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Ivor Chipkin

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In 2009 media reports carried stories of major corruption and fraud in the Companies and Intellectual Property Registration Office (CIPRO). The agency's systems had been accessed by international syndicates involved in terrorism (Ncana and Ferreira, 2010), unscrupulous businessmen had hijacked companies registered with CIPRO (Chelemu and Prince, 2010), and senior Department of Trade and Industry (DTI) and CIPRO officials were alleged to be involved in major tender fraud. A 2010 Auditor-General report detailed major deviations from the procurement process in awarding a tender for the Agency's Enterprise Content Management system (Auditor General South Africa, 2010). Analysis circulating in the media pointed to a simple cause: mismanagement and corruption were as a result of cronyism and affirmative action.

Based on in-depth interviews with senior DTI and CIPRO staff, PARI considered the CIPRO case in the light of a broader study of the introduction of the New Public Management in South Africa. The research suggests that leadership weaknesses and the resultant vulnerability of systems and processes were compounded (if not largely produced) by design flaws in the organisation's establishment.

Today, most university scholarship and many policy studies on how to improve public sector performance focus on 'leadership' and 'political will'. Get the president on board, get the politics right, and better performance will follow seems to be the new mantra for the public sector. Yet, supply-side challenges remain and constitute significant obstacles. Reformers often find they cannot make core public institutions 'work'. Further, some of the standard theories out of organisational economics and public administration fall flat. For example, a lot of theories from organisational economics focus on getting incentives right—on aligning the interests of actors through performance management systems. Yet research done by the Innovations for Successful Societies programme at Princeton University suggest that performance management

systems are unworkable in the short or medium term and neither their presence nor their design actually accounts for observed variation in effectiveness across units.

State bodies are not simply the sum of their personnel and their administrative techniques. They are shaped by models of the public service, which, in turn, are informed or undergirded by conceptions of the state as a whole. These conceptions inform practices that collide and interact with the histories of institutions, individuals and groups.

This paper explores these factors via a case study of CIPRO. An analysis of the CIPRO experience raises important questions about how different models of the public service have informed public sector restructuring and what consequences these reforms have had for public sector performance.

Models of the Public Service or Ideologies of the State

In 1991, at a hotel-conference venue outside Johannesburg, a group of public administration academics and practitioners adopted what they called the 'Mount Grace Resolution'. The participants were either anti-apartheid activists recently returned from exile or those sympathetic to the democratic struggle in South Africa. With the African National Congress (ANC) and other organisations recently unbanned and the end of apartheid in sight, they asked, what would be the character of a post-apartheid public service.

The resolution they endorsed was more like a manifesto. It called for a break with the Public Administration of the apartheid era and championed the New Public Administration associated with the American 'Minnowbrook' movement (Fitzgerald, 1995, p.512). At stake was a critique of the 'wholly outdated' principles and methods that made the apartheid public service a 'bureaucratic, law-driven, hierarchical, multi-layered, departmentally fragmented, inward-oriented, racial Oligarchy' (Fitzgerald, 1995, p.514).

From the mid-1990s it became the norm to want to re-organise government bureaucracies as autonomous, business-like entities and/or to encourage development management theory and practice. We have a rare glimpse of the influence of this moment from the Master's dissertation of none other than

Geraldine Fraser-Moleketi, the former Minister of Department of Public Service and Administration (DPSA).

In her dissertation, the task of ‘transforming the public administration from one that served the apartheid state’ to one that served a ‘democratic and developmental state’ was interpreted as one of ‘modernisation’ (Fraser-Moleketi, 2006, p.23). At a time when ‘thinking on public sector reform internationally was [...] shift[ing] from the traditional Weberian approach to public administration,’ writes Fraser-Moleketi, the challenge was to ‘modernise the administration’ according to the most ‘up-to-date thinking [...] at that stage’ (Fraser-Moleketi, 2006, p.23).

What was this ‘up-to-date’ thinking? It went under the banner of the New Public Management (NPM).

In the crucible of New Public Management thinking (Great Britain and the United States in the 1980s) the term was associated with a neo-conservative critique of welfarism and social democracy. In particular, it was associated with the valorisation of the private sector (especially in respect to the provision of social and economic goods) and an appeal to a ‘minimalist’ state—one that confined its activities to providing security to its citizens while leaving the market to function ‘freely’.

In South Africa, NPM’s political baggage was expressly disavowed. Fraser-Moleketi writes: ‘the minimalist, neo-liberal ideology of NPM [New Public Management] clashed with the democratic and radical approaches of the ANC especially with regard to the “macro” sides of reform. But such an appreciation could not detract from the potential these tools offered to result in greater efficiencies in state administration’ (Fraser-Moleketi, 2006, p.62). Hence, in the DPSA, the NPM came to be regarded as a toolkit rather than an ideology. That it was strange, uncanny even, to pursue a radical agenda with ‘tools’ borrowed from a movement that had arisen precisely in opposition to the kind of politics that the ANC wanted to pursue was not lost on the Minister. She is at pains to show in her dissertation that the kernel of NPM techniques can be separated from their ideological husk.

Yet, she never really succeeds. The result is a manifest ambivalence to the NPM. At one point, for example, she suggests that the language of the NPM, ‘modernisation’ and ‘best practices’, was simply a ‘marketing tool’ to win support for organisational change (Fraser-Moleketi, 2006, p.63). Elsewhere she argues that reference to the NPM in South Africa was mostly rhetorical. ‘It is undeniable,’ she admits, ‘that the White Paper (1995) [on the Transformation of the Public Service] makes extensive use of definitions and concepts, relating to the macro organization of the state, which is generally associated with the NPM’ (Fraser-Moleketi, 2006, p.88). In particular, the White Paper discussed three categories of agencies, *viz.*, government departments and statutory bodies. These included administrative agencies (the Ministry of Public Service and Administration is a transversal department which offers services within government rather than direct services to the public); service delivery agencies (executive agencies in an arms-length arrangement to service delivery departments such as the Social Security Agency); and statutory agencies (such as the Public Service Commission). Fraser-Moleketi adds: ‘the reference to different categories of agencies implies integration of a corporatist approach into the public service and hence emulation of the private sector which is associated with the New Public Management.’ (2006, p88) Yet beyond the use of some terms the ex-Minister claims these changes ‘did not materialize’ (Fraser-Moleketi, 2006, p.88).

The problem is that the former Minister frequently provides evidence that contradicts her own conclusion above. ‘The department of Transport,’ she writes elsewhere, ‘virtually denuded its departmental organizational structure and formed a number of public entities that took over the bulk of the departmental functions’ (Fraser-Moleketi, 2006, p.88). Furthermore, ‘some human resource and financial management practices were adopted that were associated with the New Public Management. This included the emphasis on issues of output and outcomes focus under the label of “Performance management”’ (Fraser-Moleketi, 2006, p.63). We can mention others too. In Johannesburg, the municipality hived off several of its main functions (electricity, water, roads and parks, urban renewal) into stand-alone business units.

The issue, however, is not whether the NPM was implemented or not.

Rather, Geraldine Fraser-Moleketi's own ambivalence about NPM captured a general mood in government. Consider the following, almost apologetic, statement. Referring to the human resource management changes mentioned above she writes: 'the introduction of these tools [...] was motivated by the desire to improve on public service delivery and the reputation of government. It was not done with the intention to adopt the ideological notions associated with the neo-liberal agenda' (Fraser-Moleketi, 2006, p.63).

Uppermost in the minds of Fraser-Moleketi and the ANC in general was the 'transformation of the state'. 'The situation,' she writes, 'compelled a political effort after the transition to democracy to establish control over the bureaucracy and to inculcate a new value system and philosophy, in tune with the agenda of the ruling party' (Fraser-Moleketi, 2006, p.20). Central ANC control was made more acute by the legacy of the apartheid public service; 'that created institutions and personnel that [were] accountable to no-one but their superiors which constituted an unrepresentative composition of the South African population and was very unresponsive to the needs of the South African people' (Fraser-Moleketi, 2006, p.19). Yet the NPM, by wanting to balkanise the state into autonomous agencies, threatened to further reduce the power of the any central authority.

This is how we must understand the 'toolkit' metaphor mentioned earlier. Certain techniques and methods garnered from the NPM would be implemented in South Africa without, however, relinquishing political control of the new entities.

In the next part of this paper I will consider the restructuring of the DTI and, in particular, the establishment of the Companies and Intellectual Property Registration Office (CIPRO). I want to show how the ambivalence to NPM discussed above was encoded on the very genes of this new agency.

CIPRO

The ANC came to power in 1994 with a mission to transform the South African economy. By the end of the 1990s the conditions for an 'open, dynamic, competitive economy' were understood to be in an expanding, industrial sector.

The DTI was tasked with the development and implementation of a dynamic, industrial policy for the country.

‘When we took office,’ reports Thsediso Matona, the Director General of the DTI in an interview on 28 September 2010, ‘we found a department seriously under-developed’. It was pyramidal in its structure, bottom heavy with low-calibre officials—‘functionaries, not thinkers’. The department quickly came to a sharp point, with only a small, senior-management team. The organisational culture, moreover, was hostile to innovation and creativity. Everyone, Matona continued, ‘was waiting to be told what to do’.

Alec Irwin, the Minister at the time convened a small team to reorganise the department, including the former DG, Alistair Ruiters, and other consultants. They concluded that what ailed the department was that it housed too many diverse functions. The solution was to differentiate between these functions and to decide which were core to the department’s mandate and which were secondary. Units in the department were classified in terms of a tri-partite division: policy-making, regulation and implementation/operations.

Policy-making, especially in relation to South Africa’s trade and industrial policy, were deemed the priority functions. Operational units, those that offered a service to the public and that involved a client-face were to be ‘delinked’ from the department. So were regulatory bodies. The benefits were supposed to be considerable. By shifting these functions out of the department and into autonomous agencies, the DTI was, in effect, placing the new bodies outside the public service. The idea was to free them from departmental ‘red tape’ so that they could approach their functions in a business-like manner.

More importantly, clearing-up the institutional muddle that was DTI would release senior managers to focus on their key mandate—developing industrial and trade policy.

CIPRO was a product of these strategic changes.

Established on 1 March 2002, the new entity brought together two former directorates of the DTI—the South African Companies Registration Office (SACRO) and the South African Patents & Trade Marks Office (SAPTO). The

Cooperatives Registration Unit was incorporated from the Department of Agriculture into CIPRO on 1 April 2005.

On its own terms, the ‘the intent was to establish a self-sustaining business agency, which would increase efficiency in the registration of companies, close corporations, cooperatives and intellectual property rights’ (CIPRO, 2004/2006).

Sublime CIPRO

On 21 March 2010, *The Sunday Times*, South Africa’s largest circulation Sunday newspaper, carried the headline ‘Boss Absent as CIPRO flounders’. The report claimed that CIPRO’s Chief Executive Officer had been away from the office for 45 weeks over the last three years and that during this time the agency was floundering in a crisis of chaos and corruption (Ferreira and Steinacker, 2010). Then, on 9 May 2010, South Africans woke up to the headline: ‘Corruption at CIPRO funds “global terror”’. The report in question alleged that a team of Pakistani nationals had corrupted CIPRO systems to register bogus companies with near identical names to existing, large corporations. With a set of authentic-looking documents and with the assistance of conspirators in SARS, they changed the banking details of legitimate companies to those of the bogus enterprise. This way, millions of rands in tax rebates were paid to Pakistani nationals, some with links to international terrorist networks (Chelemu and Prince, 2010).

Events went quickly from the sublime to the ridiculous. On 16 September, *The Sunday Times* reported that ‘pirates’ had ‘hijacked’ a company belonging to Daphne Mashile-Nkosi. Mashile-Nkosi and her brother had founded Kalahari Resources in 2002. Yet they been erased from the CIPRO records and a prominent South African businessman, Sandile Majali and some of his colleagues, had been registered as the company’s directors in their stead. ‘The persons currently reflected as directors in CIPRO’s database have, through unlawful activity, sought to seize control of Kalahari Resources,’ said Mashile-Nkosi in her affidavit. ‘It has resulted in the respondents unlawfully attempting to appropriate for themselves control over a highly lucrative company.’ Acting Judge Fayeza Kathree-Setiloane ‘ordered that the Companies and Intellectual Property Registration Office (CIPRO) restore Mashile-Nkosi and Mashile to the

directors' list on its website,' the newspaper reported (Chelemu and Prince, 2010).

If there was something audacious in these two cases, prosaic allegations of tender rigging were also emerging. When Keith Sendwe became CEO of the agency in 2007, the fourth person to hold this position in five years, he commissioned a new software system. Both the Auditor-General's (AG) office and the forensic auditors pointed to serious irregularities with the awarding of the contract. Somewhat incredulously, the AG noted that 'the financial position or sustainability of the service providers was not taken into account during the evaluation. The successful bidder had registered as a close corporation on 22 June 2005 and had therefore only been in existence for *three months* when it tendered for contract 398 to [CIPRO]' (Auditor General of South Africa, 2010; my emphasis). Keith Sendwe and the Chief Information Officer, Michael Twum-Darko were suspended and the DTI subsequently cancelled the contract altogether. At the end of September, the CEO died suddenly, without ever facing charges.

For the Democratic Alliance (DA) the problems in CIPRO were evidence of 'the crippling effects of affirmative action and cronyism on government entities' (Van der Westhuizen, 2010). Andricus van der Westhuizen, a DA Member of Parliament, argued that;

the enormous salaries, exceptional salary increases and prolonged protection from disciplinary action created an atmosphere in which some senior staff members believed that they were untouchable. This contributed to a climate in which fraud was rife. Criminals, having learned of the incompetence of CIPRO, have now gone into overdrive to defraud South African companies, such as Kalahari Resources, and SARS of millions of rands (Van der Westhuizen, 2010).

Yet 'bad leadership' was a symptom of a more significant problem; design flaws in the very structure of the agency.

Hybridisation

The establishment of CIPRO betrays precisely the ambivalence discussed earlier *viz.* the New Public Management. On the one hand, the office was created out of two former departmental ‘directives’ (director-ships), established as an ‘agency’ and expected to conduct its affairs as a business. On the other hand, government was reluctant to grant it institutional autonomy.

This tension was most visible in the structure of the Board of Directors. Despite appearances the board was not really one. Ordinarily, a board is created in terms of a company’s articles of association, and has the power and duty to develop strategy, to devise employment policies, to appoint executive staff, to determine procedures for hiring and dismissing staff and, broadly, to make sure that the company is managed in accordance with the law and the company’s own purpose.

In terms of the agency model or what is sometimes called ‘corporatisation’, a company is established where the majority or sole shareholder remains the government. In these circumstances the board represents the government in the performance of the company.

In the absence of legislation, however, the CIPRO board had none of these powers. In fact, the best that can be said of the board was that it was an *advisory* body.

Instead, typical of an administrative hierarchy, the head of CIPRO was not a Chief Executive Officer (as it is normally understood) but a departmental functionary at the level of a director. In this regard, the ‘CEO’ was not accountable to the board, but to the Director General of the Department of Trade and Industry. It is hardly surprising, therefore, that the CIPRO Board and the CEO were at ‘loggerheads’ right from the beginning (Van der Westhuizen, 2010). The CEO must have felt besieged by a Board that wanted to exercise authority it did not have.

Figure 1: CIPRO self-image

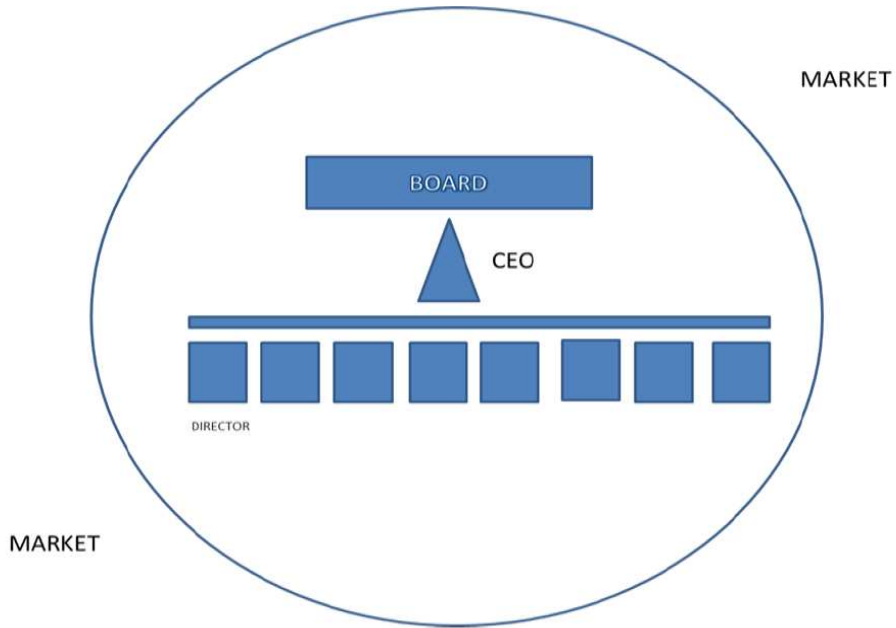
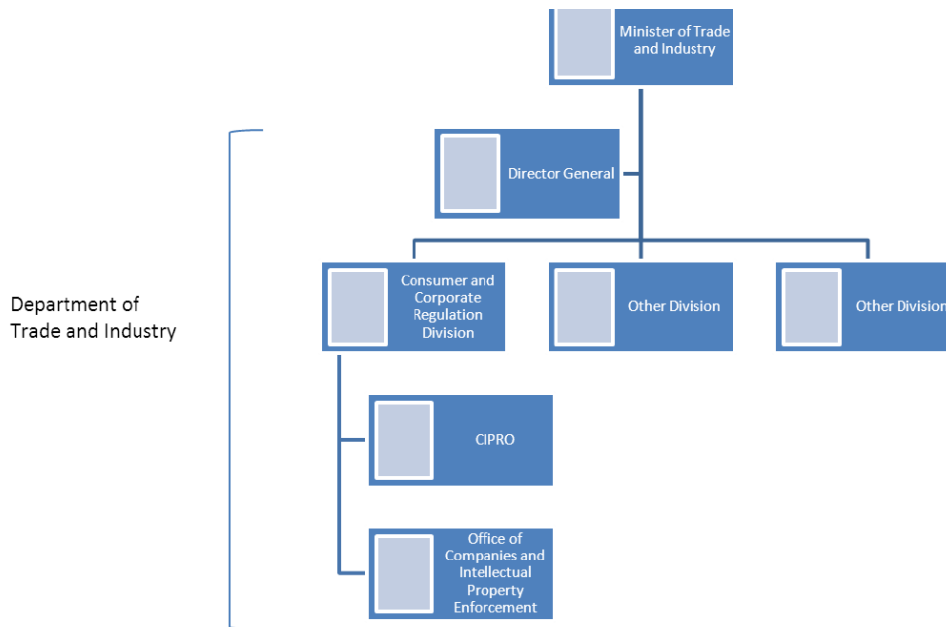


Figure 2: Real Structure of CIPRO



What complicated accountability was that CIPRO, neither department nor agency nor company, was expected to run as a business. The Public Finance Management Act (PFMA) envisaged that the ‘parent’, national department would not directly interfere in entity operations, but exercise oversight through instruments such as the shareholder’s compact, monitoring and evaluation of agency performance, et cetera. The DTI lacked the capacity to regulate and oversee its public entities. In the absence of such mechanisms, could the market itself function as an accountability mechanism?

What was CIPRO’s business?

In 2005 the CIPRO executive and 45 managers went away to develop the organisation’s strategy document, including its purpose, vision and aim. The influence of marketing and branding concerns is not difficult to discern. The organisation starts soberly with its Purpose, which is to ‘register businesses and intellectual property rights, maintain related registries and develop information for disclosure to stakeholders’ (CIPRO, 2007). The overall Vision for CIPRO, the document continues, is ‘Global leadership in the efficient registration of businesses and intellectual property right’, with the aim of ‘deliver[ing] the ultimate registration experience’ (CIPRO, 2007). What should we make of this evocation of fast cars and high-tech machinery? (BMW—the German, luxury, car manufacturer—markets its cars in South Africa with the by-line, ‘the ultimate driving experience.’)

It reflected a basic confusion in the organisation’s strategy.

In the planning document for 2008, for example, there is a discussion of the environmental factors that the organisation has to respond to. The section in question starts matter-of-factly that ‘as a trading entity within the DTI, CIPRO is required to align its strategies and programmes with DTI objectives, and assist the DTI and government with issues of compliance, policy monitoring and assistance to the expedited growth initiative’ (CIPRO, 2008a). This sounds more like the mandate of a government department, not a business. This impression is further strengthened when the document discusses the ‘political environment’:

A detailed plan for a national shared growth initiative with the aim of expedited but long-term sustainability has been worked out [by the DTI] and is being driven at the highest level [of government]. This clearly indicates the following sectors as priority biofuels, agriculture & agrarian reform, agricultural processing, chemicals, creative industries, downstream & value adding, textiles, furniture, tourism. It also identified support to this initiative with specific focus on cooperation, integration, information sharing, value adding and reduction of administrative burden to help create an environment conducive for long term growth and support to small business (CIPRO, 2008a).

At the same time CIPRO must respond to ‘investor and client demands’:

The needs of our client base play a major role in determining the approach to service delivery by the organization. This in turn is very closely linked to the place the organization occupies within the life cycle of an organization and also with the role within the ever-changing global economy and especially in the African context. From our interaction with local clients at various forums as well as feedback received from clients through various avenues and formalized interaction with stakeholders there is a fair understanding of the needs of the client base. This will be further augmented by specific targeted initiatives (CIPRO, 2008a).

The problem is that CIPRO’s existing and emerging clients were not necessarily those intended by the government’s shared growth initiative. To the extent that government’s plans stressed an inclusive economy, DTI wanted to encourage the emergence of new, black-owned companies, especially in the biofuels, agricultural processing, chemicals sectors, and in the textiles, furniture, tourism resources, creative and downstream & value-adding industries. Yet black entrepreneurialism in these sectors, or generally, is low.

‘As a result of black economic empowerment (BEE) and labour market affirmative action policies,’ writes Stephen Gelb, ‘potential black entrepreneurs are far more likely to opt for managerial or professional positions in the (formerly white) corporate sector with a reasonably secure and substantial salary, than for the high-risk, low-reward path (at least in the short to medium

term) of starting a small business and hoping to grow it into a medium-size business' Gelb, forthcoming).

In catering for its actual clients, therefore, CIPRO was not necessarily in accordance with the 'political environment'. Inversely, in responding to the 'political environment' CIPRO did not give priority to its actual clients. The term 'trading entity' is a fluff for precisely this institutional confusion.

As early as the 2003 *Annual Report* there are signs that the 'trading entity' status of the organisation was creating difficulties. In the CEO's report we hear, for example, that 'the independence from the DTI affected the functioning of [...] CIPRO. Little operational support was provided and it was largely left to inexperienced staff. Realising this, and the limitations of our organisational structure, our focus strategically shifted to the transactional or administrative needs of the organisation' (CIPRO, 2003/2004, p.34).

Yet, this was not simply a teething problem. The following year, the new CEO complained that CIPRO staff do not understand the mandate of the organisation, nor do they know what role it is expected to play (CIPRO, 2003/2004, p.9). The following year we hear that 'the number of vacant posts and the skills shortage have continued to affect the organisation's operations and have adversely affected the service delivery capacity of the entity. The organisation had to outsource services to consultants to assist with the roll-out of projects' (CIPRO, 2004/2005, p.40).

It does not end there, however. Somewhat candidly the 2008 strategy document admits that so far 'CIPRO has not delivered adequately on its potential' (CIPRO, 2009/09, p.5). 'Though service levels have significantly improved,' it continues:

external perspectives are still that service levels are 'pathetic'. The organization is seen as 'user-unfriendly', which is evidenced by the fact that it is accessed largely through intermediaries, which adds to users' costs. Fraud and corruption are known to exist, and there is poor data security and integrity. Queue jumping and fast tracking of applications, coupled with totally inadequate and unreliable IT systems, slow the

processes and result in lengthy delays. The staff is demoralized and frustrated (CIPRO, 2009/09, p.5).

We get a sense of the levels of frustration in CIPRO by considering vacancy and turnover rates amongst several key staff complements.

There are erratic, though generally high, vacancy rates in the senior management role. When the organisation was established in 2002, 67% of management positions were empty, a level only outdone only by vacancies amongst financial clerks and credit controllers. Given the very high vacancy rate at this level for the first three years, it is not surprising that the AG was worried about the organisation's internal financial controls. Yet the true state of the organisation's instability is only apparent when this graph is considered in relation to another one.

Consider, for example, the turnover rate at senior management level. It goes from 38% per annum to zero in the first three years and then settles at a fairly low rate of about between 13% and 14% per annum. Is this evidence of an organisation beginning to settle down? The answer is no.

When the vacancy data shows that between 2005 and 2006 empty posts amongst senior positions dropped from 44% to zero, and that the turnover rate was a low 14%, it obscures the fact that the senior management team had been reduced from 10 to 8 and then from 8 to 4 positions. In other words, by the standards of the year before, the zero vacancy rate is actually one of 37.5% and 50% respectively. When the vacancy rate suddenly spikes in 2008, moreover, the organisational structure has changed again. This time the senior management role has doubled in size, though the number of people employed has remained the same. In other words, CIPRO's internal organisation was constantly changing.

Regarding the staff complement for the IT function, surprisingly for an organisation that placed a huge emphasis on its online capacity, CIPRO never develops internal strength in this area. CIPRO relies on consultants in its first year of existence, which is perhaps understandable, although this is noted with concern in the *Annual Report* for that year (CIPRO, 2002/03, p.40). Yet by 2008 the situation had hardly changed. Only 3 out of the 13 permanent IT posts

had been filled, the organisation relying on outside consultants and contractors for the vast majority of its computer expertise (CIPRO, 2008b).

Decentralisation

We will see now that CIPRO sought to overcome these tensions through an ambitious plan to transform its political mandate into its business plan. If the organisation could stimulate black entrepreneurialism, especially in the preferred industries, it would expand its client base by creating new enterprises for registration and for financial reporting. That is, the future of CIPRO as a *business* lay in advancing DTI's goal of developing an inclusive economy.

The strategy rested on two, ultimately conflicting, initiatives: decentralisation and the movement to a fully integrated, web-based, registration system.

CIPRO's *Strategic Plan for Decentralisation* recalls the DTI's own vision of 'growth, employment, equity and building on the full potential of persons, communities and geographical areas'. It continues: 'In order to advance this vision for the transformation of the South African economy, the state will continue to focus on *microeconomic reform* strategies as the majority of the remedies to the factors limiting accelerated growth and development lie within the micro-economy. CIPRO supports the viewpoint and intends to *improve accessibility for formal business creation*' (emphasis added) (CIPRO, 2008c).

Moreover, decentralisation would assist the organisation resolve its current, identity crisis by making it more like a business. The report notes, for example, that:

it is understood that to achieve the objectives of a strategy of service decentralisation defined herein will require a significant departure from current, structures, systems and practices. The organisation culture must change to incorporate a market orientation mindset. The decentralisation strategy has to address the current business shortcomings by presenting CIPRO with a regional and local footprint. This will raise the awareness and profile of the organisation (CIPRO, 2008c).

For this purpose, CIPRO put into action an agreement it already had with the Post Office to 'disperse' its services as close as possible to where potential 'customers' lived. In other words, South Africans would be able to access CIPRO services from their local post office branch.

The model was informed by an analysis of the differentiated character of the South African economy. There are a fortunate few in the first economy, the report argued, that have access to the Internet and can transact with CIPRO electronically. 'The focus of the Decentralisation initiative,' it continued, 'should be aimed at the relief of the second economy customer' (CIPRO, 2008c).

This is why senior officials from CIPRO and from the DTI are largely sardonic about criticisms leveled at the organisation and its various CEOs. Success or failure is largely a matter of perspective, they imply. On CIPRO's own terms, the measure of the organisation's success lies in the degree to which its services are accessible in every village and in every town. On this score there have been real achievements. In particular, CIPRO officers point to the real increase in the number of cooperatives in South Africa as a sign that the organisation is having a transforming effect on the South African economy.

Yet, decentralisation created unexpected problems for the business model. The focus on reaching people in every village and in every town made a virtue of simplicity in the registration problem. This was not a problem in and of itself. Coupled with the move, however, to a fully IT-based, customer interface, it resulted in web-based systems and processes that lacked proper checks and balances. In the words of the Director-General of the DTI, 'we went too far in the direction of simplicity at the expense of its integrity'. The result was that the CIPRO system was vulnerable to the kinds of attacks discussed earlier in this paper.

Conclusion

This paper has shown how the winds of international trends and fashions have blown through public sector reform practices in South Africa. In particular, this paper has considered the way that the New Public Management was received in

South Africa and the ambivalence that it generated; it was welcomed as a technique of government while its political origins were explicitly disavowed.

This ambivalence expressed itself in the very design of new public institutions. In particular, CIPRO was styled as an autonomous agency operating in a market of clients. The DTI was, however, reluctant to cede political control over its operations. CIPRO was, in fact, structured as a unit in the administrative hierarchy of the DTI. The Board had no real power to devise strategy, employment policies, appoint staff and so on, limiting its ability to hold employees accountable.

Yet, given its apparent identity as an autonomous agency, it was expected to act as a business entity. What did this mean, however? The CIPRO business plan was conceptualised as meeting the DTI's goal of an inclusive economy: if the agency could stimulate black entrepreneurship it could increase its client base

Tensions arose between providing the basic, operational services of registering companies and intellectual property as outlined in a 2005 Purpose statement, and responding to the demands of DTI's broader political vision and policy objectives of an 'inclusive economy'. For example, systems vulnerability developed as the agency prioritised simplicity and reach of registration over security. In addition, lack of clarity regarding mandate saw constant changes in the organisation's structure and operations, weakening capacity.

Fundamentally, CIPRO lacked clarity with regards to the agency's core mandate, and with regards to reporting lines and accountability. These two are interrelated as lack of clarity around CIPRO's mandate further weakened accountability. How is the agency's success then to be judged?

The problems at CIPRO are writ large across most of the public entities across the three spheres of government. What the study of CIPRO highlights is the manner in which contradictions and tensions in the models of public sector reform adopted play out in practice—significantly in their impact on service delivery and public accountability.

Closer attention by researchers of the state to the contradictions and possible opportunities created by models of public sector management and how these

intersect with questions of capacity, institutional culture and so on may yield significant insight into the barriers to and possible drivers of institutional performance in South Africa.

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