



SHAPE AND SIZE MATTER

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In the 2022 Medium Term Budget Policy Statement, popularly known as mini budget, the Minister of Finance Enoch Godongwana makes a point that “we are also committed to improving state capacity, project planning and preparation, procurement practices, and contract management”.

There is probably merit in the view that project planning and preparation, procurement practices and contract management need attention. With regard to state capacity, does the government really have the challenge of state capacity or it is something else that has resulted to deterioration in socio-economic development of late. Could it be that the problem fundamentally has to do with the manner in which government is organised or something else that has constrained inclusive development?

[Alexey Ryabov](#) and his co-researchers, analysing global datasets of unicellular marine phytoplankton, conclude that “size and shape profoundly influence an organism’s ecophysiological performance and evolutionary fitness...” Undoubtedly, shape matters. We have long known that size matters.

Leading developmental state scholars emphasise structure as a critical factor in the functioning of a government. The fundamental concern in the developmental state literature is that there must be sufficient state capacity to guide, if not drive, socio-economic development. South Africa has been trying to be a developmental state. To be sure, state capacity has to do with policies and systems, the organisation of the government and human capital that are fit for purpose.

The late Malawian economist Thandika Mkandawire explained that a developmental state must set developmental goals and create as well sustain a policy climate and an institutional architecture that ensures inclusive development. I deal with this issue in my [new book](#) on South Africa. The structure of our government, not capacity, seems to be among the key challenges constraining socio-economic development. It greatly matters how the government is organised; and how it functions is influenced by its institutional capacity, the character of public servants, the development agenda and other related factors.

There is a link among the various aspects that make up a developmental state – and all aspects must ensure effective implementation. Of critical importance is that socio-economic outcomes are dependent on the institutional architecture. The institutional architecture should include both the structure/organisation of the state and institutional reforms that get pursued with a view of improving implementation. It is in this context that size and shape matter for socio-economic development.

It was former president Thabo Mbeki in 2004 that initiated the process to rethink the size and shape of the government. That rethinking led to new capacities for long-term planning and monitoring and evaluation, first in the erstwhile policy unit that was in his office and later the National Planning Commission was established alongside the Planning Ministry and the Ministry for Monitoring and Evaluation. The Department of Performance Monitoring and Evaluation which was established in 2010 changed to the Department of Planning, Monitoring and Evaluation in 2014 and the Planning Ministry was subsumed in the Department of Planning, Monitoring and Evaluation.

It is curious that development outcomes are deteriorating even though capacity has improved. Government departments have increased in numbers and in sizes. For instance, there were 27 departments during the Mandela administration. The number increased substantially during the Zuma administration and has slightly decreased to 39 in the Ramaphosa administration. The number of Deputy Ministers has increased from 14 under Mandela to 34 under Ramaphosa. Government compensation expenditure as share of total expenditure has increased from about 13% in 2010 to about 16%.

It is inquisitive that Malaysia, Brazil, Botswana and Singapore as well as some of (so-called) developed countries such as UK and US spend far less than South Africa salaries and wages in the public sector. Not to mention China which spends significantly far less on its public service. It is also worth highlighting that South Africa has about 5 public servants per 100 people which is more or less same as in Brazil, Malaysia and Botswana and not far from US which has 6 public servants per 100 people. It is also worth noting that there have been various capacity building initiatives, including training programmes through SAMDI, PALAMA and NSG, for government officials.

The capacity of the government essentially entails the ability to meet the set goals and objectives. It has to do with human resources (i.e. the people), the architecture (structure and reforms) and processes which includes systems that are in place to ensure effective service delivery. In this context, South Africa's challenge has to do with the institutional

architecture – to ensure effective planning, coordination and implementation.

One of the lessons from the research that has culminated to the book I referred to earlier, is that it is important that significant technical capacities are placed at the center of the government. Indeed, it greatly matters what kind of capacity that the government (at different levels) has and how the government is organised. Lastly, leadership is critical, especially thought leadership.

As a parting shot, consolidated government compensation of employees was below R200 billion before the 2009 but it has increased to about R700. Perhaps the issue has more to do with weak productivity associated with inefficiencies in the public sector as a result of lack of commitment and unethical conduct in those employed in government.

I remember the period I was in government (2000-2009). Particularly during the second administration (1999-2004) we were relatively few, but we got so much done. I doubt that it was because we were highly skilled. No doubt, we worked very hard.

The skills issue should not be used as an excuse for non-performance. We witness in various government institutions, especially frontline functions, that it is something else that is a problem.