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The Limits of Local Government Reform and the Subversion of Local Democracy in South Africa

Los límites de la reforma del gobierno local y la subversión de la democracia local en Sudáfrica

Os limites da reforma do governo local e a subversão da democracia local na África do Sul

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Abstract

A central principle in political and administrative theory is that decision-making on local matters should be devolved to improve accountability and tailor services to community needs. In much of Africa, however, local governments remain limited in political, administrative, and fiscal authority. Post-apartheid South Africa is an exception, with its Constitution recognizing local government as a distinct sphere and assigning municipalities extensive functions supported by fiscal transfers and reforms. Despite this, many municipalities are in crisis. This paradox is explored through a critical review of reforms since 1994, showing that the focus has been on organizational and administrative reforms. These formal decentralization efforts have failed to address inherited spatial and fiscal inequalities or protect municipalities from informal political economies characterized by patronage, partisan appointments, rent-seeking, unstable coalitions, and weak sanctions. These factors undermine administrative capacity,

financial management, oversight, and citizen participation. The 2025 White Paper on Local Government recognizes these challenges and proposes measures to improve municipal performance. However, reforms are unlikely to succeed unless they alter political incentives and enforce accountability, alongside building technical capabilities, to truly strengthen local government effectiveness.

Keywords: local government reform; South Africa; political economy; patronage; local democracy.

Resumen

Un principio central en la teoría política y administrativa es que la toma de decisiones sobre asuntos locales debe descentralizarse para mejorar la rendición de cuentas y adaptar los servicios a las necesidades de la comunidad. En gran parte de África, sin embargo, los gobiernos locales siguen teniendo una autoridad política, administrativa y fiscal limitada. La Sudáfrica posterior al apartheid es una excepción, ya que su Constitución reconoce al gobierno local como una esfera distinta y asigna a los municipios amplias funciones respaldadas por transferencias fiscales y reformas. A pesar de ello, muchos municipios se encuentran en crisis. Esta paradoja se explora a través de una revisión crítica de las reformas emprendidas desde 1994, la cual demuestra que el enfoque se ha centrado en reformas organizativas y administrativas. Estos esfuerzos formales de descentralización no han logrado abordar las desigualdades espaciales y fiscales heredadas ni proteger a los municipios de economías políticas informales caracterizadas por el clientelismo, los nombramientos partidistas, la búsqueda de rentas, las coaliciones inestables y la debilidad de las sanciones. Estos factores socavan la capacidad administrativa, la gestión financiera, la supervisión y la participación ciudadana. El Libro Blanco sobre el Gobierno Local de 2025 reconoce estos desafíos y propone medidas para mejorar el desempeño municipal. Sin embargo, es poco probable que las reformas tengan éxito a menos que alteren los incentivos políticos y hagan cumplir la rendición de cuentas, además de desarrollar capacidades técnicas, para fortalecer verdaderamente la eficacia del gobierno local.

Palabras clave: reforma del gobierno local; Sudáfrica; economía política; clientelismo; democracia local.

Resumo

Um princípio central na teoria política e administrativa é que a tomada de decisões sobre assuntos locais deve ser descentralizada para aprimorar a responsabilização (accountability) e adaptar os serviços às necessidades da comunidade. Em grande parte da África, contudo, os governos locais permanecem limitados em sua autoridade política, administrativa e fiscal. A África do Sul pós-apartheid é uma exceção, pois sua Constituição reconhece o governo local como uma esfera distinta e atribui aos municípios amplas funções respaldadas por transferências fiscais e reformas. Apesar disso, muitos municípios estão em crise. Esse paradoxo é explorado por meio de uma revisão crítica das reformas desde 1994, demonstrando que o foco tem recaído sobre reformas organizacionais e administrativas. Esses esforços formais de descentralização não conseguiram enfrentar as desigualdades espaciais e fiscais herdadas nem proteger os municípios de economias políticas informais caracterizadas por clientelismo, nomeações partidárias, busca por rendas (rent-seeking), coalizões instáveis e sanções frágeis. Esses fatores minam a capacidade administrativa, a gestão financeira, a fiscalização e a participação cidadã. O Livro Branco sobre o Governo Local de 2025 reconhece esses desafios e propõe medidas para melhorar o desempenho municipal. Entretanto, é improvável que as reformas tenham êxito a menos que alterem os incentivos políticos e assegurem a responsabilização, juntamente com o desenvolvimento de capacidades técnicas, para fortalecer verdadeiramente a eficácia do governo local.

Palavras-chave: reforma do governo local; África do Sul; economia política; clientelismo; democracia local.

Introduction

The devolution of authority to the local level has long been regarded in the political and public administration literature as a cornerstone of democratic government. The normative understanding has been that government that is closer to citizens will possess better information about local preferences, be more accountable, and create more accessible opportunities for participation (World Bank, 2000). In the Global North, the systems of intergovernmental relations that accompanied this process of devolution generally evolved incrementally, shaped by historical circumstances, political struggles, constitutional reform, referenda and changing conceptions of the appropriate distribution of state power. In much of the Global South, and particularly in Africa, decentralisation followed a markedly different

trajectory. Rather than emerging primarily through an endogenous and evolutionary process, decentralisation in the post-colonial era was introduced precipitously and frequently as a conditionality of donor assistance, particularly during the structural adjustment and good-governance reforms of the 1980s and 1990s (Conyers, 2007; Crook, 2003; Ndegwa, 2003).

Yet, despite the apparently compelling democratic and administrative rationale for political and administrative devolution, decentralisation in many African states has proceeded slowly and unevenly. The powers transferred to local authorities have often remained circumscribed, fiscal transfers inadequate and municipal institutions weak. In many instances, consequently, formally constituted local authorities have remained little more than shell structures, lacking the administrative and financial capacity necessary to deliver basic services.

This underscores the reality that democratic decentralisation depends on considerably more than the formal creation of a local legislature and institutions for local administration. In this respect, Kersting et al. (2009) identify three trajectories necessary to promote the process of local government reform: the first of these relates to territorial, functional and fiscal reforms which form part of the decentralisation process; the second relates to participatory reforms which focus on the system of representative democracy, public participation, and party-based democracy; while the third refers to political–administrative reforms which include the reconfiguration of local leadership roles, human resource development, and the strengthening of public institutions and oversight structures. At the same time, local authorities require meaningful decision-making powers, predictable fiscal resources, capable administrations and institutions through which citizens can authorise, scrutinise and, when necessary, sanction decision makers. In this respect, Olowu (2012) argues that the constitutionalising of local government is a necessary precondition for the effective decentralisation of decision-making in that it entails the transfer of four key elements of government from central to local administrations, namely responsibility, authority, resources, and accountability arrangements. Where national executives retain effective control, transfers are inadequate or local offices are captured by dominant elites, decentralisation may reproduce hierarchy rather than disperse power (Jütting et al., 2005; Makara, 2018; Ribot, 2002; Smoke, 2015). The question is therefore not simply whether authority has been devolved, but how formal rules are established to interact with political incentives and social structures.

Further contemporary international evidence confirms that decentralisation outcomes are shaped by the political and fiscal incentives surrounding implementation. Research from

Honduras finds that municipal control of decentralised service delivery can heighten corruption risks where local institutions are susceptible to capture, although appropriately structured non-state participation may mitigate these risks (Zarychta et al., 2024). Studies in Ghana and Brazil similarly demonstrate that intergovernmental transfers can weaken local fiscal discipline or generate perverse spending incentives, with outcomes mediated by political alignment, electoral competition, and the design of transfer systems (Alves & Araujo, 2024; Obeng & Aazam, 2025). Evidence from China and the United States further shows that officials' career incentives and political connections distort procurement and public-resource allocation (Aobdia et al., 2024; Tang et al., 2025). Conversely, causal evidence from the Philippines indicates that credible convictions of corrupt local officials improve financial management and reduce subsequent corruption (Axbard, 2025). These findings suggest that local government reform is unlikely to succeed through institutional restructuring alone unless it also changes political incentives and establishes credible mechanisms of accountability and sanction.

Post-apartheid South Africa is a particularly interesting case because devolved authority appears to meet most of the institutional conditions missing elsewhere on the African continent. At the same time, although the introduction of a comprehensive system of local government in the country was similarly precipitous, it differed fundamentally from decentralisation programmes elsewhere on the continent. To begin with, the decision to undertake a comprehensive reform of its system of local government was never imposed as a conditionality of aid. Rather, following the end of authoritarian and oppressive apartheid rule and the transition to democracy in 1994, the extensive reforms introduced by the newly installed African National Congress (ANC) government reflected an ideological commitment to establishing an inclusive system of democracy at national and local levels, and to ensuring effective delivery of basic services, especially to the poor who had hitherto been excluded by the racist policies of the previous regime. Through this process, considerably more autonomy and access to finance and resources were assigned to municipalities in South Africa than in most other nations in Africa.

Under apartheid, the Black population, who constitute the vast majority of the country's inhabitants, had effectively been excluded from democratic processes and from meaningful citizen participation in municipal government. Furthermore, the local authorities which did exist were racially segregated, irrespective of the geographic or economic integrity of an area, and whilst municipalities catering for the White population had limited originating powers, those catering for other racial groups had no more than administrative responsibilities. The incoming

democratic government was thus confronted with the task not merely of reforming an existing system but of constructing an inclusive system of local government capable of overcoming the institutional, spatial and fiscal legacies of apartheid.

Despite the critical importance of municipal government in improving the livelihoods of the poor, the substantial constitutional, legislative and fiscal resources assigned to municipalities, and the aspirations of these reforms, much of South Africa's local government system is now widely acknowledged to be in crisis, even after repeated attempts at reform.

This article examines this paradox. It asks why successive institutional and administrative reforms have produced limited systemic improvement and, more specifically, how formal reform measures have interacted with political incentives, patronage networks and inherited structural inequalities. It analyses the trajectory of local government reform in post-apartheid South Africa and identifies the factors that have undermined the establishment of an effective and substantively democratic system of local governance. Administrative incapacity and weaknesses in institutional design are treated as important but incomplete explanations. The article evaluates the proposition that the formal architecture of decentralisation has increasingly been compromised by an informal political economy characterised by patronage, factionalism, corruption, rent-seeking and weak political accountability, interacting with unresolved structural inequalities inherited from apartheid.

Methodology and Analytical Approach

The article adopts an interpretive critical-review methodology to examine the trajectory and outcomes of local government reform between 1994 and 2025. It triangulates constitutional and legislative texts, national reform policies, Auditor-General and National Treasury evidence, nationally representative public-opinion data and peer-reviewed scholarship on decentralisation, municipal governance and state capture. Policy initiatives are examined in chronological sequence to identify their diagnoses of municipal dysfunction, their principal reform instruments and the extent to which they address administrative capacity, political incentives and enforceable accountability.

South Africa is treated as a theoretically significant case because its constitutional recognition of local government, extensive municipal functions, fiscal-transfer system and participatory institutions approximate many of the conditions conventionally associated with successful decentralisation. Its continuing municipal difficulties therefore provide an

opportunity to examine the limits of explanations focused predominantly on formal institutional design. Significant variation among municipalities is retained as an analytical qualification and as a check against treating the proposed mechanisms as uniform across the country.

Contribution

The article makes three related contributions. First, it offers a longitudinal political-economy interpretation of South Africa's local government reform trajectory, showing that successive interventions have concentrated predominantly on institutional architecture, administrative capacity, coordination, and compliance while having less success in altering the incentives governing appointments, procurement, and enforcement. Second, it challenges the conventional separation between political dysfunction and administrative incapacity by arguing that municipal capacity is not always an exogenous technical constraint but may itself be politically mediated. Third, it connects municipal performance to substantive local democracy by showing how persistent service failure, corruption and ineffective participation can weaken downward accountability, alienate citizens from formal institutions and encourage protest to substitute for institutionalised engagement.

The Political Economy of Post-Apartheid Reform

Although the collapse of apartheid, the transition to democracy, and Nelson Mandela's accession to the presidency were heralded by many as a political miracle, the disjuncture between economic power and political power presented a significant challenge to the incoming ANC government because the commanding heights of the economy remained under the control of a small White elite and levels of inequality were, and continue to be, amongst the highest in the world. A Reconstruction and Development Programme (RDP) policy paper published by the ANC (then a government in waiting) in 1994 initially envisaged the creation of an interventionist social-democratic state, loosely modelled on the East Asian developmental states, which would play a leading role in steering the economy and the development of a more just society. The policy paper stated:

> Reconstruction and development will be achieved through the leading and enabling role of the State, a thriving private sector and active involvement by all sectors of civil society… In a wide range of areas, the (Government) . . . will take the lead in reforming and addressing structural conditions. (Office of the President, 1994, [secs. 3.1.2–3.1.3])

However, scarcely two years after an RDP white paper was published, it was replaced by the neoliberal Growth, Employment, and Redistribution (GEAR) macroeconomic strategy. A key tenet of the strategy was the inescapable influence of market forces and the need for greater openness and competitiveness in economic policy, both of which called for an enabling rather than interventionist state (Department of Finance, 1996).

This shift in economic policy has been attributed partly to the determination of the ANC government to rapidly revive a depressed economy and reintegrate South Africa into the global community, and to the fact that it believed (or had been convinced) that the pursuit of neoliberalism was a prerequisite for the development of a modern state. At the time, the government was also exposed to an array of (often unsolicited) advice from bilateral development agencies, international financial institutions (the World Bank in particular), independent consultants, academics and others who stressed the importance of creating a deregulated economy, receptive to foreign direct investment and open to global markets (Gumede, 2005). A key component of the new economic strategy was the adoption of New Public Management (NPM) as a mode of governance and, with it, the privatisation and outsourcing of public services. This initiative, as will be discussed, opened opportunities for corruption in procurement processes and especially in awarding tenders for large state projects at all levels of government.

At the same time, successive ANC governments sought to transform the racial structure of ownership and management in the economy. In an attempt to establish a Black capitalist class in the upper echelons of the economy, the Thabo Mbeki administration (which succeeded that of Mandela) attempted a settlement between the White-dominated corporate sector and an aspirant Black middle class. This involved the introduction of a series of measures, including the Black Economic Empowerment and Broad-Based Black Economic Empowerment policies and preferential access to state tenders. Whilst this approach succeeded to a limited extent in that it created a very small Black elite, it failed to create wider opportunities in the economy for a much larger segment of the population (Von Holdt, 2023). With their aspirations thus frustrated, members of this incipient middle class looked to the state as a means of accumulation. Although accumulation initially took place within the confines of legislation, adherence to legal constraints progressively eroded following the ascent of Jacob Zuma to the presidency in 2009 and the emergence of what has become known as a process of state capture (Buthelezi & Vale, 2023). State capture involved a wide network of patronage, a systematic dismantling of oversight institutions, and extensive and fraudulent manipulation of

state tenders through the preferential awarding of contracts, inflated prices, and kickbacks in what has been characterised as a form of primitive accumulation (Tinel, 2024).

Moreover, the widespread corruption and flouting of laws during the roughly 10-year period of state capture were never confined to the national level. Networks of patronage, both personal and political, extended to provincial and local levels. At the local level, their effects were amplified by weak administrative capacity, unstable political leadership and inconsistent oversight by provincial and national government. The municipal crisis therefore cannot be understood simply as a problem of deficient technical capacity. It must also be understood as the product of an interaction between formal democratic institutions and an increasingly entrenched informal political economy.

The analysis, however, does not attempt to estimate the independent causal effect of corruption, patronage or any single institutional variable. Rather, it evaluates whether evidence from different sources is consistent with the proposition that informal political incentives mediate the implementation of formal reform. Audit reports are used as evidence of financial governance, compliance and institutional control; public-opinion surveys are used to assess reported attitudes and perceptions; and case studies are used to identify plausible mechanisms rather than to establish their prevalence across all municipalities. Fiscal constraints, inherited spatial inequality, skills shortages and institutional design are treated as interacting and potentially competing explanations.

Before analysing these dynamics in greater detail, it is useful to review the successive waves of local government reform introduced since 1994. This history demonstrates that the government has repeatedly recognised municipal dysfunction and has attempted to address it. It also reveals, however, that successive interventions have concentrated primarily on institutional architecture, administrative capacity and coordination, while proving much less successful in confronting the political incentives and patronage structures that undermine these institutions.

Local Government Reform in the Democratic Era

The adoption of a new Constitution in 1996 established South Africa as a unitary state and delineated the roles and responsibilities of three levels of government: national, provincial, and local. Although narrowly defined, the Constitution assigned a limited degree of autonomy to municipalities and “the right to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions” (Republic of South Africa,

1996, sec. 156[5]). Municipalities also have the right to "make and administer by-laws for the effective administration of the matters which it has the right to administer" (Republic of South Africa, 1996, sec. 156[2]. The Constitution also made provision for the national and provincial governments to intervene in cases where a municipality cannot or does not fulfil an executive obligation in terms of legislation (either by issuing a directive or by assuming responsibility for the relevant obligation). However, Chapter 3 of the Constitution, on Co-operative Governance, suggests a less hierarchical state structure in which the "national, provincial, and local spheres of government … are distinctive, interdependent and interrelated" (Republic of South Africa, 1996, sec. 40(1)). Under the principles of co-operative government and intergovernmental relations, the Constitution stipulates the following requirements for all spheres of government:

> respect the constitutional status, institutions, powers and functions of government in the other spheres; not assume any power or function except those conferred on them in terms of the Constitution; (and) exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere. (Republic of South Africa, 1996, sec. 41(1)(e)–(g))

This provision has, in some instances, been interpreted to mean that higher orders of government may only intervene in the affairs of local government as a last resort, and then only under clearly defined legal terms, and for a limited duration. Notwithstanding this contention, the national and provincial governments still retain significant legislative authority to discipline municipalities which fail to fulfil their constitutional mandates.

The First Wave of Reform

The 1998 *White Paper on Local Government*, which derived much of its orientation from the UK New Labour government's white paper *Modern Local Government: In Touch With the People*, published in the same year (cited in Harrison, 2006, p. 197), defined the roles and responsibilities of municipalities more clearly and stressed their "central role in promoting local democracy" and in the provision of essential services "such as water, sanitation, local roads, stormwater drainage, refuse collection and electricity" (Ministry for Provincial Affairs and Constitutional Development, 1998, secs. 1.3 and 2.1). Prior to this, the process of local government reform had commenced with the establishment of 843 municipalities which covered the entire country. However, a substantial proportion of these municipalities were created de novo and existed in little more than name, in that they lacked qualified staff, appropriate office space and other facilities necessary to perform their duties. In attempting to

redress these shortcomings, and to establish more operationally functional entities, a further re-delimitation was undertaken in the late 1990s, reducing the number of municipalities to 283. This programme served to aggregate the many small municipalities into a series of larger structures, assuming that greater economies of scale (in terms of human resources, revenue generation, and infrastructure) would promote a more effective system of administration. Whilst the process of aggregation did achieve some economies of scale, it did little to address the serious human resource challenges that continued to face most municipalities. Significantly, the Local Government White Paper was published shortly after the announcement of the GEAR macroeconomic growth strategy and its principles were incorporated into municipal management.

From the outset, government policy, backed by relevant legislation, provided funding to support the new mandates of local government. Under this system, municipalities have the authority to generate their revenue from various sources. These include revenue derived from local taxes and levies for the delivery of basic services (such as water, electricity, and refuse removal), from rates imposed on property owners, from car licensing, and from various fines. In addition, municipalities are eligible to receive several conditional and unconditional grants from the national and provincial governments. A key source of grant revenue is derived from an equitable share mechanism, in which national revenue is distributed to all three echelons of government according to a fixed formula (Republic of South Africa, 2022). Municipal Infrastructure Grants (MIG) provided by the central government are a further form of conditional grants assigned to municipalities specifically for the maintenance of infrastructure, such as roads, pipes, and wastewater treatment plants. Whilst municipalities have increasingly complained about the inadequacy of funding at their disposal, a more serious challenge, as will be discussed below, relates to the mismanagement of the finances allocated to them.

The Second Wave of Reform

Within a decade of the establishment of the new system of local government, serious concerns about the performance of municipalities had begun to emerge, and in 2009 the national Department of Cooperative Governance and Traditional Affairs (COGTA), charged with municipal oversight, warned that “Nine years into the new Local Government system there are worrying trends and signs that are undermining the progress and successes achieved thus far. The country faces a great development risk if Local Government fails” (COGTA, 2009, p. 3). In response, a Local Government Turnaround Strategy (LGTS) was launched as the first of several attempts to improve the performance of local government. The

LGTS acknowledged that municipalities were not working properly, that they were failing the poor, were unaccountable to their citizens, were “marred by excessive levels of corruption, fraud, (and) maladministration” and that they were “centres of factional conflicts, political infighting and patronage” (COGTA, 2009, p. 18).

Despite recognising the poor performance of municipalities, however, the strategy interpreted many of these problems as difficulties associated with ongoing evolution and implementation of a fundamentally sound system which was always intended to be phased in over time. In that vein, it concluded that “Notwithstanding certain changes that may have to be effected, the overall architecture of the system of local government is still sound” (COGTA, 2009, p. 5). The proposed remedies, consequently, concentrated primarily on improving implementation: ensuring that municipalities met communities' basic service needs; strengthening efficiency, effectiveness, and accountability; and improving provincial and national support and oversight. The underlying assumption remained that better implementation of the existing institutional model could restore municipal functionality.

The Third Wave of Reform

Scarcely five years later, it was apparent that the turnaround strategy had not resolved the crisis, and a review conducted by COGTA in 2014 found that only 37% of municipalities were getting the basics right “even though they still (had) much to do”. A second group, comprising 32% of municipalities, were found to be almost dysfunctional and in need of assistance to get the basics right, whilst the remaining 31% of municipalities were considered to be “dysfunctional and significant work would be required to get them to get the basics right” (COGTA, 2014, p. 6). This latter group of municipalities, it was stated, included those with “endemic corruption, dysfunctional councils, no structured community engagement and participation systems, and poor financial management leading to continuous negative audit outcomes” (COGTA, 2014, p. 6).

In response to these shortcomings, the government formulated a Back to Basics strategy which committed all three levels of government to overcome the service delivery challenges faced by municipalities and “ultimately … to rebuild the trust of our people in the system of local government” (COGTA, 2014, p. 6). To this end, COGTA established a “war room” and a national monitoring system to oversee the reform process and committed all three levels of government to cooperate in improving the performance of municipalities, in ensuring good governance, sound financial management, and effective service delivery (COGTA, 2014, p.

13). Crucial to this new approach, it was stated, would be “a system of reporting on, and being accountable for, performance”. Once again, however, the approach concentrated primarily on ensuring compliance with existing institutional and administrative requirements. Although corruption and political dysfunction were acknowledged, the programme did not introduce clear mechanisms capable of changing the political incentives governing appointments, procurement and enforcement.

The Fourth Wave of Reform

With little indication that the previous two interventions had succeeded in improving the performance of local government, a further reform measure was announced in 2019 in the form of a District Development Model (DDM), which represents an attempt to incorporate municipal planning and service delivery into a broader intergovernmental framework. Launched under the slogan “One District, One Plan and One Budget”, the DDM is further reminiscent of the “joined-up-government” approach introduced by the UK Labour Party under Tony Blair. Although it is presented as an initiative to improve intergovernmental coordination and overcome fragmented planning across all levels of government, the DDM also represents an attempt to strengthen oversight and control over underperforming municipalities. Its objectives thus include the need to “build government capacity to support municipalities; strengthen monitoring and evaluation at district and local levels; and exercise oversight over budgets and projects in an accountable and transparent manner” (COGTA, 2022, para,4).

Despite initial favourable commentary on the DDM’s potential to overcome silos in the delivery of municipal services and to forge a more integrated approach across municipalities, more recent concerns have been raised about its capacity to overcome more deep-rooted problems in the system of local government. Thus, a case study commissioned by the province of the Eastern Cape in 2023 found that the model “overlooks the significant task of stabilizing the governance and financial management environment in the local and district authorities” (Eastern Cape Socio-Economic Consultative Council, 2023, p. 9). Further constraints identified were a lack of local capacity to implement the model and inadequate legislation to ensure effective intra- and intergovernmental coordination.

The Fifth Wave of Reform

In a further initiative to strengthen accountability over the activities of dysfunctional municipalities, the government developed the Intergovernmental Monitoring, Support and

Interventions Bill, which was tabled in April 2025 to give greater effect to the intervention measures outlined in the Constitution. It has yet to be adopted by Parliament (COGTA, 2025). These include earlier intervention to restore administrative functionality (rather than as a last resort), the dissolution of non-functional municipal councils, the suspension, or dismissal of local councillors or officials, and the appointment of provincial or national officials to assume their duties. The Bill also makes provision for the imposition of fines and imprisonment of those found guilty of offences. The Bill has been followed by a comprehensive review of the 1998 White Paper on Local Government, which presents a critical assessment of the factors undermining the constitutionally defined objectives of local government. These include the systematic hollowing out of local capacity, the failure of regulatory and oversight mechanisms, financial mismanagement and corruption, and political interference in administrative activities (Hlabisa, 2025a).

This review identified nine priorities, including the need for fiscal reform, ethical conduct, depoliticisation of administrative systems, restored community relationships, stronger accountability mechanisms, intergovernmental coordination, and more effective citizen participation (COGTA, 2025; Hlabisa, 2025b). The review is significant because it no longer frames municipal failure solely as a capacity deficit and recognises political behaviour, institutional design, and structural inequality as mutually reinforcing factors. The extent to which the latest policy succeeds in its mission to reform local government has yet to be seen. However, although the diagnosis is considerably more exacting than previous analyses, the proposed reform measures still focus on improving oversight, accountability and organisational efficiency, with little reference to how the informal political economy might be eliminated.

The five waves of reform discussed above reflect the government's growing concerns about the effectiveness of the system of local government, but only in the most recent reform has the diagnosis of municipal dysfunction become more explicit, moving from concerns about institutional consolidation and administrative capacity towards recognition of political interference, corruption and weak accountability. Notwithstanding this progression, the instruments deployed remained predominantly administrative, organisational and coordinative. Although successive reforms focused on strengthened monitoring and oversight arrangements, they were less successful in altering the political incentives governing appointments, procurement and the enforcement of sanctions. The resulting gap between formal institutional reform and the informal political economy of municipal governance, consequently, helps explain the persistence of dysfunction despite repeated policy interventions. This conclusion

is strongest for the earlier reforms, where evidence of implementation is available, but more recent initiatives can presently be assessed primarily in terms of their design and prospective capacity to address the identified problems. The factors which have collectively enabled malpractice and mismanagement at the local level are discussed in the sections which follow.

A Lack of Administrative Capacity and Weak Financial Management

The responsibilities assigned to newly established local authorities, as noted, were not introduced progressively, and most lacked staff with the necessary expertise and experience to fulfil their new obligations immediately. Since then, more remote municipalities have struggled to recruit and retain staff in key positions. These problems are particularly serious in municipal finance departments where, in 2024, the average vacancy rate was 20% and where there was an average vacancy rate of 19% for chief financial officers; in municipalities with disclaimed audit opinions this figure rose to 28% (Auditor-General South Africa [AGSA], 2025, p. 46). Without effective financial leadership, municipal accounting departments perform poorly. In the 2024/25 financial year, 39 municipalities (approximately 15%) received clean audits, while 117 received unqualified audit opinions with findings and 99 received modified opinions, including qualified, adverse and disclaimed opinions (AGSA, 2026, p. 14). These categories do not account for every municipality in the audit population and should not be presented as an exhaustive distribution. The report further found that 88% of the municipalities appointed consultants to assist them in preparing their financial statements, but, costs aside, this professional assistance was unable to address poor record keeping and asset management. Almost all the municipalities used consultants to provide skills that their own finance departments lacked.

The retention of senior staff is problematic, partly because municipal managers are appointed on five-year contracts and may be removed by their political principals for any number of reasons, including a refusal to implement illegal or unethical instructions. In this context, where loyalty or factional affiliation overrides competence, senior managers often seek more secure employment or jobs in more favourable locations.

Weak financial management and fiscal accountability have been aggravated by inconsistent political and administrative commitment to regulatory oversight and consequence management. Successive reports from the Auditor-General have documented repeated non-compliance with legislation and reporting standards and have identified weak accountability

and consequences as recurring institutional causes of poor audit outcomes. These findings establish persistent failures of oversight and enforcement, although audit evidence alone cannot establish the political motives underlying every failure to act. In its findings for the 2022/23 financial year, the Auditor-General stated: “A lack of accountability and consequences remains one of the key root causes for poor audit outcomes at 60% of municipalities” (AGSA, 2024, p. 99).

> We reached out to key role players in the accountability ecosystem (municipal mayors and speakers as well as provincial premiers and members of the executive councils for finance and local government) to intervene in the non-submission of financial statements. We also informed the provincial legislatures, Parliament and the National Treasury. Our audit leadership further repeatedly engaged with the municipal managers and chief financial officers of these municipalities to encourage submission. When all of this failed, we notified the affected municipal managers and the board of a municipal entity that the non-submission of the financial statements constitutes a material irregularity, as the delays in the accountability processes are causing substantial harm to these municipalities. The lack of transparency for the use of funds and the financial position of these municipalities should not be tolerated by councils, provincial and national leadership or oversight. (AGSA, 2022, p. 9)

The operational capacity of some municipalities, as indicated, has been further weakened by the government’s adoption of NPM modalities in the late 1990s which, in an endeavour to run the public sector according to private-sector principles, has led to the outsourcing of all but the most basic service delivery (Cameron, 2009). Under this model, basic operational activities such as the repair of potholes, the maintenance of infrastructure, and other operational functions which had hitherto been undertaken by municipal officials are now put out to tender, and these procurement processes and supply chains frequently provide opportunities for financial malfeasance of the types documented in reports by the Auditor-General’s office.

At national and provincial levels, inconsistent intervention may be partly related to the constitutional requirement that every sphere exercise its powers without encroaching on the geographical, functional or institutional integrity of another sphere (Republic of South Africa, 1996, sec. 41(1)[g]). Existing research also suggests that party factionalism, patronage relationships and concern about alienating local political constituencies may constrain enforcement. The persistence of non-compliance despite repeated findings is consistent with insufficient political commitment or political constraints on enforcement, but it is acknowledged

that the documentary and audit evidence presented here does not independently establish the motives of every national or provincial decision maker.

Cadre Deployment and the Weak Separation of Powers

A lack of accountability has been aggravated by the ANC's policy of "cadre deployment" and the patronage and nepotism that stem from this. Cadre deployment was initially conceived as a measure to ensure that party loyalists would be deployed to key state positions to ensure that the correct ideological line was being followed and that the transformation of society was being carried out as planned. Over time, however, the objectives of the policy have been widely abused and those deployed are frequently friends or family of the politically influential.

Concerns have frequently been raised that those deployed often lack the necessary skills and intervene in the affairs of a municipality irrespective of their position in the administrative hierarchy. Once appointed, furthermore, it is seldom possible to remove them for poor performance. The net effect of this policy is the demoralisation of committed staff and growing cynicism on the part of the public (Adanlawo & Chaka, 2024; De Visser et al., 2009). Notwithstanding widespread public condemnation of cadre deployment, the ANC government has persisted with this policy, promising only to appoint more qualified people to key positions in a municipality (Mlambo & Maserumule, 2024). However, it is noteworthy that the 2025 review of the Local Government White Paper calls for clearer political and administrative roles, professionalisation of municipal administration, stronger accountability and oversight, depoliticised decision-making, and limitations on political appointments, suggesting that cadre deployment could also be subject to review (COGTA, 2025, p. 32).

Poor Service Delivery

Limited staff capacity, financial mismanagement, leadership turnover, weak oversight and corruption are associated with persistent and, in many municipalities, deteriorating service delivery, particularly in poor communities. The scale of the problem was acknowledged by the South African president in his 2025 State of the Nation Address: "In many cities and towns across the country, roads are not maintained, water and electricity supply is often disrupted, refuse is not collected and sewage runs in the streets" (Ramaphosa, 2025, p.4). However, the president's statement recognises the existence of serious service failures but does not, in itself, identify their causes. Causal interpretation requires the service evidence to be read alongside audit findings, financial data and research on municipal administration. Poor service

delivery has also been aggravated by failures to spend grants intended for public housing, infrastructure maintenance and development.

Ineffective Citizen Participation

According to the Constitution, one of the principal objectives of local government is "to provide democratic and accountable government for local communities" (Republic of South Africa, 1996, sec. 152(1)(a)). Various measures have been prescribed in legislation and policy to promote public participation in policy formulation processes and decision making on issues which affect the daily lives of citizens. Under this mandate, all municipalities are expected to establish structures, systems, and practices to advance citizen participation. These include eliciting public input into the formulation of five yearly Integrated Development Plans (IDPs), the election of ward councillors to represent local communities, participation in ward committees (which are supposed to channel local concerns to the councillor), and public hearings, among other mechanisms.

Formally, these systems hold out the promise that ordinary people will be able to influence decisions affecting their daily lives. Research conducted in a range of municipalities has nevertheless found that participatory mechanisms frequently fail to engage citizens meaningfully (Piper & Deacon, 2008; Tapscott & Thompson, 2013). Whilst these studies do not contend that all municipalities perform in the same way, they do indicate recurring problems associated with mismatched community expectations and municipal capacity, limited responsiveness and, in some cases, elite capture of participatory structures. Competition for councillor positions appears to intensify these problems. In the context of widespread unemployment and poverty, the remuneration received by councillors creates a strong incentive both to be elected and to remain in office. The average annual ward councillor salary in 2025 was R420,000 (roughly US$26,000), while an estimated 50% of the employed population earned less than R80,000 (US$5,000) annually (National Treasury, 2026). For some, holding office as a councillor also opens up opportunities to distribute patronage by providing access to public housing, employment or other scarce municipal resources.

A further concern relates to the extent to which local councillors can be held accountable for their activities by the electorate. South Africa is a developing democracy overcoming a long history of racist and authoritarian rule, and in elections most citizens have tended to vote for a specific party rather than for an individual candidate. This has been reinforced by the fact that large segments of the electorate have maintained a strong allegiance to the ruling party,

built intergenerationally during the protracted struggle against apartheid. Whilst increasing numbers of the electorate have become disillusioned with the ANC, many have chosen not to vote rather than to support another party. Although this practice is changing, councillors who previously failed to represent their constituents were unlikely to be voted out if they were re-nominated on a party list and, in the process, a key element of democratic accountability was forfeited. Conversely, due to intra-party wrangling, councillors' diligence in performing their duties is no guarantee that they will retain their positions on party electoral lists.

Coalition Governments

This scenario has changed in the past five years or so as increasing numbers of younger voters, angry with the ruling party's poor service delivery record and corruption, have switched their allegiance to a range of new and existing opposition parties. Despite a few notable exceptions, however, these opposition parties have been unable to garner sufficient votes to govern municipalities on their own and have been compelled to enter coalitions with other parties, including the ANC. Thus, the local government elections held in November 2021 resulted in 66 hung councils, involving 25% of all municipalities in the country. Whilst this shift in the distribution of power could be considered a positive progression in the deepening of local democracy in South Africa, the drafters of the Constitution and of subsequent legislation made no provision for the governance of coalition governments (Rulashe et al., 2025). Agreements entered into by coalition partners, consequently, are not legally binding and their continuation is often subject to the whims of their political leadership (Mofokeng et al., 2024; Sithole, 2023).

In this context, coalitions are often highly unstable politically and many collapse. The metropolitan City of Johannesburg, the economic power hub of the country, for example, had eight mayors over a two-year period from 2021 to 2023 as political parties struggled to gain control over the levers of power (Mwareya, 2023). As a result of political instability in municipalities, there is little strategic planning, policy formulation stagnates, and there is little or no consequence management as each succeeding government blames its predecessor for any governance failures. Thus, greater electoral competition has not automatically translated into deeper local democracy. Instead, in some municipalities, party fragmentation has combined with existing patronage politics to produce a new form of institutional instability.

Low Levels of Trust

Unsurprisingly, as a result of ongoing service delivery failures and the unfulfilled campaign promises of political parties, trust in local government in the country is extremely low. According to the Auditor-General's report for the financial year 2022/23:

> Public frustration at poor service delivery continues to grow, as reported by various civil society organisations and as can be seen from frequent service delivery protests. Businesses are closing because of persistent challenges with water, electricity and road infrastructure, further hampering economic development. (AGSA, 2024, p. 8)

This perspective is consistent with a national Afrobarometer survey conducted in 2022, in which 70.7% of respondents stated that they trusted their local government council just a little (25.8%) or not at all (44.9%) (Afrobarometer, 2024). In addition, 63.5% disapproved or strongly disapproved of their councillors' performance; 76.7% believed that councillors never or seldom listened to citizens; and 60.4% believed that most or all councillors were involved in corruption. These results demonstrate an association between low trust, perceived unresponsiveness and perceptions of corruption. Although indicative, they do not measure the actual prevalence of corruption or establish the causal ordering among these attitudes.

Protest Action

Citizens dissatisfied with poor service delivery and the perceived ineffectiveness of formal participation have increasingly used protest to communicate their grievances. In 2025, one monitoring source recorded an average of 19 such events each month (Jacobs, 2026). Some protests directed at local government have involved the destruction of public and private property and loss of life (Tapscott, 2017). The designation "service-delivery protest" encompasses events with multiple and context-specific causes, including housing, water, sanitation, employment, corruption and political contestation. Protest counts should therefore be interpreted as indicators of dissatisfaction and contentious engagement rather than as direct measures of municipal performance or proof of a single causal mechanism.

A recurring problem faced by municipalities is an inability to collect taxes and levies. By December 2025, aggregate municipal consumer debt had reached R467.2 billion, compared with R261.5 billion in December 2021, an increase of approximately 79% (National Treasury, 2022, 2026). Households accounted for R335.3 billion, or approximately 71.8% of the outstanding debt. These arrears reflect the interaction of household poverty and

unemployment, weaknesses in municipal revenue collection and, in some communities, resistance to payment. Persistent arrears place pressure on municipal cash flows, restrict expenditure on infrastructure and services, and contribute to delayed payments to suppliers. Because of reduced income and poor collection of outstanding revenue, municipalities prioritise the payment of staff salaries and councillor remuneration, and the remainder is paid to suppliers (electricity, water, and other basic services). Ensuing cash flow challenges lead to the delayed payment of suppliers and contractors, some of whom stop delivering to municipalities, resulting in incomplete project implementation and other performance objectives not being achieved (AGSA, 2022, p. 22).

Limitations of the Study

The study has several limitations. Because it employs an interpretive critical-review methodology, it is unable to estimate the independent causal effects of patronage, corruption or political interference on municipal performance. Its conclusions should therefore be understood as identifying recurring associations and plausible institutional mechanisms rather than establishing definitive causal relationships. The analysis triangulates policy documents, audit and financial evidence, public-opinion data and relevant scholarship, but the selection and interpretation of these materials necessarily involve analytical judgement. The evidence also captures different and not necessarily interchangeable dimensions of municipal performance. Audit outcomes measure financial reporting, compliance and internal control rather than service-delivery quality; public-opinion surveys record perceptions rather than verified corruption; and protest statistics indicate dissatisfaction but do not establish its causes.

Whilst two government inquiries—the Zondo Commission (Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector Including Organs of State, 2022) and the ongoing Madlanga Commission (Republic of South Africa, 2025) have exposed widespread corruption at the national level, their focus has not been on local government. Consequently, informal patronage networks and political intervention at the local level have seldom been fully documented, making their prevalence and independent effects difficult to quantify. The study also does not systematically compare successful and unsuccessful municipalities, while the most recent reforms are too new for their outcomes to be assessed. These limitations require the central argument to be stated cautiously: political incentives and informal networks offer an important but not exclusive explanation of municipal dysfunction, operating alongside structural inequality, fiscal constraints, institutional design and shortages of administrative capacity.

Conclusion

South Africa's experience presents an important challenge to conventional accounts of decentralisation. Since 1994, local government has been constitutionally recognised as a distinctive sphere, assigned extensive developmental and service-delivery responsibilities, supported by intergovernmental fiscal transfers and provided with elected councils and formal mechanisms for citizen participation. Nevertheless, a large proportion of municipalities remain unable to fulfil their constitutional mandates consistently. The central question addressed in this article has therefore been why an extensive programme of institutional reform has produced such limited systemic improvement.

The analysis suggests that municipal dysfunction cannot be attributed to a single cause. The spatial and fiscal inequalities inherited from apartheid continue to leave municipalities with profoundly unequal revenue bases, administrative resources and service-delivery obligations. Shortages of professional skills, institutional complexity and weaknesses in intergovernmental coordination further constrain municipal performance. These structural and administrative conditions are indispensable to understanding the crisis, but they do not provide a sufficient explanation. They operate within a political environment in which patronage, partisan intervention, rent-seeking, unstable coalitions and weak consequence management frequently shape the implementation of formal rules.

The significance of this political environment lies in the mechanisms through which it affects institutional behaviour. Patronage and partisan considerations can influence appointments and contribute to the displacement, marginalisation or departure of experienced officials. Political intervention in procurement can redirect public resources and weaken the relationship between expenditure and service-delivery priorities. Instability in municipal leadership can disrupt planning and shorten the time horizons of political and administrative office-holders. Where councils, provincial authorities and other oversight institutions fail to investigate transgressions or impose credible consequences, the expected costs of non-compliance remain low. In this way, political incentives can reproduce administrative weakness rather than merely coexist with it.

This interpretation helps explain why successive reforms have yielded limited results. The Local Government Turnaround Strategy, Back to Basics and the District Development Model have sought to improve coordination, monitoring, administrative capability, financial management and service delivery. These remain necessary objectives. However, their

effectiveness has been constrained where the institutions responsible for implementation are embedded in political relationships that reward conduct inconsistent with the formal purposes of reform. Introducing additional procedures, plans, and oversight structures is unlikely to transform municipal performance if appointments remain politicised, procurement is vulnerable to manipulation and adverse findings carry few enforceable consequences.

This does not mean that all municipalities are dysfunctional or that all municipal politicians and officials participate in corrupt practices. Municipal performance varies substantially, and a number of municipalities demonstrate that accountable and effective local government is possible within the existing constitutional framework. This variation suggests that national institutional arrangements do not determine local outcomes uniformly and that leadership, administrative professionalism, fiscal circumstances, political competition and the effectiveness of local accountability institutions mediate the operation of the broader system. More systematic comparison of better- and worse-performing municipalities would help establish the relative importance of these factors.

The argument should also not be understood as a case for the recentralisation of municipal government. The democratic and informational reasons for locating appropriate decisions close to affected communities remain compelling. The South African experience demonstrates, rather, that devolution of authority and resources is a necessary but insufficient condition for effective local democracy. Decentralisation must be accompanied by capable administration, viable local finances, transparent decision-making and institutions able to hold political and administrative office-holders accountable.

Future reform should therefore be judged not primarily by the number of new structures or plans it creates, but by whether it changes the incentives governing municipal behaviour. This requires merit-based and transparent appointments, clearer boundaries between political and administrative authority, greater protection for professional officials acting lawfully, more effective scrutiny of procurement, independent and properly resourced oversight institutions, and consistent enforcement of personal and institutional accountability. It also requires sustained attention to the structural inequalities that leave many municipalities without an adequate economic and fiscal base. Political accountability and technical capability should not be treated as competing reform priorities: each is necessary to sustain the other.

The broader implication extends beyond South Africa. Formal decentralisation cannot be evaluated solely by examining the constitutional allocation of functions, the existence

of elected councils or the scale of fiscal transfers. Analysis must also consider the informal institutions and political incentives that determine how formal authority is exercised. Where those incentives reward patronage, resource extraction and the avoidance of sanction, increasingly elaborate reforms may coexist with declining institutional capability. The central challenge is therefore not simply to design better municipal institutions, but to create the political and accountability conditions under which those institutions can function as intended. Without that change, further rounds of reform risk reproducing the central pattern of the past three decades: formal institutional innovation without a corresponding transformation in the practices that shape local governance.

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