiveness (United Nations 2015).

CONCLUSION

The aim of this study was to examine the evolution or origins of the performance management system of the Botswana public service and the objectives of this programme. It was explained that the performance management system of the Botswana public service was recommended by consultants from the Academy for Educational Development who were commissioned by the Botswana government from 1994 to 1997 to investigate the performance of the Botswana public service and evaluate previous performance improvement programmes.

The study found that the performance management system of the Botswana public service was introduced to address the problematic areas of performance, namely weak implementation capacity; poor work ethic; low labour productivity; bureaucratic dominance; and corruption and mismanagement. It was also introduced to rectify the three main shortcomings of previous performance improvement programmes such as job evaluation; organisation and methods reviews; and Work Improvement Teams. The first limitation was that previous programmes were fragmented or stand-alone one-shot efforts, which were not system-wide. Second, they were not systematic and comprehensive to make maximum performance impact or to enable the Botswana public service to perform at higher

levels of productivity and service delivery. Finally, previous performance improvement programmes dealt mainly with administrative, human and financial matters, institutional operations, mandates and structures; ignoring other equally important matters of socio-economic development such as employment creation, economic diversification and poverty alleviation.

Additionally, the performance management system of the Botswana public service was introduced to respond to the new realities and emerging challenges of the 21st century. The performance management system was recommended because of the following reasons. First, it provided a comprehensive and holistic framework to integrate all the previous performance improvement programmes into one framework. Second, it is used as an instrument to enable the Botswana public service to deliver public services more efficiently and effectively to the nation. Third, it was introduced to quell public disquiet and discontent about poor performance and public service delivery by improving individual and institutional performance in a systematic and sustainable way by inculcating a culture of performance planning, measurement and monitoring, continuous improvement and learning, hard work, responsibility, transparency and accountability for performance results at all levels.

Fourth, it provided a planning and change management framework that aligned strategic planning with the budgeting process, national vision (Vision 2016) and national development plan goals. It was also used as an instrument to achieve the national vision, national development plan goals and the United Nations' Millennium Development Goals. It was introduced to improve strategic planning at lower levels by developing ministerial strategic plans, departmental strategic plans, and annual performance plans.

NOTE

- * This article is based on the doctoral thesis of Mr E Sisa titled *Implementation of the performance management system in the Ministry of Foreign Affairs and International Cooperation of the Botswana public service* submitted in accordance with the requirements for the degree of Doctor of Public Administration at the University of South Africa.

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Challenges in Public Debt Management in South Africa

Critical Considerations

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ABSTRACT

Public debt is often a country's largest liability; this is predominantly true in developing countries, where a significant amount of national revenue is used in repaying such debt. It is evident that public debt is a major concern in South Africa, especially with the slow economic growth rate being experienced and the high rate of unemployment. It is important that public debt is managed in an appropriate, effective and efficient manner. This involves the crucial role of the National Treasury and it being equipped with knowledgeable and skilled personnel, having strict adherence and insight into financial legislation; as well as ensuring proper control and accountability. According to the Public Finance Management Act 29 of 1999, the National Treasury was established to ensure control and appropriate financial management at both national and provincial government. The National Treasury is responsible for control over all the assets, revenue, expenditure and liabilities of government. However, in order to achieve this, challenges can be experienced by the National Treasury and if not dealt with appropriately may cause a country to fall into recession or even worse, bankruptcy.

In light of the above, this article seeks to explore the challenges experienced by the South African government in the management of its public debt. It will also consider measures/methodologies that can be identified when addressing these challenges. Specifically emphasis is placed on the role of the National Treasury in this regard.

INTRODUCTION

The role of the National Treasury in the management of public debt is crucial for the economic sustainability of the South African (SA) economy. There are a number of challenges to be confronted by the National Treasury in attempting to safeguard the management of public debt. This is not an easy task, but must be carried out with the view to lowering the public debt in SA to reasonable, sustainable and viable levels.

This article will first attempt to discuss public debt and public debt management generally and theoretically. Second, the SA debt market will be explored concerning public debt. Third, the crucial role of National Treasury will be articulated; specifically focusing on the way public debt is managed. Fourth, the public debt management legal and regulatory framework used by National Treasury in effectively dealing with public debt will be examined. Fifth, the challenges facing National Treasury when managing public debt will be explained and scrutinised. Finally, the measures that can be identified to deal with these challenges faced by National Treasury in managing public debt in SA will be considered.

This article is based on a conceptual, theoretical and documentary literature analysis by way of a desktop study.

CONCEPTUALISING PUBLIC DEBT AND PUBLIC DEBT MANAGEMENT

Canuto and Liu (2013:24) define public debt as “all of the money owed at any given time by any branch of government. It encompasses money owed by national provincial and local governments”. Specifically, public debt is the money owed by the SA national government to international and local creditors. Such a trend is practised in order to finance the necessary government activities taking place. Public debt can be viewed as an indirect debt by the taxpayer within the country. Public debt accrues over time when the government spends more money than it collects in taxes. Most government departments borrow money in order to continue to operate and service the country (National Treasury 2014:42). Thus, public debt is the money owed by all spheres of government when spending on among others, current and capital assets, health, education, defense and infrastructure; in an attempt to realise its goals and objectives more effectively and efficiently. It is an essential tool used for financing government activities as well as boosting the economy.

Public debt can be divided into internal and external debt. Internal debt is debt which occurs inside the country. This means that government borrows money from within the country. Sources include market loans, bonds, treasury bills (Emery and Finnerty 2001:43). External debt refers to the borrowings made by government

from international countries or institutions such as the International Monetary Fund (IMF), World Bank and Development Bank (Emery and Finnerty 2001:43). According to Ayadi and Ayadi (2008:237) developing countries such as SA rely heavily on loans to improve its economy, but external debt places a heavy burden on the economy and even slows it down. Over the past few years SA has borrowed more money externally which has resulted in slower economic growth and higher unemployment. This could also be as a result of financial resources being scarce internally, so heavy reliance is on foreign institutions. However, Pereira and Rodrigues (2001:5) are of the opinion that the above scenario creates a burden for future taxpayers who are required to pay the debt plus interest through high taxes. Cognisance must be taken of the role and impact of interest rates on borrowing. This also must be managed appropriately as high interest rates on repayments of loans, for example, may add to the public debt predicament of the SA government.

Siswana (2007:208) states that Public Debt Management (PDM) is a “series of steps taken by the national government in order to formulate and enforce a plan that is directed at dealing with the debt incurred by government. It helps in funding and meeting government priorities, expenditure and government’s objectives and risk measures. Furthermore, it is used as a necessary tool for national government in reaching its aims in boosting, sustaining and protecting the growth of the economy”. Krynauw (2006:8) agrees, adding that it is the process of establishing and executing a strategy for managing public debt in order to raise the required amount of funding, pursue its cost and risk objectives, and to meet any other PDM goals the government may have set. The IMF (2014:5) purports that this must be at the lowest possible cost over the medium- to long term, consistent with a prudent degree of risk. Johnick and Preston (2006:23) are of the opinion that “PDM refers to the management of the debt of the government; this management is based on when and how the government will pay back the money”. Thus PDM focuses on the steps or processes involved in developing effective strategies to deal with the efficient and economical management of public debt. Such a process carried out by government is focused on formulating and executing a strategy to help manage its liabilities by acquiring the required funds at minimal costs. The IMF (2014:11) believes that the above should be carried out in such a way that it does not produce unnecessary consequences and it should confront the objectives that the government pursues in managing its own liabilities, by growing and keeping its trading operations through debt securities, successfully.

Managing public debt successfully leads to the point of trusting and believing in the work of government, while also creating plans which in the long run support the controlling of debt and receiving of loans from investors. Maintaining such control over public debt will eventually help government to repay the money it has borrowed and in the process minimise its reliance on local and foreign investors; which will also remove influences in recurring such debt (International Organisation

of Supreme Audit Institutions 2007:8). Priority should also be given to the alignment of debt management financial policies, developing structures and strategies that will confront any unnecessary consequences; as well as funding activities and priorities.

It can be seen then that PDM needs to be carried out in a sustainable manner. The reality is that government will always borrow money to finance government activities and boost the economy and thus always have public debt. The key is to be able to manage the public debt in a sustainable manner, where effective and sound policies and strategies are in place and appropriate debt management objectives have been set. The IMF (2014:5) agrees with this view adding that “public debt managers as well as the fiscal authorities must work together proactively to achieve this”.

SOUTH AFRICAN DEBT MARKET

Floor, (2013:13), states that the first debt market originated before the first stock market. Evidence for the transferring of credit or such arrangements can be traced back to ancient Babylon, within the Hammurabi code of laws. The debt market in China played a key role in the success of Chinese regimes, and in ancient Greece and Rome the debt market was utilised to fund economic activities taking place at sea and during war. In other countries the debt market was utilised to fund war and shipping activities.

In SA, the newly elected democratic government had to incur the debt of the apartheid era. Even though the SA capital market was already established, it was necessary that new strategies had to be introduced to deal with the management of public debt. The introduction of new strategies to deal with and accomplish PDM goals would attract investments from within SA as well as internationally. According to the IMF and World Bank (2003:206) the Comprehensive Debt Management Framework was academic research done to counter and guide SA through the challenges it faced regarding PDM policies and it also encouraged moving away from the strategic debt management policy and adopting a tactical debt management approach. This involved recognising policy problems, moving away from strategic to tactical means to manage public debt, and arranging PDM goals in their order of importance. The IMF and World Bank (2003:207) continue to state that “the strategic debt management policy looked at the overall design and implementation of the debt management program. This includes how primary issuance is designed and managed, how debt instruments are designed and traded, and how liquidity is provided. Tactical debt management policies concentrate on actively managing the outstanding stock of debt and its composition to reduce the cost of debt to within acceptable risk limits”.

According to Mabugu, Maisonnave, Chitiga and Decaluwe (2015:25) from 1994, the SA government started using macroeconomic frameworks to guide debt

management strategies. In 1996, a formal bond exchange was formed with a view to promote the capital debt market and allow self-regulation. Government took measures that prevented further increases in the debt level and started to reduce the debt level as a percentage of Gross Domestic Product (GDP). The main objective of PDM was to develop the domestic market and promote a balanced maturity profile. After 1999, the focus shifted to reducing the cost of debt to within acceptable risk limits, ensuring government's access to domestic and international financial markets and diversifying funding instruments. These objectives continue to anchor PDM strategies in SA today.

In this regard, Nene (2105:6) points out that sound macroeconomic policies such as fiscal and monetary policies, enabled government to implement its infrastructure programmes at a much lower cost. This foundation laid the basis for macroeconomic stability and an improvement in the country's credit ratings. Nene (2015:6) continues to state that "by early 2000s, the government had reduced its debt from 38 percent of GDP to 22 per cent of GDP. So by the time the crisis hit in 2008, the government had built enough fiscal space to be able to respond to the crisis in a countercyclical manner".

The situation in SA currently, according to the 2015 Budget Review (2015:83), is that the government's net borrowing requirement (made up of the main budget balance including the National Revenue Fund, receipts and payments) in 2014/2015 is R180 billion, R1.1 billion higher than projected in the 2014 budget. In 2015/2016 it is expected to decrease to R173.1 billion and in 2017/2018 to R155.5 billion. SA's liquid domestic capital markets, and its access to international borrowing, continue to provide resources for government's financing needs. During 2015, three new bonds were issued. These instruments will broaden funding options, help to smooth the maturity profile of government debt and reduce short-term refinancing risk. Finally, net debt, provisions and contingent liabilities, are expected to amount to 58.1% of GDP in 2015/2016, decreasing to 57.3% in 2017/8.

According to Nene (2015:3) SA's economic recovery from the crisis has been much slower than anticipated. GDP growth was projected at 2% but in the first quarter of 2015 was only 1.3%. This is exacerbated by the negative impact of the energy crisis. However, Nene (2015:4) reassures that SA has committed to promoting structural reforms that are needed to lift growth and deal with public debt challenges in the long term. This is contained in Government's Medium Term Strategic Framework.

The above does demonstrate government's determination to slowly and significantly reduce net borrowing and ultimately net debt. Notwithstanding the slow growth of the economy, government's strategies must be effectively managed to deal with the increase in expenditure on both economic development as well as social issues. This must also be in line with global standards.

Governments borrow money for various reasons, be it for expenditure or for investment. Governments may borrow in order to run expansionary policies aimed at encouraging economic growth and reducing unemployment, through expanding the money supply, either by raising spending or cutting taxes. The SA government borrows money by issuing government bonds and selling them to private investors internationally and domestically (Fiscal and Financial Commission 2015:32).

Over the past five years, the SA government has expanded its borrowing programme in response to the challenging economic circumstances. Revenue collection has continued to underperform due to weak economic growth, leading to increased debt accumulation to support the fiscal stance. As a percentage of the GDP, net debt has grown to 40.8% in 2014/2015 (2015 Budget Review 2015:83). This provides a challenge for SA's government, as it has to ensure net debt is kept at acceptable and stable levels. Thus the SA government has developed a medium-term borrowing strategy to alleviate sharp increases in debt levels.

According to the 2015 Budget Review (2015:86) the medium-term borrowing strategy describes how the state will finance the debt it will incur for the current year and over the next three years. The strategy takes into account debt levels, the main budget balance, funding instruments, cash-flow requirements, investor needs, development of the domestic market, and the risks and costs of alternative strategies.

ROLE OF THE NATIONAL TREASURY

The National Treasury is responsible for managing SA's national government finances. Supporting efficient and sustainable public financial management is fundamental to the promotion of economic development, and good governance (National Treasury 2015:1). Specifically the head of the National Treasury, the Minister of Finance is responsible for four main functions, namely; regulating the economy through fiscal and monetary policy; preparing and presenting the annual budget to Parliament; administering public debt; and controlling public finance (Visser and Erasmus 2002:38). Regarding PDM, the Minister of Finance has the "authority to borrow on behalf of government to finance budget deficits; obtain foreign currency; and attempt to manipulate the domestic monetary situation to create economic stability" (Visser and Erasmus 2002:38).

National Treasury is seen as the institution authorised to borrow money. This involves providing government funding, minimising costs, diversifying funding instruments and maintaining balanced maturity structures (Fiscal and Financial Commission 2015:34). In this regard, National Treasury manages public debt and liquidity by ensuring that government's borrowing needs are met annually from the domestic and international markets, thus borrowing programmes must

be coordinated on an ongoing basis. Liquidity requirements are consistently met through effective cash management by making sound cash flow forecasts on an ongoing basis (National Treasury 2014a:18). Effective cash management involves cash flow matching of coupon payments and redemptions; ensuring regular and predictable issuance plans; mitigating roll over risk; smoothing maturity profile; enabling effective monetary policy implementation; and improving accuracy of interest cost forecasting (Commonwealth Secretariat Debt Management Forum 2008:10).

PDM is also intrinsically linked to risk management where managing risk involves reviewing debt ratings. Thus a risk management framework is required to manage debt in such a way that there is minimum exposure to adverse risk (National Treasury 2014a:19). National Treasury plays a crucial role in actively managing risks emanating from the debt portfolio. It is involved in formulating debt management strategies focused on reducing debt cost within acceptable levels of risk.

National Treasury has a responsibility to ensure that debt is kept at acceptable levels. Various initiatives have been developed to maintain sustainable debt levels and strategies to deal with borrowing are vital in supporting these initiatives. National Treasury must execute sound monetary and fiscal policies as well to also maintain economic growth. In this way, government can achieve its goals and objectives and effectively implement its policy priorities.

LEGAL AND REGULATORY FRAMEWORK UNDERPINNING PUBLIC DEBT MANAGEMENT

The legal framework is underpinned by the Public Finance Management Act 29 of 1999 (PFMA) and the Constitution.

Table 1: Legal Framework

Constitution of the Republic of South Africa (Chapter 13)	Mandates the National Treasury to ensure: <ul style="list-style-type: none">• Transparency• Accountability• Sound financial controls in the management of public finances
Public Finance Management Act (PFMA) 29 of 1999	Section 66(2)(a) gives the Minister of Finance powers to commit the National Revenue fund to future financial commitments by borrowing money, issuing a guarantee, indemnity or security, or entering into any other binding transaction. The Minister can borrow to: <ul style="list-style-type: none">• Finance a national budget deficit• Finance maturing debt or a loan paid before redemption date• Obtain foreign currency• Maintain credit balances on the bank account of the National Revenue Fund• Regulate internal monetary conditions

Source: (Mabugu *et al.* 2015:28)

The regulatory framework is decentralised and composed of, among others, the South African Reserve Bank (SARB), the Fiscal and Financial Commission (FFC) and the Johannesburg Stock Exchange (JSE).

Table 2: Regulatory Framework

South African Reserve Bank (SARB)	<p>Central bank of SA Governed by the SARB Act 90 of 1989 The aim is to:</p> <ul style="list-style-type: none"> • Provide banknotes and coins • Control and protect internal and external value of the Rand • Maintain fiscal stability and encourage economic growth • Manage the short-term capital market and purchase treasury bills • Manage public debt through controlling inflation, informing the Minister of Finance of the state of public debt, determining a strategy for dispensing government securities, and being responsible for servicing public debt
Fiscal and Financial Commission (FFC)	<p>Independent institution that is objective, impartial and unbiased Functions involve:</p> <ul style="list-style-type: none"> • Providing consultative and advisory services to government institutions about fiscal and financial issues • Determine PDM challenges and develop suitable economic advancements and provide recommendations • Reducing public debt through implementing strategies to solve the PDM challenges
Johannesburg Stock Exchange (JSE)	<p>A self-regulatory organisation which provides listings requirements and trading platforms in a transparent, efficient and orderly market place. Listings include equities, bonds, commodities and currency derivatives. New JSE debt listing requirements include:</p> <ul style="list-style-type: none"> • All issuers including National Treasury are required to appoint a debt sponsor • Where unusual features exist regarding a listing, the JSE must be consulted to discuss such features • The issuer shall publish on the real-time Stock Exchange News Service (SENS) details of any new issues and communication with investors • Issuers are required to submit placing and other documents to list debt securities • Debt securities to be listed on the JSE shall be cleared and settled through central securities depository participants (CSDPs) and share transactions totally electronic (STRATE)

Source: (Adapted from Mabugu et al. 2015:28)

With these legal and regulatory frameworks in place, the SA government is assured of managing its debt in an effective and economical manner. The challenges faced in keeping public debt to acceptable levels are facilitated by these sound frameworks.

CHALLENGES FACED BY THE NATIONAL TREASURY

In managing public debt effectively and efficiently, many challenges are faced by the National Treasury. Persistent high levels of public debt may create challenges in the successful running of a country. Due to the slow rate of economic growth and high unemployment levels government has to spend more money on infrastructure and economic development in order to solve the problem. In doing so, more money has to be spent to ensure its success as well. This creates high public debt levels that can cause bankruptcy. According to the Fiscal and Financial Commission (2015:32) “high levels of public debt can compromise the ability of government to meet expenditure obligations. In this regard it is difficult for both policy makers and National Treasury to respond appropriately and successfully to changing conditions in their tax base, economy and interest rates as these can negatively impact the levels of public debt”.

To this end, an associated challenge is the high rate of borrowing. Government borrows money for different reasons, such as economic development, housing, defence, infrastructure, health and research. The Fiscal and Financial Commission (2015:32) states that some borrowing is for expenditure and other borrowing is for investment. Government borrowing can help stimulate the economy during a recession or fund long-term investment projects that will increase economic output in the future. However, the government does not always use debt prudently and may also be reluctant to increase taxes or cut spending in order to pay off public debt which leads to growing public debt levels over time. Also, when the government borrows for current expenditure purposes, this type of borrowing does not yield future economic benefits and can create difficulties when the debt obligation is due.

Associated to borrowing is the interest rate level. Mabugu *et al.* (2015: 26) state that interest payable on public debt is already a significant item in government's annual expenditure and is estimated at R100 billion for 2014/2015. If the interest rates increased significantly, the effect on government's ability to meet other desired expenditure could be compromised. This could increase government's debt servicing costs constraining other expenditure. Mabugu *et al.* (2015:26) further add that payment of borrowed money would also place pressure on the domestic bond market and increase the spread of long bonds relative to short-term financing, thereby placing further strain on long-term debt financing. Nene (2015:6) purports that government borrowing has increased public debt levels which ultimately weakens fiscal policy.

According to the IMF and World Bank (2003:208), another challenge, facing the National Treasury is to find ways to uphold an efficient, transparent, and liquid government bond market in an environment with declining borrowing needs. The decline in the supply of government paper is often interpreted as a decrease

in the liquidity of the bond market, especially in those countries whose securities markets are still at a nascent stage. However, SA has reduced its supply of paper in line with the government's lower financing needs, without sacrificing liquidity in the bond market.

The IMF (2014:24) identifies other challenges based on practical implementation of PDM, namely excessive reliance on short-term debt to take advantage of lower short-term interest rates may leave government vulnerable to volatile and increasing debt service costs and risk of default, in case government cannot refinance its public debt at any cost. The resulting instability could affect the achievement of the SARB monetary objectives. Misreporting of public debt is a reality and can be as a result of inadequate coordination, insufficient information on the debt profile, insufficient control over non-financial debt, and liabilities from public-private partnerships. Government can conduct improper oversight and/or recording of debt contracting and payments. This involves failing to record accrued interest on zero-interest long-term loans, the absence of Parliamentary reporting on debt incurred, and inadequate controls regarding the amount of outstanding debt.

MEASURES TO DEAL WITH THE CHALLENGES OF PDM

As established above, National Treasury plays a significant role in PDM. In dealing with these challenges National Treasury needs to apply certain measures in order to manage the acceptable levels of public debt.

First and foremost, National Treasury must develop a sound PDM strategy. A PDM strategy is a plan that operationalises the debt management objectives. It lays out the desired composition of the public debt portfolio, which captures the government's preference concerning a cost-risk trade off. It should have a strong focus on managing the risk exposure embedded in the debt portfolio, specifically focusing on potential variations in the cost of debt servicing and its impact on the budget and the level of public debt (IMF 2014:24). This must be carefully monitored as well as continuously evaluated.

The importance of such a strategy, according to the Commonwealth Secretariat Debt Management Forum (2008:3), includes ensuring that debt management objectives are met; providing a framework to guide new financing decisions; ensuring coordination between debt management and macroeconomic and monetary policy; providing political buy-in on strategy; and contributing to the development of the domestic debt markets. In line with this, Krynauw (2006:4) is of the opinion that in "formulating this strategy cabinet must be involved, there must be macroeconomic and financial sector stability, credibility of the government as an issuer must be improved, there must be sound monetary and fiscal policies in

place, a prudent legal framework must be formulated, objectives to borrow must be established, and PDM strategies must be co-ordinated with monetary policies”.

This PDM strategy must provide an overview of the previous year as well as the medium-term funding strategy for three years ahead. It must take into account the global economic outlook, emerging markets developments, macroeconomic and monetary policy, domestic market developments, and risks pertaining to debt portfolio. It must also be approved by the Minister of Finance and then it must be submitted to Parliament and published as part of budget documentation (Commonwealth Secretariat Debt Management Forum 2008:4).

To enhance the effectiveness of the strategy certain measures are required. According to the FFC (2015:35) policy tools/measures to address high public debt levels include fiscal coordination, debt restructuring, economic growth, and financial repression. First, fiscal consolidation involves using tax increases or spending cuts to reduce government debt and borrowing. Taxing companies by way of increasing corporate taxes is one way of implementing fiscal consolidation. Taxing companies could reduce public debt by increasing government revenue. In this way, government reduces its current deficit which has a positive impact on the reduction of debt. The IMF (2014:13) concurs with the above adding that these fiscal consolidation policies need to be sound and prudent and must have a good track record concerning its implementation. However, for fiscal consolidation to be successful it must take place in the medium-term (Fiscal and Financial Commission 2014:7). It can be said then that fiscal consolidation can only be a solution if increasing taxes and cutting spending is done with caution. Cognisance needs to be taken to not overburden the taxpayer or company or alternatively not cutting on essential spending that could hamper economic growth and increase unemployment.

Second, debt restructuring refers to reorganising a debt that has become too large and burdensome for the borrower to manage. It can refer to providing more lenient terms about how a debt will be repaid. It can also refer to a reduction in the outstanding balance. Debt restructuring can help governments to reduce their debt burden while limiting the consolidation measures imposed on their citizens (Fiscal and Financial Commission 2015:38). Ingham (1995:373) identifies debt reduction and debt relief in this regard, “Debt reduction is any measure which reduces debt owed by a government. For example, debt can be swapped for equity and dividends rather than interest paid to creditor. Debt relief is any measure which reduces the present value of payments due. For example, rescheduling a debt might reduce payments in the short run”. In this way alternative means can be found to manage public debt without increasing interest rates or unemployment significantly.

Third, economic growth allows government to lower the size of its debt relative to the size of its economy. It can also lead to lower levels of government

spending, increased tax revenues and a lower real value of public debt (Fiscal and Financial Commission 2015:39). The FFC (2014:5) states that in this case the public debt would decrease in the long run and the real GDP would also decrease; but slightly. This suggests that it is feasible to decrease public debt without slowing down GDP and therefore future growth. The FFC (2015:39) adds that government's current deficit will also be reduced which will have a positive impact on the reduction of public debt. However, caution is advised because in an attempt to boost economic growth, pressures on socio-economic outcomes may intensify; jeopardising the sustainability of the growth and well-being of the population (Fiscal and Financial Commission 2014:7).

Fourth, financial repression refers to the use of government policies to encourage or force domestic investors to buy government bonds at artificially low interest rates. Financial repression may be attractive because it avoids pitfalls such as austerity measures. But after 20 years of financial liberalisation, it would be technically difficult for the SA government to return to the capital controls necessary to embark on such a policy. These controls could damage a country's ability to attract foreign investment and restrict investment opportunities (Fiscal and Financial Commission 2015:41). Financial repression has to be seriously taken into account as an advantageous measure.

Nene (2015:6) points out "a few non-negotiables that include prudent macroeconomic policies; fiscal and monetary discipline; building a strong and liquid local currency bond markets; and promoting policies that make a country an investment-friendly destination". Apart from the necessary sound and sustainable macroeconomic policies, well-functioning bond markets are important drivers of economic development as they promote the efficient mobilisation of domestic savings, financial stability and market-based monetary policies (Nene 2015:7).

Mabugu *et al.* (2015:26) add that fiscal adjustments are required to stabilise debt dynamics. Thus, another measure government has recently adopted is a fiscal stance built on three principles. The first principle is counter-cyclical which means spending more relative to GDP during periods of economic weakness and less during periods of strong economic growth. The second principle is long-term debt sustainability which means ensuring that spending levels do not continually increase debt and interest rates. The third principle is intergenerational equity which means that future generations should not be overburdened by the costs of current spending and that the upfront cost of capital infrastructure assets should be expensed over their useful lives. Nene (2015:5) concurs with the above adding that "government has committed itself to narrowing the budget deficit and stabilising debt by introducing and sticking to expenditure ceilings and taking measures to raise revenue".

The FFC (2014:6) states that a pertinent factor to consider is borrowing. Borrowing, if managed realistically and successfully, is a valid and appropriate

option available for government to help finance ongoing infrastructure and developmental requirements consistent with realising the aspirations of the National Development Plan (NDP). This, however, has to presume that PDM continues to have the objective of raising the required funding at the lowest possible cost within a given risk tolerance. In line with this according to the IMF (2014:19), is that the management of and authority to borrow must be clearly defined in legislation.

By formulating a sound PDM policy and implementing the above measures National Treasury can to the best of its ability deal with the various challenges experienced in managing public debt.

CONCLUSION

The National Treasury is an essential institution in the managing of public debt. It must ensure that the financing needs and payment obligations of government are met at the lowest cost. It must also ensure that the high levels of public debt are managed and that the borrowing requirements of government are advantageous to the GDP and the economy as a whole. A prudent and sound PDM strategy is thus required so as to deal with these various challenges faced by government. Clear and well-articulated public debt objectives need to be developed and then effectively achieved. Legislation must be strictly adhered to and strategies and measures successfully implemented. In this way, public debt can be managed easily, the economy can continue to grow steadily and employment levels can slowly begin to increase.

NOTE

- * The article is partly based on Majam, T. 2017. *A Strategic Municipal Budgeting Model for Integrated Development Planning*. Uncompleted D Litt et Phil Thesis at the University of Johannesburg under the supervision of Prof C J Auriacombe.

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Assessment of the Letshabo Cooperative Vegetable Project of the Greater Taung Local Municipality

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ABSTRACT

The article aims to provide an assessment of the Letshabo Cooperative Vegetable Project (LCVP), an initiative developed in line with the local economic development (LED) strategy of the Greater Taung Local Municipality (GTLM) in the North West province of South Africa (SA), in order to determine the project's achievement or lack thereof, of its intended short- to medium-term objectives. These objectives include: creation of jobs for local community members in the vicinity of the project; getting more community members involved in retail vegetable businesses; increasing the availability of fresh, quality produce in the vicinity of the project; and increasing household incomes for project beneficiaries. On that account, an evaluation was conducted of the LCVP, the findings of which are presented in this article. Based on these findings, the article makes recommendations on the possible mitigation of identified problems and challenges.

INTRODUCTION

Prior to 1994, the SA government policies discriminated against black South Africans, both socially and economically. Among other things, these policies had systematically excluded local authorities in the black homelands from

mainstream economic planning and development, and had subsequently disregarded the development of these homelands. To allay this problem, the post-1994 government developed policies and strategies aimed at reasserting the position of previously marginalised SA communities and enhancing the economic development of historically neglected areas. One of these strategies was the reassertion of the role of local authorities concerning socio-economic development of their areas of jurisdiction, which included mandating local authorities to craft their own development strategies, of which LED is one (South African Local Government Association (SALGA) 2010:3).

Several pieces of legislation and policies, such as the Municipal Systems Act 32 of 2000 and the Policy Guidelines for Implementing LED in SA (2005), have since been developed by the SA government to regulate the development, management, and administration of LED in SA. Accordingly, and in terms of the Municipal Systems Act 32 of 2000, all local authorities are required to incorporate LED plans into their Integrated Development Plans (IDPs) (Republic of South Africa (RSA) 2000: Section 26 (c)). On this account, the GTLM, which falls under the jurisdiction of the Dr Ruth Segomotsi Mompati District Municipality (DrRSMMDM) in the North West province of SA, highlighted in its subsequent IDPs the need to provide support to various LED initiatives in the municipality, and devised strategies for putting this into practice (GTLM 2013:6).

The LCVP, which was developed in 2010, is a product of the GTLM's LED plans. The project is owned and managed by the Letshabo Cooperative, and focuses on producing fresh vegetables for local markets. In the short- to medium-term, the LCVP aims to create jobs for local community members; to involve more community members in the retail vegetable businesses; to increase the availability of healthy, good quality fresh produce in the local vicinity of the project; and to increase the project beneficiaries' household incomes (GTLM 2013:7). Over the long-term, the project aims to improve the cooperative (co-op) owners and farm workers' living standards; to utilise natural resources more productively and in a sustainable manner; to consistently produce good quality fresh vegetables, and paprika in rotation, for local, regional and national commercial markets; to earn the best possible returns on the project; to become a mentor to other African farmers in the area; and to contribute technical expertise and support to local villagers (GTLM 2013:11).

Against this background, this article provides an assessment of the LCVP in terms of its achievement of its short- to medium-term objectives. It discusses, as a point of departure, the problem statement, research rationale, research objectives, and research methodology. It also discusses the concepts of *evaluation*, *LED* and *cooperative*, which are key in this article, including a discussion on the case itself, that is, LCVP. Finally, the article provides a summary of the key findings, conclusions and recommendations.

PROBLEM STATEMENT, RESEARCH RATIONALE AND OBJECTIVES

Since the LCVP's inception in 2010, no formal assessment has been conducted on the project to determine how well it is performing concerning the achievement of its intended short- to medium-term objectives, which means there is no formal verification of the project's success. This state of affairs justifies this assessment study, as for the first time it will assist in establishing whether or not the project is achieving its intended outputs and intermediate outcomes (that is, short- to medium-term objectives), and, if so, to what extent.

In view of the above account, which captures the problem statement and rationale of the study, the key objectives of this article are to:

- establish the number of jobs created by the LCVP, and the extent to which this contributes to job creation in the vicinity of the project, that is, Matolong village;
- determine the extent to which the project boosts retail vegetable businesses among community members;
- determine the effect of the project on the availability of fresh, quality vegetables in the vicinity of the project; and
- determine the effect of the project on the income levels of project owners, employees and community members.

RESEARCH DESIGN AND METHODOLOGY

The study followed a qualitative approach to research, and focused on an LCVP's case study. The methodology used in conducting the study involved reviewing available literature on the research topic; *purposive* and *systematic random* sampling of research participants in which a total of 35 respondents comprising LED officials from the GTLM, Letshabo Cooperative owners, employees at LCVP farms, and local community members in the vicinity of the project, were chosen; data collection methods, which included semi-structured interviews (with mixed questionnaires as a data collection tool), and observation; and data analysis techniques involving Excel Spreadsheets for analysing quantitative data, and *memoing* and *segmenting* techniques for analysing qualitative data. The data analysis and research findings were presented along four key dimensions, which are reflective of the objectives of the study. These dimensions included:

- contribution to job creation;
- promotion of retail vegetable businesses;
- availability of fresh, quality vegetables; and
- change in the project beneficiaries' income levels.

CONCEPTUALISING EVALUATION

In the evaluation field, various definitions exist of the term ‘evaluation’, but for the purpose of this article, evaluation will be defined as “the systematic and objective assessment of an ongoing or completed project, programme or policy, its design, implementation and/or results. The aim is to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact and sustainability” (Organisation for Economic Co-operation and Development–Development Assistance Committee (OECD-DAC) 2002:21-22). We have adopted this definition as it is closely in line with the aim of this article, which is to establish how well the LCVP – an ongoing project – is performing in respect of its achievement of its short- to medium-term objectives.

The current state of knowledge about evaluation nationally and internationally

Globally, evaluation science is growing at an alarming rate on account of the zeitgeist of accountability and evidence-based practice, which is regarded by research and evaluation theorists as critical to the achievement of a brighter future. A wide range of professional fields are now compelled to evaluate their practices and programmes constantly and systematically in an effort to promote the successful achievement of development goals and the enhancement of human welfare. This is evidenced by the dramatic increase in the number of evaluation associations globally, which comprise professionals from different fields (Donaldson 2007:237-238). For instance, in 1990, approximately five major professional evaluation associations existed worldwide, but today there are over 50 associations, comprising international, regional, and national evaluation associations. Furthermore, an international alliance of evaluation associations has been formed in an effort to share and improve evaluation knowledge (Donaldson 2007:238-239). Donaldson (2007:240) also points out that evaluation science has been improved and strengthened further by the introduction of evaluation curricula in many colleges and universities around the world, leading to the production of professional evaluators in various academic fields.

In SA, uncoordinated evaluation activity can be traced back to 1995, but formal evaluation became more prominent from the year 2000 when SA hosted a regional conference on monitoring and evaluation (M&E) under the theme, “*Monitoring and Evaluation Capacity Development in Africa*” – the first of its kind in the country. Following this event, in 2004, SA’s Public Service Commission (PSC) co-hosted the 3rd African Evaluation Association (AfrEA) Conference in Cape Town, under the theme, “*Evaluation Matters, Africa Matters, joining forces for development*”. SA also participated in subsequent regional conferences on

M&E, such as the Development Evaluation Seminar in Tunisia in 2005, the 4th AfrEA Conference in Niamey in 2006, and the 5th AfrEA Conference in Cairo in 2009. This active participation in regional M&E events prompted SA to consider establishing its own national evaluation association to formalise M&E activities in the country. In 2006, the South African Monitoring and Evaluation Association (SAMEA) was finally launched (Naidoo 2010:313-314).

Additionally, the SA government has undertaken extra initiatives aimed at promoting and strengthening M&E in the country (Naidoo 2010:314). For example, in 2005 the Cabinet approved a plan to develop a Government-wide Monitoring and Evaluation (GWM&E) system to cater for all government departments, with each department having its functional M&E system within the broader GWM&E system. In 2007, government published a policy framework to guide the GWM&E system. In 2009, the Ministry of Performance Monitoring and Evaluation was created in the Presidency, which was followed by the creation of the Department of Performance Monitoring and Evaluation in 2010 (now the Department of Planning, Monitoring and Evaluation) (Goldman, Engela, Akhalwaya, Gasa, Leon, Mohamed & Philips 2012:2-3).

Evaluation approaches and their classification

In evaluation literature, a number of evaluation approaches/theories have been identified, and various scholars have attempted to classify these approaches based on their inherent parameters, purposes, and processes (Mathison 2005:257). A more contemporary classification system is probably the one developed by Rabie and Cloete in 2009. This system classifies evaluation approaches that have emerged over the years into three major categories:

- **Evaluation approaches based on scope:** which include community-based evaluation, geographical evaluation, sectoral evaluation, policy evaluation, programme and project evaluation, product evaluation, input evaluation, process or ongoing evaluation, output evaluation, outcome evaluation, impact evaluation or impact assessment, systemic evaluation, integrated evaluation, and meta-evaluation (Rabie & Cloete 2009:9).
- **Evaluation approaches based on an explicit philosophy:** which include *theory-driven approaches* (comprising clarification evaluation, illuminative evaluation, realist evaluation, cluster/multisite evaluation, and goal-free evaluation); and *participatory evaluation approaches* (comprising responsive evaluation, naturalistic/constructivist/interpretivist or fourth-generation evaluation, utilisation-focused evaluation, appreciative inquiry, evaluative inquiry, critical theory evaluation, empowerment evaluation, and democratic evaluation) (Rabie & Cloete 2009:9).
- **Evaluation approaches based on design and methodology:** which include *quantitative evaluation approaches* (comprising experimental and quasi-experimental

designs); *qualitative evaluation approaches* (comprising surveys, case study evaluation, interviews, participatory action research (PAR), and the grounded theory); and the *mixed-method approach* (Rabie & Cloete 2009:9).

Of the above evaluation approaches, this study exhibits elements of four approaches: project evaluation (since it focuses on a project, namely the LCVP of the GTLM); case study evaluation (since it involves analysing a case, that is, the LCVP, in its natural setting); output evaluation (since it seeks to measure, inter alia, the LCVP's achievement of two significant outputs: "*direct job creation*" and "*more community members getting involved in retail vegetable businesses*"); and outcome evaluation (since it seeks to measure the achievement of the LCVP's two intermediate outcomes: "*increased availability of healthy, good quality fresh produce in the local vicinity of the project*" and "*increased household incomes among project beneficiaries and employees*").

CONCEPTUALISING LOCAL ECONOMIC DEVELOPMENT (LED)

The World Bank (2011) describes LED as a process through which various development partners work together to create better conditions for economic growth and job creation. These development partners may emanate from the public sector, NGOs, and the business sector. The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all (World Bank 2011). LED focuses on enhancing competitiveness in today's globalised world, ensuring inclusive growth and increasing sustainable growth.

In many developing countries, LED became more popular during the 1990s. However, LED had already been implemented in various forms in most developed countries many years before. During the early stages of LED, the focus of LED interventions was on the marketing of locations to external investors, which involved initiatives such as infrastructure development, tax breaks, and/or reduced costs of public services (for example, water and electricity). During the second phase, LED interventions focused on indigenous economic potentials, which involved supporting the competitiveness of existing firms and start-ups through business support and business linkage mechanisms, sectoral development approaches, entrepreneurship development and training programmes, skills development, and providing financial access. In the third and latest phase, LED focuses on enhancing the second phase's sectoral development approaches and individual business support, by making the business and community environment more conducive to economic development (South African LED Network 2013).

LED initiatives can be pursued at different geographical scales: they can be undertaken by local government for the benefit of its jurisdiction, or by individual communities within a local government jurisdiction to improve their economic competitiveness (World Bank 2011).

LED in South Africa

In SA, LED was implemented by the post-1994 government as a strategy to address the apartheid government's repressive and discriminatory policies that had given local authorities miniature roles in economic planning and development, and had neglected the economic development of areas that were predominantly black (that is, black homelands). The post-1994 government placed stronger emphasis on community and grassroots initiatives and participation, and has assigned a range of roles and responsibilities to local authorities in terms of socio-economic development of municipalities, thereby creating a conducive environment for LED interventions (SALGA 2010:3). LED stakeholders and role players in SA include: national government, provincial governments, metro and district municipalities, local municipalities, private sector/enterprises, national and international donor organisations, national and provincial development agencies, labour, NGOs, and community-based organisations (CBOs) (Davis 2006:7).

Regulatory framework for LED in SA

A number of policies, laws, and official documents underpin LED in SA. Key pieces of legislation and related documentation include the following:

- *The Constitution of the Republic of South Africa Act 108 of 1996*, which highlights the promotion of social and economic development as one of local government's key objectives (RSA 1996: Sections 152 (1)(c) & 153 (a));
- *The White Paper on Local Government of 1998*, which introduced the concept of "developmental local government", and highlights the need for local government to involve communities in this regard (RSA 1998: Section B(1));
- *The Local Government: Municipal Systems Act 32 of 2000*, which calls upon municipalities to develop IDPs that outline their LED aims (RSA 2000: Section 26(c));
- *Refocusing Development on the Poor: LED Policy Paper* (2001), which places the needs of the poor in the centre of development, and requires local authorities to initiate LED interventions that would assist in meeting the unmet needs of the community (Tomlison 2003:115);
- *The National Spatial Development Perspective (NSDP)*, which has contributed greatly to the LED policy debate through its assertion that some areas are better

suitable to business development and growth, while others should simply be allocated for government services and transfers (SALGA 2010:6);

- *Policy Guidelines for Implementing LED in South Africa* (2005), which aim to influence the way government practitioners in all three spheres understand, approach and implement LED in SA (Department of Provincial and Local Government (DPLG) 2005:3);
- *The Accelerated and Shared Growth Initiative for South Africa (AsgiSA)*, which aims to achieve a faster and shared economic growth through various economic interventions, such as LED, and advocates the capacitation of local authorities for the purpose of effective LED implementation (South African Government Information 2007);
- *The Comprehensive Rural Development Programme (CRDP) framework*, which empowers local municipalities to embark on interventions aimed at empowering rural communities, such as LED initiatives (Department of Rural Development and Land Reform (DRDLR) 2009); and
- *The National Framework for LED in South Africa (2006-2011)*, which sought to build and advance a sound understanding and implementation of LED by providing guiding principles, core objectives, and major outcomes of LED in SA over a period of five years – from 2006 to 2011 (DPLG 2007:3).

AGRICULTURE AS LED STRATEGY

Agriculture plays a significant role in most economies, more especially in the developing world. It is the backbone of the economic systems of most developing countries (Agriculture Goods 2013). In this regard, the World Bank (2006) has noted that agriculture constitutes the major source of employment among poor communities around the world. By 2004, the share of agriculture in total employment in developing countries constituted 53% of the total workforce; whereas in sub-Saharan Africa alone, 60% of the economically active population worked in the agricultural sector (World Bank 2006). In addition, and partly on account of being a major source of employment in developing countries, agriculture has become the major source of livelihood for many people around the world. Despite the fact that most people in developed countries do not engage in agriculture, it is estimated that 70% of the world's population directly rely on agriculture for a living (Agriculture Goods 2013).

In a study conducted by Nicholas W Minot on the effect of agricultural development on the poor in Tanzania, it was found that the major agricultural reforms implemented during the 1990s (such as market liberalisation) led to increased growth rates and a reduction in poverty (Minot 2005). This signifies the greater potential of agriculture as an economic stimulator, more especially in developing

countries. This view is shared by Meijerink and Roza (2007) who, with specific reference to LED, have observed that agricultural growth contributes significantly to local economic growth as “the rising incomes of small farmers and agro-processors are typically spent on locally provided goods and services, many of which are supplied by – or employ – poor people (e.g. local traders, brick-makers, carpenters, etc.) in villages and small towns” (Meijerink & Roza 2007:16). The Food and Agriculture Organisation (FAO) has summed up the significance of agriculture in economic development by highlighting these potential contributions: job creation, food security, poverty reduction, generation of income through domestic sales and exports, generation of savings and funds for investment, production of primary commodities for expanding industries, and contribution to environmental services such as soil conservation and carbon sequestration (FAO 2004).

In SA, the National Planning Commission (NPC) has observed that “expanding commercial agriculture has the potential to create 250 000 direct jobs and a further 130 000 indirect jobs” (NPC 2011:200). In order to achieve this, the NPC has suggested the promotion and support of “winning agricultural sub-sectors where the expansion in production and further value-adding processes are sustainable over the long-term” (NPC 2011:200). These agricultural sub-sectors include: *large labour-intensive industries* (such as citrus fruit production, subtropical fruit production, table and dried grapes production, and vegetable production); *small-scale, labour-intensive agriculture* (which includes industries such as macadamias, rooibos tea, pecan nuts, figs, olives, berries, and cherries); and *large, non-labour intensive industries with significant value-chain linkages* (such as grain, oilseed, and livestock industries) (NPC 2011:200-203).

Feasibility of vegetable farming as LED strategy

The Asian Vegetable Research and Development Centre (AVRDC) has observed that vegetable production can be an engine for rural economic development as it can produce up to five times the income per hectare as staples (such as rice and maize), and employ up to four times as much labour (AVRDC 2013). Improved vegetable production can have enormous positive effects on family and community development. Since vegetables are often sold for cash, even small vegetable enterprises can contribute immensely to family and community incomes (AVRDC 2013).

In Africa, exotic vegetables such as tomatoes have proven to provide the most income for smallholder farmers. In a Mali survey conducted in 2008, it was found that vegetable production was the major source of income for almost three-quarters of households. Similarly, a study conducted by the Tanzanian government revealed that the introduction of just two new AVRDC high-yielding tomato

varieties increased the national tomato production by 40%, while the income of individual tomato farmers increased by 21% on average (AVRDC 2013).

In SA, the NPC (2011:203) has observed that “the vegetable industry could be one of the largest contributors to job creation and the improvement of livelihoods if the potential growth in demand [in the country]...and the Southern African region is taken into consideration”. Over the past decade, the demand for vegetables in SA has grown by almost 30%, with an annual increase in demand of about 3%. It is believed that this rate of increase in demand could be much faster, and production much higher, if access to rural markets and markets in neighbouring countries is established. Currently, it is estimated that the present demand for vegetables in SA and the Southern African region as a whole is 25% below its potential – a situation that can be addressed by establishing more vegetable markets within and across the SA borders (NPC 2011:203). With these markets in place, and with a subsequent increase in demand for vegetables, vegetable production could, thus, be an effective LED intervention in SA.

CONCEPTUALISING COOPERATIVE

The International Co-operative Alliance (ICA) defines a cooperative (co-op) as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise” (ICA 2014). It is a business owned and managed by and for its members, with each member having an equal say in what the business does, and a proportionate share in the subsequent profits. Co-ops are based on the values of democracy, self-responsibility, equality, equity, solidarity, openness, honesty, social responsibility, and caring for others (ICA 2014).

The ICA identifies seven *Principles of Co-operatives*, which serve as guidelines by which co-ops put their values into practice. These principles include: *voluntary and open membership*; *autonomy and independence*; *member economic participation*; *democratic member control*; *education, training, and information*; *co-operation between cooperatives*; and *concern for community* (ICA 2014).

Classification of cooperatives

There are many different types or forms of co-ops, which may be categorised according to the ‘labels’ or orientations of each co-op. A co-op label may refer to the service or product that the co-op offers, the ownership structure, or the activity that co-op members engage in collectively. A co-op can also exhibit more than one label or orientation (Social Economy Arizona 2014).

Co-ops may be classified into the following major categories:

- **Producer cooperatives:** a producer co-op is owned and managed by its members. It processes and markets its members' products and services directly, or sells the inputs necessary for its members' economic activities (Cooperatives Zone (Coopzone) 2014). A typical example is an agricultural co-op.
- **Worker cooperatives:** a worker co-op is owned by its members, who are responsible for policy formulation in the business. A worker co-op's primary objective is to provide employment to its members (Social Economy Arizona 2014). Worker co-ops may take the form of auto-repair shops or construction companies.
- **Consumer cooperatives:** a consumer co-op procures and distributes goods or commodities to its members and non-members and provides services to its members (RSA 2005: Section 1). Consumer co-ops range from small purchasing groups such as stokvels, to large supermarket-type enterprises (Province of the Eastern Cape, Department of Economic Development and Environmental Affairs (DEDEA) 2008:23).
- **Credit unions:** in a credit union, each depositor is a member and an owner. Credit unions are called financial institutions, and members assist in electing the board of directors that manage the financial institution. The primary objective of credit unions is to provide financial services (in the form of credit) to their members (Social Economy Arizona 2014).
- **Retailing or purchasing cooperatives:** retailing or purchasing co-ops, sometimes referred to as shared service co-ops, are usually large co-op business chains that are owned and managed by independent business owners. These co-ops do not produce specific products, but buy goods and/or services in bulk and sell them nationally or regionally (Social Economy Arizona 2014). Retailing or purchasing co-ops may take the form of hardware shops or filling stations, among others.
- **Social cooperatives:** a social co-op is owned and operated by its members, but it has a social mission outside its core business (Social Economy Arizona 2014). For example, a social co-op offering health services may, in addition to its core business of making profits, seek to provide affordable health services to the community, making it possible for community members to access health services that they may otherwise have been unable to afford.

Cooperatives as a global driver of socio-economic development

Co-ops have proven to be amazingly effective at driving social development and economic growth in many parts of the world. International experience shows that the existence of a vibrant and dynamic co-op sector in any country contributes substantially to the country's economic growth and development. For example, Kenyan co-ops contribute about 45% of the country's GDP and almost 31% of

the total national savings and deposits. Furthermore, Kenyan co-ops control almost 95% of the cotton market, 76% of the dairy market, and 70% of the coffee market. Another example is New Zealand where the co-op sector contributes 22% of the country's GDP and controls 95% of the dairy market, 70% of the meat market, 75% of the wholesale pharmaceuticals, 70% of the fertiliser market, 62% of the grocery market, and 50% of the farm supply market (ICA 2006 in Department of Trade and Industry (DTI) 2012:18).

On the global scale, co-ops contribute enormously to the world's economic growth and development. For example, the revenue generated annually from the world's top 300 co-ops exceeds US\$1 trillion, which is equal to that of the world's tenth-largest economy. Furthermore, more than 100 million people are employed in co-ops globally, with almost three billion people securing their livelihoods through co-ops. Co-ops also make up 25% of the world's insurance market, and supply almost 33% of the world's dairy products (ICA 2006 in DTI 2012:19).

The development of the cooperative sector in South Africa

In SA, the co-op sector dates back to the early 20th century with the establishment of agricultural co-ops, which were predominantly white-owned. These co-ops were promoted purposefully and massively supported by the apartheid government with the aim of developing and building the white farming community in SA (DTI 2012:31). Other forms of co-ops, such as consumer co-ops, worker co-ops, and credit unions, began to emerge between 1940 and 1980 (DTI 2012:31-33).

In 2001, the mandate for co-op development, which initially fell under the Department of Agriculture, was moved to the DTI. In 2004, the first Co-operatives Policy, encompassing all sectors and types of co-ops, was developed. In 2005, the new Co-operatives Act 14 of 2005 was promulgated, which facilitated a boom in the registration of new co-ops in SA. According to the Companies and Intellectual Property Commission (CIPC) register in the DTI, 19 550 new co-ops were registered between 2005 and 2009, the majority of which are owned by black women. However, most of these newly registered co-ops remain weak and vulnerable, requiring high levels of private and public sector support (DTI 2012:33-34).

Regulatory framework for SA cooperatives

The legal framework that underpins co-ops in SA includes *the Co-operatives Act 91 of 1981*, which was primarily promulgated to regulate co-ops in the agricultural sector; *the Co-operatives Policy of 2004*, which spells out the intentions of the SA government to promote and support all forms and types of co-ops in the country; *the Co-operatives Act 14 of 2005*, which regulates all forms and types of

co-ops in all sectors of the economy and effectively repeals the Co-operatives Act of 1981; *the Co-operatives Regulations of 2007*, which spell out the procedures, rules, regulations, fees, and forms required during registration of co-ops; *the Co-operatives Banks Act 40 of 2007*, which regulates all services of the Financial Services Co-operative (FSC) sector; and *the Co-operatives Amendment Act 6 of 2013*, which was promulgated to amend the Co-operatives Act of 2005.

THE LETSHABO COOPERATIVE VEGETABLE PROJECT

The LCVP is located in Matolong village, about 20 km south of Taung in the GTLM, North West province, SA (GTLM 2010:6). The project was developed in response to the GTLM's 3rd Generation IDP that highlighted the need for the municipality to provide support to various LED initiatives within the municipality, of which the LCVP is one (GTLM 2013:6). The project is owned and managed by the Letshabo co-op, which falls under the broader category of *Producer Cooperatives*, and, in terms of SA's Co-operatives Act 14 of 2005 (Sections 1(1) & 4(1)), is an *agricultural* and *primary* co-op as well. The project was started in 2010 with 40 hectares of watermelons under pivot irrigation on the outskirts of Taung (GTLM 2013:7). Currently the project farm has 60 hectares of arable land available for vegetable production (GTLM 2013:9). The vegetables produced at the farm include watermelons, cabbage, butternut, spinach, pumpkins, tomatoes, and onions. There are also plans to consider rotating these vegetables with paprika in the near future (GTLM 2010:11). Through vegetable farming, the Letshabo co-op aims to invest and earn a positive return from producing and marketing vegetables directly to target markets that include vendors, supermarkets, pension points, schools, and hospitals in the North West province in the short-term (GTLM 2010:7).

The LCVP's short- to medium-term objectives, which are also the foci of this study, include: direct job creation; more community members getting involved in retail vegetable businesses; increased availability of fresh, quality produce in the local vicinity of the project; and increased household incomes among project owners, employees, and beneficiaries (GTLM 2013:7).

Project input requirement

The LCVP's input requirement, as highlighted by the GTLM (2010:11), included R2,520,000 capital requirement for developing the project farm (which includes infrastructure and equipment costs, but excludes irrigation, fencing, land clearing, and preparation costs); R1,187,500 funding requirement for clearing and preparing the land, and installing the irrigation infrastructure; R1 million working capital requirement for the first year (working capital for the subsequent years

to be financed from revenues generated by the project); and labour (six co-op owners to make up the majority of the project's management and supervisory staff, 10 permanent employees to work on the farm, two permanent workers to run the farm stall/shop, six permanent employees to work in the pack house, and temporary workers – the number of which may vary according to need – to be hired during planting, harvesting, and packaging periods).

RESEARCH FINDINGS AND CONCLUSIONS

After conducting an assessment research on the LCVP, the research data was analysed in terms of the objectives of the study, which included: establishing the number of jobs created by the LCVP, and the extent to which this contributes to job creation in the vicinity of the project, namely Matolong village; determining the extent to which the project boosts retail vegetable businesses among community members; determining the effect of the project on the availability of fresh, quality vegetables in the vicinity of the project; and determining the effect of the project on the income levels of project owners, employees, and community members. From these research objectives, four dimensions of data analysis were accordingly drawn, which included: *contribution to job creation*; *promotion of retail vegetable businesses*; *availability of fresh, quality vegetables*; and *change in project beneficiaries' income levels*.

In terms of *contribution to job creation*, the research findings revealed that the LCVP's overall contribution towards job creation in the vicinity of the project is very minimal, having contributed 0.37% and 3.7% in terms of permanent jobs and temporary jobs respectively at the start of the project in 2010, and 0.34% and 5.08% vis-à-vis permanent jobs and temporary jobs respectively in 2014. This minimal contribution has been attributed to the project's inadequate funding in terms of development and operational capital, which led to the purposeful recruitment of limited employees. Regarding the *promotion of retail vegetable businesses*, the findings revealed that the LCVP is succeeding. However, the extent to which this is achieved in the local vicinity is not clear. A clearer picture would have been established if a full-scale study involving all households in the vicinity was conducted. On *availability of fresh, quality vegetables*, the findings revealed that the project is increasing the availability of good quality vegetables in the vicinity. However, the majority of local community members feel that the vegetables are not sufficient for their purposes, a problem that has been attributed to a poor marketing strategy by the project owners, namely the Letshabo co-op and the co-op's failure to produce vegetables throughout the year. On *change in project beneficiaries' income levels*, the findings revealed that to date the project has failed to improve the incomes

of all its beneficiaries. On the part of the project owners, this failure is attributed to inadequate start-up capital, exorbitant land lease costs, and high costs associated with buying farm inputs and hiring essential farm equipment. On the part of project employees, the project's failure to create more permanent jobs has contributed significantly to the instability and non-improvement of the employees' incomes. Finally, on the part of local retailers, the seasonal production of vegetables at the project farms has been identified as the major contributing factor to the non-improvement of their incomes.

RECOMMENDATIONS

Based on the research findings and subsequent conclusions, the following recommendations have been made: first, the GTLM, with assistance from the DRDLR and the North West Provincial Department of Local Government and Traditional Affairs (DLGTA), should consider engaging in negotiations with tribal authorities within the municipality who own almost 90% of land in the municipal area, to discuss the possible transfer of portions of land to the municipality for development activities. This land could then be leased at a low fee to agricultural co-ops in the municipal area, in particular the Letshabo co-op. This would help to reduce the co-op's land lease costs, leading to a potential extension of the co-op's farms, a potential increase in the number of permanent and temporary jobs, a potential year round vegetable production, and, eventually, a potential improvement in the project beneficiaries' incomes. Second, the Letshabo co-op should consider applying for the Agricultural Co-operatives Grant from the provincial Department of Agriculture and Rural Development (DARD) in order to strengthen its capital base. Alternatively, the GTLM should assist the Letshabo co-op to identify and negotiate with development partners from the private sector for possible funding. Finally, the Letshabo co-op needs to work on its marketing strategy in the local vicinity, which may include use of marketing tools such as posters and the local media. On a provincial level, DARD should consider establishing special markets within the province where agricultural co-ops can sell their produce.

NOTE

- * This article is partially based on a Master's dissertation in the Department of Public Management and Governance at the University of Johannesburg under the supervision of Ms S Mavee. Maluwa, L.G. *Evaluation of the Letshabo Cooperative Vegetable Project of the Greater Taung Local Municipality*. Unpublished Master's Dissertation. Johannesburg: University of Johannesburg.

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ISSN 1015-4833